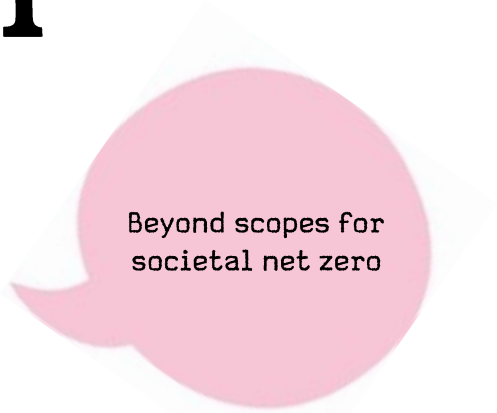
Oatly's Climate Transition Plan



This document has been reviewed and approved on December 1, 2025, by the Nominating, Corporate Governance and Sustainability Committee, acting under authority delegated by the Board of Directors.

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Climate action, a core business strategy - not a side initiative.

"Nobody cares about sustainability anymore". Follow the news long enough in 2025, it can start to feel true. Not at Oatly. As a climate solution company, it's in our DNA. We have consistently called out the environmental cost of our current global food system – dairy and livestock in particular – and have no plans in stopping now.

The stark reality is that the food system is broken. It accounts for an astonishing third of the world's total human-created climate impact. And it currently creates a massive "planet yield" challenge: livestock Vs. crops in particular weighs disproportionately on our planet's resources, using approximately 80 % of agricultural land whilst only providing 17% of calories and 38% of protein, all of this with around 2 more billion people to feed in the coming 30 years. We desperately need to overhaul this asymmetry. Hence our humble but passionate role of change agent for a food system that is broken and needs a dramatic shift towards more plant based.

Oatly is a company that was built on the belief that transformation of our food system is both necessary and possible. Our mission is to make it easier for people to eat better and live healthier lives without recklessly taxing the planet's resources.
We drive change through the power of oats and through a significant reduction in cow's milk consumption and an increased penetration of oat-based products into more families around the world. Our products are a mechanism of change which means our ability to drive positive climate impact through our business growth provides opportunities for how we can contribute to societal net zero.

Publishing our climate transition plan isn't just a checkbox—it's a statement and a call to action. We have duty to share with high granularity and transparency our pathway and contribution towards societal net zero; And as a climate solutions company, we are making a statement, real change means doing business unusual, using climate solution products and brand voice to influence culture and policy, igniting systemic change in the food system, contributing to societal net zero. We drive this journey with passion and humility. We have a lot of work to do and the learning curve in front of us is huge. But we will keep going, decisively and transparently. But we can't drive change alone.

**Fellow CEO's, the climate crisis is not a distant threat - it's here and now, the impacts are felt daily- we hold the levers of innovation, investment, and influence. It's time we use them not just to grow our companies, but to prepare our planet for future generations.
I challenge you to join me in making climate action a core business strategy—not a side initiative.**

Let's lead together. Let's act now.

Oatly CEO and CSO, Jean-Christophe Flatin

MESSAGE FROM EXPONENTIAL ROADMAP INITIATIVE

A transition plan translates targets into a concrete roadmap and constitutes a crucial step in operationalising a company's climate strategy. Unlike retrospective reports, transition plans are forward-looking and strategic, helping companies define their role in the transition to a net-zero economy. In doing so, they become strategic instruments for long-term business success, while also meeting growing expectations from legislation and stakeholders.

For most companies, the plan centres on achieving alignment with 1.5°C pathways by decarbonising value chains and shifting product portfolios towards climate solutions. However, some companies already provide climate solutions, and their greatest contribution lies in enabling others to reduce emissions across the wider economy.

Oatly's transition plan illustrates how such a plan can be designed for a climate solutions company, supported by its recognition under the Exponential Roadmap Initiative's Climate Solutions Framework. The focus of the transition shifts from the company's internal business model towards transformation of the wider industry, emphasising its role in accelerating a plant-centric food system. Oatly applies a reverse logic, prioritizing the growth of positive impact by scaling solutions and driving systemic change through policy and financial influence, while also detailing efforts to reduce its own and value chain emissions. This holistic approach to achieving net-zero impact is further elaborated in the Exponential Business Playbook.

In an era marked by political and economic volatility and reduced momentum on climate action, it is increasingly important for leaders to provide clear evidence of progress. Doing so demands courage, yet the benefits include enhanced resilience, credibility, and long-term competitiveness. Oatly's transition plan provides a compelling demonstration of how climate solution companies can advance the net-zero transition while simultaneously strengthening their market position over time.

Katarina Wangler Björk, Chief Impact Officer
Exponential Roadmap Initiative
November 2025

About Oatly

- Type of company: Food & Beverage Producer
- Sector: Food & Beverage
- Established: 1994
- Employees: 1,472 (2024)
- Revenue: $823.7 Million USD (2024)
- Ownership as of October 2025: Nativus Company Limited owns 45.4% of the Company's ordinary shares. None of the remaining shareholders own more than 10%. Oatly is listed on the Nasdaq Global Select Market, US.
- Countries: Visitors are welcome at our headquarters in Gjuteriet, Ångfärjekajen 8, 211 19 Malmö, Sweden. We also lease regional offices in other locations, including London, Berlin, Helsinki, Amsterdam, Paris, Barcelona, Philadelphia, Shanghai, Singapore and Hong Kong. We lease a product development center in Philadelphia, Pennsylvania, and a research and development facility in Lund, Sweden.
  We have a commercial presence in what we refer to as "Europe & International," which is inclusive of Europe, the Middle East, Africa, Asia Pacific and Latin America; North America, which is inclusive of the United States and Canada; and Greater China, which is inclusive of Mainland China, Hong Kong and Taiwan.
- Recent growth/development: (last 10–20 years): Back in the early 1990s, at Lund University in the south of Sweden, scientists explored the mechanisms behind lactose intolerance and its effects on people. They set out to find a nutritious and sustainable dairy alternative with a taste that would make people consider switching from traditional dairy. Having screened a large palette of crops, they found the solution in the base crop of oats, which are generally globally plentiful and familiar across cuisines, require fewer inputs relative to livestock, and contain healthy fiber. The scientists pioneered and perfected a process to use natural enzymes to break down fiber-rich oats into liquid food.
  Fast-forward more than 30 years through a lot of hard work and growth and, in May 2021, Oatly Group AB completed our initial public offering (IPO) and began trading on the Nasdaq Global Select Market under the ticker symbol "OTLY." Subsequent to the IPO, our largest shareholders continue to be Nativus Company Limited, jointly owned by China Resources and Verlinvest, and Blackstone Funds, with the remaining ownership becoming decentralized toward institutional investors in the market.
- Planned growth/development: Oatly's growth strategy is rooted in our mission to make it easy for people to eat better and live healthier lives without recklessly taxing the planet's resources. We focus on replacing cow's dairy with oat-based alternatives which are climate solutions[1]. As we expand, we remain committed to ensuring our development and growth is in line with us delivering to our science-aligned climate reduction targets and remaining a climate solution company as defined by the Climate Solution Framework (CSF), Exponential Roadmap Initiative (ERI).

[1] Oatly has qualified as a climate solutions company under the Climate Solutions Framework (CSF)*. This framework was created by the Exponential Roadmap Initiative (ERI), in collaboration with Oxford Net Zero and experts from business, NGOs and finance, and is designed to accelerate climate action by identifying and scaling products and services that significantly reduce emissions compared with market alternatives.

Executive summary

As a climate solution company[2], producing climate solution products, you could say our business model is already aligned with net zero, so why a transition plan?

One small company reaching net zero won't do. Our focus is on how we can contribute to Societal Net Zero[3]. For us in food, its essential we come together to tackle external barriers that prevent the food system from a just transition to one that operates within the planetary boundaries and meets nutritional needs.

As a company who never wanted to do business as usual, our climate transition plan is reversed: First we focus on our spheres of influence and contribution to societal net zero. Through scaling our climate solution business, the greatest impact we can have is growth for impact, igniting and influencing change, and transitioning the milk category, food environments, and policy for a plant-centric food system. Secondly, we cover the actions we will take to reduce our Scope 1, 2, and 3 greenhouse gas (GHG) emissions to remain a climate solution company.

What's clear is our ability to contribute to societal net zero and deliver on our Climate Transition Plan depends not only on our own actions but also on broader systemic changes. Economic trends, availability of climate solution, policy frameworks, and industry-wide shifts will play a critical role in enabling progress. We remain committed to not only influencing but also adapting as these external factors evolve.

This might be our **Climate** Transition Plan, but, as the climate crisis, the loss of biodiversity, the global health crisis and the unjust impact of the food system on the lives of people are all interconnected, our response to such a complex challenge must also be interconnected, and therefore, nature, nutrition and people are all themes included in this plan, though for fuller context see our Sustainability Plan Deep Dive.

Oatly's climate commitment to contribute to societal net zero

We commit to contribute to societal net zero by 2050, by aspiring to influence broader climate reductions in the food system and society in ways that prioritize people and respect human rights. At the heart of this commitment is the recognition that safeguarding a clean, healthy and sustainable environment is a fundamental human right and essential to the wellbeing of current and future generations.

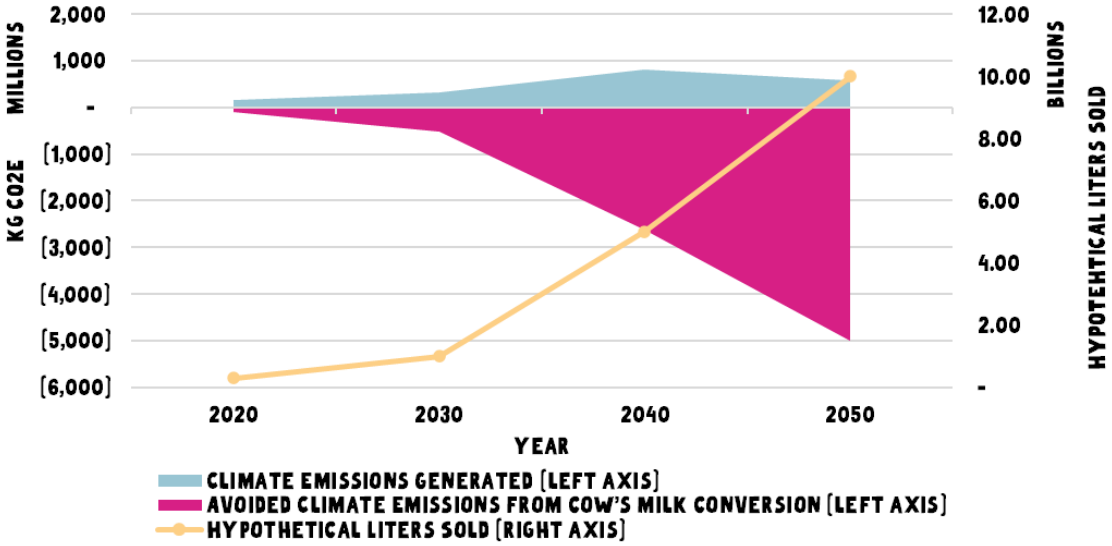
We focus on expanding the share of oat-based dairy resulting in avoided emissions from reduced cow's milk, advocating for food system reform, whilst reducing our products climate footprint per Liter to ensure that our products remain climate solutions. The chart below is a scenario that visualizes the impact Oatly can have in contributing avoided emissions if 1% of all cow's dairy was switched to Oatly.

[2] See APPENDIX A: Becoming a Climate Solutions Company: oatly-sustainability-plan_the-deep-dive.pdf

[3] Often net zero goals refer to a company balancing its climate emissions with permanent climate removals. Societal net zero goes beyond any one company and looks at the bigger picture: our collective emissions and removals as a society. For example, offering climate-solution products as an alternative to higher-emitting products is an important way to reduce society's emissions.

SCENARIO ANALYSIS: WHAT IF 1% OF GLOBAL COW' S MILK CONSUMPTION WAS REPLACED BY OATLY.*

Demonstrating how Oatly can contirbute to societal net zero through conversion



*This is only for visualisation purposes and no commitment regarding sales"

Global Challenges in the Food System

Current global climate commitments are off track. And even if all these commitments were met, we would still be on the path for approximately 2.7 degrees Celsius (°C) warming by 2100 according to the IPCC[4] and recent scientific research.[5] We need to act faster. Climate solutions such as products or services that replace high-emission activities and products with low-emission alternatives are essential for decarbonizing our economies, ensuring that the world can reach the Paris Agreement targets.[6]

The global food system is the main driver for the transgression of five out of the nine planetary boundaries[7] and generates about a third of the world's total human-created climate impact and at the same time is adversely affected by climate change[8]. Animal-based food is responsible for a significant proportion of that impact[9]. More specifically land-based livestock are estimated to use 80% of all agricultural land[10], are responsible

[4] IPCC, 2021: Summary for Policymakers. In: Climate Change 2021: The Physical Science Basis. Contribution of Working Group I to the Sixth Assessment Report of the Intergovernmental Panel on Climate Change [Masson-Delmotte, V., P. Zhai, A. Pirani, S.L. Connors, C. Péan, S. Berger, N. Caud, Y. Chen, L. Goldfarb, M.I. Gomis, M. Huang, K. Leitzell, E. Lonnoy, J.B.R. Matthews, T.K. Maycock, T. Waterfield, O. Yelekçi, R. Yu, and B. Zhou (eds.)]. Cambridge University Press, Cambridge, United Kingdom and New York, NY, USA, pp. 3-32, doi:10.1017/9781009157896.001

[5] UNEP (2024). Emissions Gap Report 2024. Available online: https://unepccc.org/emissions-gap-reports/
Climate Action Tracker (2024). Global Update - November 2024 - As the climate crisis worsens, the warming outlook stagnates. Available online: https://climateactiontracker.org/documents/1277/CAT_2024-11-14_GlobalUpdate_COP29.pdf

[6] IPCC, 2022: Summary for Policymakers. In: Climate Change 2022: *Mitigation of Climate Change. Contribution of Working Group III to the Sixth Assessment Report of the Intergovernmental Panel on Climate Change*[P.R. Shukla, J. Skea, R. Slade, A. Al Khourdajie, R. van Diemen, D. McCollum, M. Pathak, S. Some, P. Vyas, R. Fradera, M. Belkacemi, A. Hasija, G. Lisboa, S. Luz, J. Malley, (eds.)]. Cambridge University Press, Cambridge, UK and New York, NY, USA. doi: 10.1017/9781009157926.001.

[7] Rockström, J., Thilsted, S. H., Willett, W. C., Gordon, L. J., Herrero, M., Hicks, C. C., ... & DeClerck, F. (2025). The EAT–Lancet Commission on healthy, sustainable, and just food systems. The Lancet. https://doi.org/10.1016/S0140-6736(25)01201-2

8 Crippa, M., Solazzo, E., Guizzardi, D. et al. Food systems are responsible for a third of global anthropogenic GHG emissions. Nat Food 2, 198–209 (2021). https://doi.org/10.1038/s43016-021-00225-9

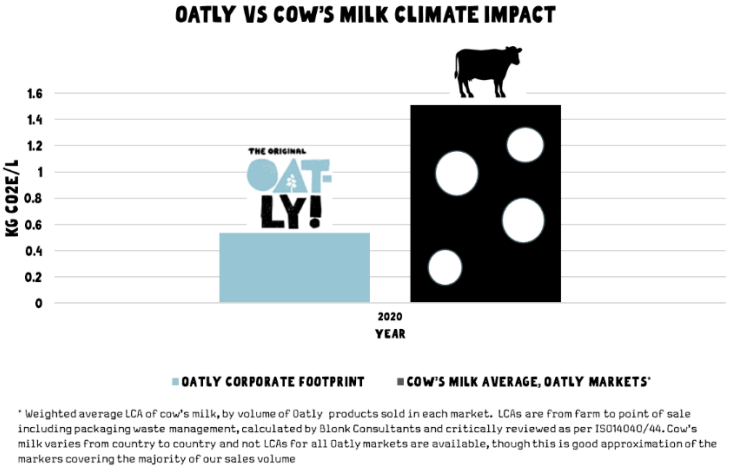
[9] Rockström, J., Thilsted, S. H., Willett, W. C., Gordon, L. J., Herrero, M., Hicks, C. C., ... & DeClerck, F. (2025). The EAT–Lancet Commission on healthy, sustainable, and just food systems. The Lancet. https://doi.org/10.1016/S0140-6736(25)01201-2

[10] Poore and Nemecek (2018) Reducing food's environmental impacts through producers and consumers

for a significant proportion of biodiversity loss[11], and 40% of total agricultural water use[12] and account for around 50%–60% of global GHG emissions from the food system.[13,14] Livestock[15] has disproportionally larger impact than crops do, yet livestock only provides 17% of all calories and 38% of all protein in the food system.[16]

Business Impact and Value Creation

As the Original Oat Drink Company, Oatly is positioned to support the critical transformation required of our food system. By offering oat-based alternatives to dairy products, we provide a way to reduce the food sector's climate impact. Our products' lower climate impact in comparison to cow's milk has been evidenced by numerous independently assessed comparative studies on the climate impact of key Oatly products with their dairy counterparts that show Oatly products have approximately half (or less) the climate impact of dairy from cows.[17]



* Weighted average LCA of cow's milk, by volume of Oatly products sold in each market. LCAs are from farm to point of sale including packaging waste management, calculated by Blonk Consultants and critically reviewed as per ISO14040/44. Cow's milk varies from country to country and not LCAs for all Oatly markets are available, though this is good approximation of the markers covering the majority of our sales volume

As a climate solutions company, one of the biggest impacts we can have is to grow and focus on a non-stop reduction of cow's milk consumption and mainstreaming plant-rich diets. This requires using our voice and science-based evidence to advocate for a level playing field which promotes planetary health diets, scaling up our production to make more oat drink available and driving this conversion. During this growth phase, we will broaden our product portfolio, enter new occasions & taste experiences, and expand into new geographies to increase avoided emissions due to reduced cow's milk consumption. We will use influence with purpose, aspiring to challenge outdated norms, break down regulatory barriers and push for fair market conditions for a plant-centric food system that operates within the planetary boundaries. To remain a climate solution, we will reduce emissions intensity through efficiency improvements, decarbonization and regenerative agriculture initiatives.

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[11] Benton, T. G., Bieg, C., Harwatt, H., Pudasaini, R., & Wellesley, L. (2021). Food system impacts on biodiversity loss. Three levers for food system transformation in support of nature. Chatham House, London, 02-03. https://www.chathamhouse.org/sites/default/files/2021-02/2021-02-03-food-system-biodiversity-loss-benton-et-al_0.pdf

[12] Heinke, J. et al (2020). Water use in global livestock production—opportunities and constraints for increasing water productivity. Water Resources Research, 56(12)

[13] FAO (2022). GLEAM 3 Dashboard – Emissions.

[14] Xu, X., Sharma, P., Shu, S. et al. (2021). Global greenhouse gas emissions from animal-based foods are twice those of plant-based foods. Nat Food 2, 724–732.

15 Livestock: Meat, dairy and farmed fish

[16] Hannah Ritchie and Max Roser (2024) - "Half of the world's habitable land is used for agriculture" Published online at OurWorldinData.org. Retrieved from: https://ourworldindata.org/global-land-for-agriculture [Online Resource]

[17] https://blonksustainability.nl/news/LCAs-Oatly

Anticipated business benefits of implementing our Climate Transition Plan include:

- Scaling and enabling climate solutions: Oatly collaborating with climate initiatives and like-minded companies calling on others to both develop, transition portfolios and enable climate solutions and take action in spheres of influence, creates a movement and enabling environment for Oatly products to scale.
- Policies that advance plant-centric food systems and inspire societal change: We aspire to use Oatly's voice, partnerships and advocacy to challenge outdated norms, break down regulatory barriers and push for fair market conditions for a plant-centric food system that operates within the planetary boundaries. By advocating for and securing policy advancements in our prioritized policy areas we will create a more enabling environment to accelerate the shift to a plant-centric food system and the growth of Oatly.
- Supply risk avoidance: Climate-related disruptions are becoming more frequent and investing in regenerative agriculture practices, renewable energy, and renewable transportation fuels will reduce shocks that lead to volatility in price and availability.
- Farmer relationship creation: Prioritizing partnerships with producers is essential to Oatly achieving our long-term climate outcomes in the plan. Pursuing outcomes through regenerative agriculture practices is unique for every producer, so supporting farmers in their transition to regenerative agriculture is essential for a just transition.
- Nature positivity: Responsible companies should go beyond GHG reductions and actively contribute to nature positivity. By leveraging Oatly's position in oat agriculture, we can create benefits for soil health and water quality in key agricultural regions. This approach not only reduces emissions but also strengthens supply chain resilience, enhances brand trust, and positions Oatly as a frontrunner in regenerative practices—creating long-term value for the business and its partners.
- Business partners and employee loyalty: Increasingly, business partners are requiring their suppliers to establish Science Based Target Initiative (SBTi) targets, set net zero goals, and have well-articulated value propositions for nature positivity and social impact. Having a compelling leadership position as a climate solution company, verified and endorsed by ERI, and a plan to maintain the nutritional profile of our portfolio, with clear science-based communication of the nutritional benefits of our products, will ensure Oatly remains a valued supplier as well as maintaining employee loyalty to the brand.
- CO_2e reduction: Meeting Paris Agreement targets and achieving net zero by 2050 isn't just a compliance requirement - it's about creating long-term value. By reducing our climate footprint per liter, Oatly strengthens brand credibility and trust, mitigates regulatory and financial risks and improves operational efficiency.

Our climate strategy

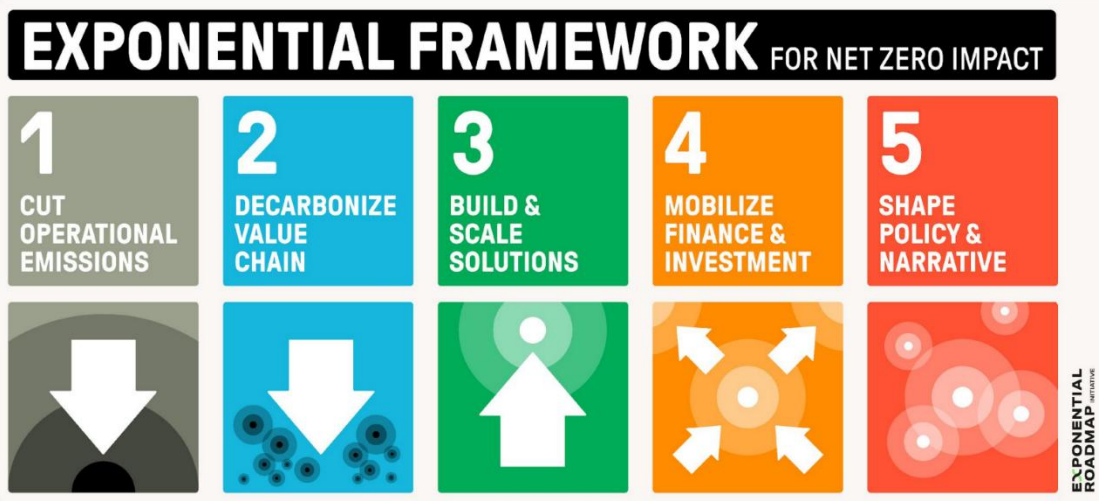
Climate Commitments

We commit to reducing our climate emissions per liter of product by 89% (kg CO2e/L) 2050 (2020 baseline) to ensure that our products remain climate solutions in the milk category

and counterbalancing our residual emissions with durable removals from 2050 onwards. Beyond our own value chain (GHG protocol, scopes 1, 2 and 3) we aspire to influence broader climate reductions in the food system and society (Spheres of Influence, spheres A, B and C[18]) contributing to societal net zero[19] by 2050.

Exponential Framework for Net Zero Impact

Our contribution to societal net zero is aligned with the Exponential Framework for Net Zero Impact[20] which is a holistic, science aligned framework for net zero impact. Their framework consists of 5 pillars (see illustration below). Based on the impact we can as a climate solutions company, our climate strategy starts with developing and scaling climate solutions (pillar 3), then influencing policy and narratives (pillar 5), followed by reducing operational and supply chain emissions (pillar 1 & 2), and finally financing & investing (pillar 4).



Embedded in the Exponential Framework for Net Zero Impact lies the Spheres of Influence, a framework developed by Futerra and Oxford Net Zero. The Spheres of Influence is a strategic base and enabler for companies to set targets and measure and report impact across spheres of influence connected to Product and Services (Sphere A), portfolio (Sphere B) and Policy and Public Engagement (Sphere C), supporting companies to define their contribution to societal net zero. We partnered with Futerra and Oxford Net Zero to pioneer the Spheres of Influence framework. Having integrated Spheres into our climate strategy, we are supporting the framework's development while reinforcing Oatly's role in contributing toward societal net zero through our climate commitment and annual reporting.

Developing and scaling nutritious climate solutions

For over 30 years, Oatly has focused on developing expertise round oats — a global power crop with inherent properties suited for sustainability and human health. Our commitment to oats has resulted in core technical advancements that have enabled us to provide alternatives to a wide variety of dairy products, including milk, ice cream, yogurts, cooking creams, spreads and on-the-go drinks.

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[18] FUT-SpheresWhitePaper-250925.pdf

[19] "Global/Societal Net Zero": condition in which anthropogenic are balanced by anthropogenic GHG removals over a specified time period, at global level. IPCC, 2023: Climate Change 2023: AR6 Synthesis Report. Reference: Intergovernmental Panel on Climate Change [Core Writing Team, H. Lee and J. Romero (eds.)]. IPCC, Geneva, Switzerland, 184 pp., doi: 10.59327/IPCC/AR6-9789291691647, modified: "metric-weighted" removed from before anthropogenic, "time" and "at global level" added.

[20] The Exponential Business Playbook - Exponential Roadmap Initiative

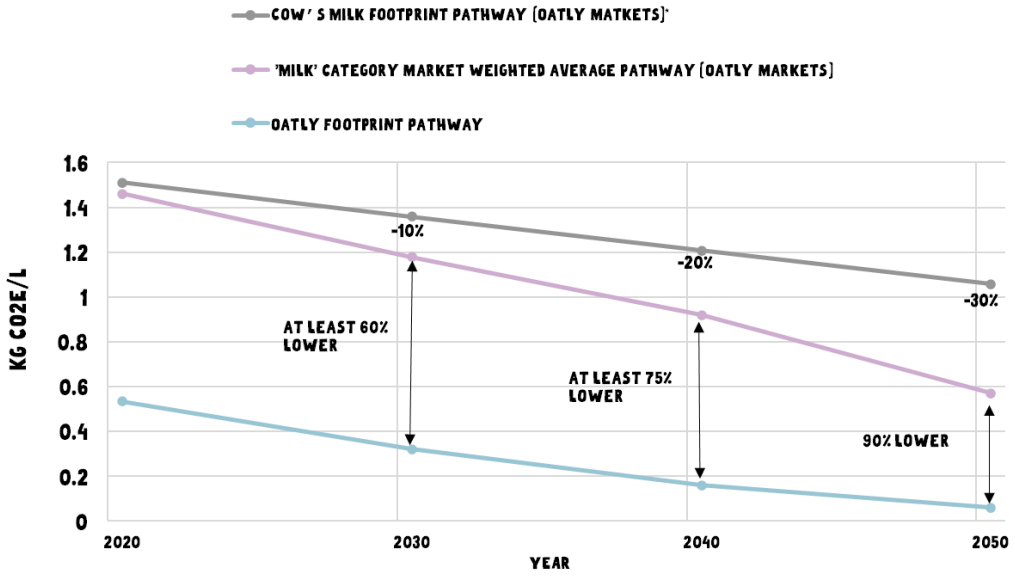
One impactful action Oatly takes to contribute to the transformation of our food system is promoting a shift to more sustainable diets through the provision of oat-based alternatives to cow's dairy. We've completed a number of studies that show relevant Oatly products have a lower climate impact than the comparable cow's milk product in the markets surveyed. With our lower climate footprint than market-weighted average of the milk category, in 2024, Oatly's products were the first in the world to be qualified by ERI, an accredited partner of the Race to Zero, led by the United Nations High-Level Climate Champions, as Climate Solution Products. This is based on the Climate Solutions Framework, an important and much needed new framework developed in collaboration with ERI, Oxford Net Zero and experts from business, NGOs and finance, which highlights the urgent need for climate solutions to scale rapidly.

Oatly's products were the first in the world to be qualified by ERI, as Climate Solution Products!

AMBITION:
Our products (on aggregate) and company continue to qualify as climate solutions and climate solutions company[21] delivering impact through avoided emissions every time they replace cow's milk.

TARGETS:
By 2050, 90% of revenue is from products that have 90% less climate emissions than the average of the "milk" category[22] in the countries where we operate.
Our interim targets, with 90% of our revenue from products:

- 60% less climate emissions than the average of the "milk" category in the countries where we operate in 2030
- 75% less climate emissions than the average of the "milk" category in the countries where we operate in 2040



*According to the SBTi dairy commodity pathway, climate impact of dairy is expected to decrease from 22% to 39% by 2050. In this graph we have assumed an average 30% reductions occurring linearly from 2020 to 2050

[21] According to the criteria established by the Exponential Roadmap Initiative, a UN Race to Zero Partner: https://exponentialroadmap.org/climate-solutions-framework/.
[22] Weighted average of the different drinks alternatives in the market, plant-based drinks and cow's milks according to their share in the market. This is also referred to as "BAU" in Exponential Roadmap Initiative Climate Solutions Framework.

Our business model focuses on growth of Oatly, scaling climate solutions and driving conversion from cow's milk to Oatly.

TARGET:
We aspire to maintain conversion from cow's dairy to Oatly resulting in at least 0.5 kgCo2e avoided emissions per liter sold.

The levers to develop and scale Oatly climate solutions for impact include:

- Developing oat-based alternatives to cow's milk which focus on taste, versatility, and cultural relevance.
- Translating scientific and technical breakthroughs and health driven innovation into actions that enhance the nutritional function, affordability and performance of our Oatly products.
- Remaining one step ahead, creating the next cultural, experience and unlocking the next taste sensation to change the norms around milk consumption
- Increasing consumer knowledge and understanding of the impact of food and drink through transparency of our own product climate impact.
- Mainstreaming the Climate Solutions Framework to ensure climate solution products and companies are recognized and enabled to scale.

Oatly's short term strategy to continue driving conversion, scaling climate solutions covers:

- Remaining at the forefront and leading taste trends and experiences: Producing seasonal Look Books and publishing the Future of Taste report, which charts the flavors and formats set to influence global beverage culture
- Developing new nutritious, delicious climate-solution Oatly products.
- Raising awareness about the climate impact of food and drink by continuing to be transparent about our impact and publishing the Product Climate Footprint on our packs.
- Socializing the Climate Solutions framework for the corporate sector and investors so they understand the need and importance to define, quality, recognize, and enable the scale of climate solution products and companies.

Invitation to act

Are you a climate solution company?
Qualify your company against the Climate Solution Framework criteria.
Do you make products?
Could you take a leap in your product portfolio and source climate solution products, enabling the scale and impact?
Are you a consumer of cow's milk?
Switch it out to Oatly and join the movement to scale climate solutions.

Influencing Policy and Narrative

During the launch of the EAT Lancet 2.0 report, the main barriers to transform the food system were identified as insufficient political will, corporate interests that block change and weak & fragmented public demand for action. Oatly recognizes that, beyond producing climate-solution products, influencing narrative and awareness, food environments, and policy is key to scaling Oatly's impact and contributing to a food system transition that is systemic and inclusive.

Barriers in the Current Policy Landscape

Despite growing awareness of the climate, health, and sustainability challenges posed by industrial animal farming, public policies continue to overwhelmingly favour the production and consumption of animal-based products. Through farming subsidies, regulatory frameworks, dietary guidelines, and institutional programs, the animal agriculture sector is embedded in a political and economic system that actively resists the transition toward plant-based alternatives.

In the European Union, animal products receive up to 1,200 times more public financial support than plant-based analogs; in the United States, the ratio is 800 to 1[23]. Meanwhile, industry groups representing animal agriculture invest vastly more in political lobbying than those advocating for plant-based innovation—three times more in the EU and nearly 190 times more in the U.S. This imbalance is further reinforced by legal barriers, such as restrictions on the use of terms like "milk" or "meat" for plant-based products, and by the exclusion of plant-based options from public food programs.

This systemic bias is not accidental—it reflects deeply entrenched interests and historical structures that continue to shape food policy. A fair and sustainable transition will require a fundamental rethinking of how public funds are allocated, how food is defined, and how sustainability is integrated into decision-making at every level. Here are just a few examples to demonstrate:

- **Public subsidies reinforcing the status quo:** Globally, over 210 million children in 104 countries benefit from milk and dairy products in schools[24]. 88% of these programmes do not offer an alternative to cow's milk — including the EU School Milk Scheme[25]. As a result, millions of children and families who prefer plant-based drinks for medical, environmental, religious, or ethical reasons are excluded from a subsidy that actively promotes milk consumption. This perpetuates existing norms and reinforces the perception of cow's milk as the default choice.
- **Regulatory inconsistencies:** Under the EU organic legislation, organic plant-based drinks cannot be fortified with vitamins or minerals, while cow feed can be fortified, giving animal-based products an artificial nutritional advantage.
- **Exclusion from Dietary Guidelines and Public Programs:** Despite strong health and climate evidence supporting plant-based diets, most national dietary guidelines still prioritize cow's milk as a key source of nutrients and minerals such as calcium[26]. Plant-based drinks are often excluded or merely listed as "alternatives." This influences public procurement (e.g. school meals), reinforces consumer perceptions of lower nutritional value, and shapes policy decisions on taxes, and subsidies, disadvantaging plant-based dairy alternatives.
- **Distorting tax structures:** There are many examples of distorting tax schemes, ranging from consumption taxes, sugar taxes and VAT-rates. In e.g. Spain, Germany, Austria, Italy and the Netherlands, cow's milk benefit from reduced tax rates, whilst plant-based alternatives are taxed more. For example, Germany – Europe's largest plant-based milk market, with sales exceeding €500 million in 2022 – has one of the widest VAT gaps between dairy (7% VAT) and plant-based options (19% VAT).
- **No carbon pricing for food:** Agriculture remains the only major emitting sector without a carbon price, allowing livestock and fertilizer emissions to remain artificially cheap.

[23] https://www.sciencedirect.com/science/article/pii/S2590332223003470
[24] https://fil-idf.org/news_insights/school-milk-knowledge-hub-shares-info-on-importance-of-school-milk-worldwide/
[25] https://cdn.shopify.com/s/files/1/0603/5167/6609/files/Bulletin_of_the_IDF_B531_The_state_of_milk_and_milk_products_in_scholls_programmes_around_the_world_eCAT.pdf?v=1727171274
[26] https://woodsinstitute.stanford.edu/system/files/publications/Woods_DietClimate_Research_Brief_v04.pdf

- **Restrictions on Dairy-Related Terminology:** Many countries restrict plant-based products from using dairy terms like *milk*, *butter*, or *cream*, even when clearly labelled as plant-based. The EU enforces a strict ban, and Italy is moving toward even tougher rules[27]. In contrast, the U.S. FDA[28] currently permits such terms if the plant-based origin is clear, though pressure to tighten regulations is growing[29]. This creates barriers for consumer understanding and limits the ability of plant-based products to communicate their intended use and nutritional role.

OATLYS APPROACH

We aspire to use Oatly's voice, partnerships, and advocacy to challenge outdated norms, break down regulatory barriers, and push for fair market conditions for a plant-centric food system that operates within planetary boundaries.

TARGET:

By 2030, we aspire to secure policy advancements in at least 50% of our prioritized policy areas that align with our business mission. Beyond policy, we will use our voice, actions, and products to engage key stakeholders driving societal change and accelerating the shift to a plant-centric food system.

The Levers to Influence Narrative and Policy Include:

- Collaboration, Partnerships & Empowerment: Standing alongside activists, businesses, policymakers, researchers, farmers, and consumers, we amplify a movement that drives societal change and safeguards the planetary conditions that future generations will depend on.
- Food environments: Changing food norms by influencing food environments, we aim for Oatly (and other plant-based options) to be included in public procurement, catering, and school milk schemes.
- Build awareness and knowledge: We will use our voice to champion robust science-based knowledge of oats, oat dairy, and healthy, sustainable diets, counter misinformation and polarization that hampers food system transformation. We will advocate for climate labeling for all food and drink, raising societal awareness of the climate impact of our food choices.
- Levelling the playing field: We will continue to advocate for fair, progressive and inclusive taxation and food policies which support healthy plant-rich diets.
- Challenging outdated rules and regulatory barriers: We will advocate for the integration of food into national climate strategies, sustainable and resilient food systems, regenerative agriculture, and food security. Updating national food and nutrition strategies and policies to be guided by public health needs and encourage healthy, sustainable plant-rich diets as well as a fair transition for farmers.
- Research & Development: We will advocate to promote public R&D funding to focus on sustainable agricultural and food innovations, with specific emphasis on nutrition and plant-rich diets.

[27] TRIS Notification – Draft Legislative Decree No 231/2017

[28] FDA Guidance on Plant-Based Milk Alternatives: https://www.fda.gov/food/nutrition-food-labeling-and-critical-foods/plant-based-milk-and-animal-food-alternatives

[29] Dairy Pride Act – U.S. Congress: https://www.congress.gov/bill/117th-congress/house-bill/2828#:~:text=Introduced%20in%20House%20(04/22/2021)&text=This%20bill%20prohibits%20the%20sale%20of%20any,contains%20such%20milk%20as%20a%20primary%20ingredient.

Oatly's short-term (to 2030) approach to influence policy and narrative include:

- Continue to work with peers, coalitions, and multi-stakeholder groups, such as regional and national plant-based food alliances, EAT, ProVeg, progressive businesses and others.
- Advocating for integrating food systems into climate targets at the EU, national, and global levels, ensuring that food and agriculture are fully embedded in climate policy frameworks.
- Continue to advocate for climate labeling for all food and drink in key markets, raising societal awareness of the climate impact of our food choices.
- Push for fair taxation and carbon pricing in food and agriculture
- Continue to address misinformation through evidence-based, accessible communication, such as our Small Healthy book, and combat misinformation on social media with evidence-based facts.
- Push for dietary guidelines, labels, and rules that make healthy, sustainable eating easy and plant-based food options easier to choose.
- Influencing policy & engaging decision-makers by showing up at key events, representing the voice of climate solutions for the future food system, advocating for societal shifts to meet the needs of future generations, and promoting plant-based solutions.
- Ensure Oatly products are present in key policy forums, public institutions, and strategic engagements, and reach numerous policymakers.
- Use our platform to highlight that the majority of public opinion globally wants climate action, reaching the silent majority.

Mobilizing for Change

We believe that businesses have an important role to play as societal actors and agents of societal change. By connecting public sentiment with policy advocacy, Oatly creates awareness and bridges the gap between citizens who want change and the political processes that can deliver it. Through creative campaigns, coalition-building, and evidence-based storytelling, we've shown that consumer engagement and policy influence can work hand in hand to drive transformation across the food system. Some examples of this work include:

The VOAT campaign: encouraged citizens to 'use their voice for the planet and the plate' ahead of the 2024 European elections, spotlighting fairer taxation, mandatory carbon labelling, and food system reform.
Oatly's School Milk Advocacy: Actively campaigned for the inclusion of fortified plant-based drinks in the EU School Scheme, with campaigns including Normalize It! (2022), lobbying national governments, and mobilizing public support through a petition with 74,000+ signatures and strong backing in the EU's 2022 consultation (72% in favor).
Oatly works within national and regional coalitions and has been a central actor in establishing plant-based associations and alliances in Sweden, Finland, the UK, and at an EU-level, and has joined alliances in Canada, US, Germany, Denmark, and Belgium. These networks amplify shared policy goals, strengthen collective advocacy, and reinforce Oatly's role as a trusted partner for systemic transformation.
Transforming the food system is inseparable from tackling the climate crisis. Yet the policies shaping what we grow, produce, and consume still fund the problem instead of the solution. We need to change that — together.

Invitation to act

Oatly calls on policymakers to align agricultural and food policies with climate, environmental and health goals, ensuring regulations, policies, subsidies, research funding and investments support the necessary transition. We call for mandatory climate footprint labelling on all food and drink so consumers are aware and can compare. We call on businesses and partners to use their influence to advocate for systemic reform. And we call on citizens and civil society to raise their voices for a sustainable plant-centric food system that reflects the needs and realities of our time. Together, we can shift food policy from preserving the past to nourishing a just climate-safe future.
Join us in making plant-rich diets the new normal.

Oatly Greenhouse Gas Emissions Reduction Pathway (GHG Protocol Scopes 1, 2 and 3)

Climate Footprint Commitments

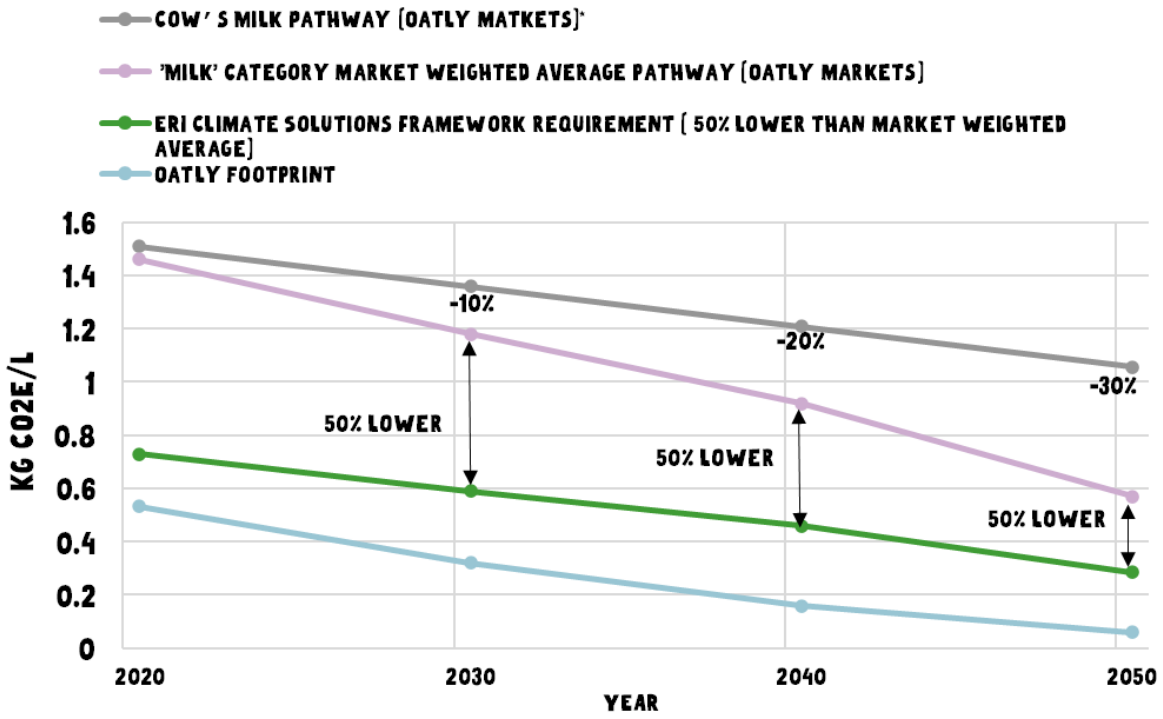
To ensure that our products remain climate solutions in the milk category, our goal is to reduce our total climate footprint in GHG emissions per liter[30] from our 2020 baseline, aligned with the global carbon law concept and climate solutions framework.

- 40% reduction in climate emissions per liter of product (kg CO_2e/L) by 2030 (2020 baseline)[31]
- 70% reduction in climate emissions per liter of product (kg CO_2e/L) by 2040 (2020 baseline)
- 89% reduction in climate emissions per liter of product (kg CO_2e/L) by 2050 (2020 baseline)

We commit to counterbalancing our residual emissions with durable removals from 2050 onwards. Investment in permanent removals outside our value chain (offsets) will commence by 2045 to ensure that we reach net zero by 2050.

These targets align with the global Carbon Law concept, introduced by researchers from the Stockholm Resilience Centre in 2017. This approach proposes halving global emissions every decade to support the Paris Agreement's goal of limiting global temperature rise to 1.5°C above pre-industrial levels and achieving societal net-zero emissions. The targets are also aligned with the Climate Solutions Framework (CSF), developed by the Exponential Roadmap Initiative (ERI) in collaboration with the University of Oxford's Net Zero initiative. This framework is designed to accelerate climate action by identifying and scaling products and services that significantly reduce emissions compared to market alternatives.

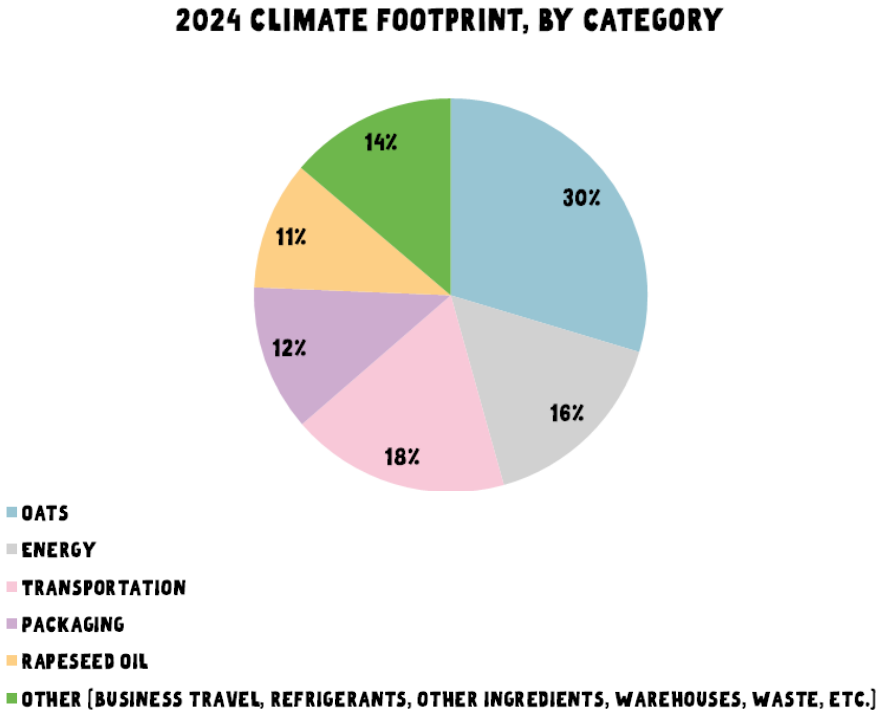
[30] We set an intensity target, as we are a climate solutions company. For additional details, see our paper published with EcoAct. https://info.eco-act.com/oatly-climate-solutions-framework-intensity-targets



According to the SBTi dairy commodity pathway, climate impact of dairy is expected to decrease from 22% to 39% by 2050. In this graph we have assumed an average 30% reductions occurring linearly from 2020 to 2050

Climate Footprint Reduction Pathway

There are five principal levers that Oatly can maneuver to achieve desired GHG emissions reductions: oat sourcing, energy consumption, transportation, packaging materials, and rapeseed oil sourcing.

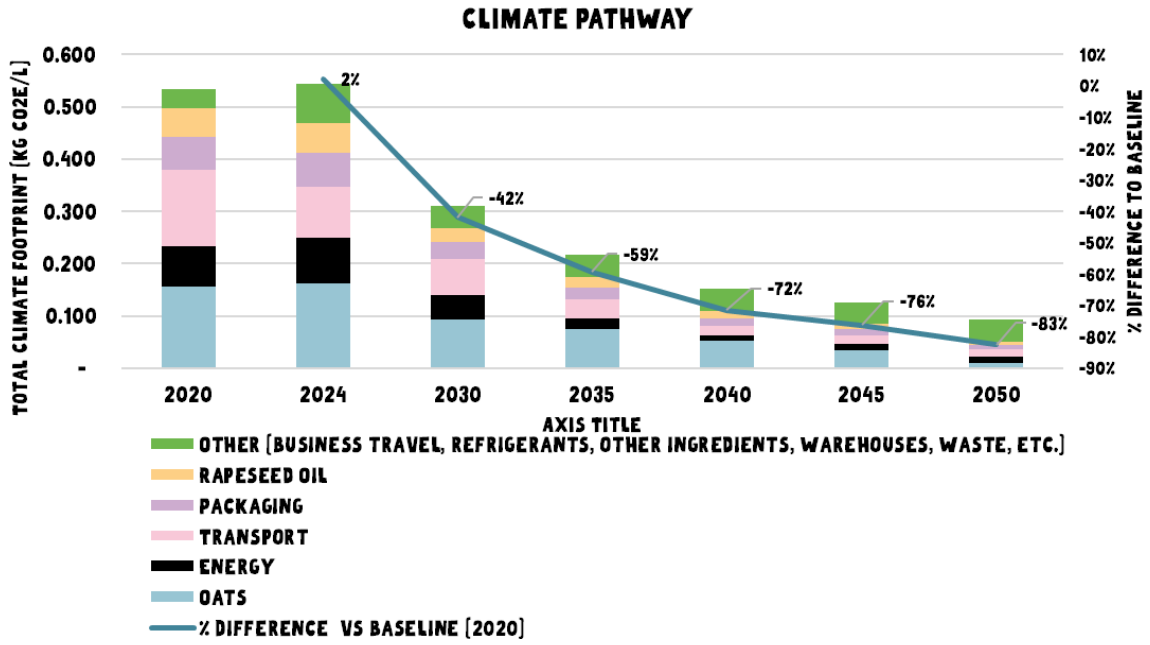


Our climate reduction pathway focuses on these and includes the following targets:

- By 2050, we will transition enough oat growers to regenerative agriculture to produce the equivalent of 100% of Oatly's supply, reducing the net GHG emissions of oats in Oatly's supply sheds by 94% (GHG protocol Scope 3 emissions).
- By 2040, we will source 100% renewable energy (both electricity and thermal heat) for our production and continue to reduce energy consumption (kWh/L of Oatly produced) (scopes 1 & 2 for Oatly-operated factories, Scope 3 emissions for our co-manufacturing production partners). We will focus on Europe in the short term, with interim goals of 100% renewable energy (electric + thermal) in Europe by 2030 and North America by 2035.
- By 2040, we will shift to 100% sustainable ground transportation for our products and materials, employing electric vehicles, rail or vehicles using renewable fuels (Scope 3 emissions). We will focus on Europe in the short term, with interim goals of 100% sustainable ground transportation in Europe by 2030 and North America by 2035. Additionally, we will reduce our GHG emissions from ocean freight (Scope 3 emissions).
- By continuing to work with partners that share our sustainability values and goals, we will also reduce our GHG emissions from packaging and rapeseed oil (Scope 3 emissions).

This pathway is based on our assessment in 2024 of the actions we can take to deliver to our climate targets. We acknowledge that there is a slight gap between what we believe we can achieve through known actions and our climate target at 2050 (83% v 89% GHG emission reduction). We commit to the 89% reduction required by science and trust that more levers will become available to achieve that reduction within the next 25 years. For additional details, see our paper published with EcoAct.

This graphic illustrates the impact of reductions in each category over time, nearing our goal in 2050.



Climate Footprint Reduction Roadmap

We have developed a roadmap to deliver the expected GHG emissions reductions for each of the five principal levers in our pathway.

OATS

By 2050, we will transition enough oat growers to regenerative agriculture to produce the equivalent of 100% of Oatly's supply, reducing the net GHG emissions of oats in Oatly's supply sheds by 94% (Scope 3 emissions).

In the short term, we're working to eliminate sourcing from high emissions areas, like peatland soils found in Finland, while we both improve our methodology for reporting emissions more precisely at the sourcing region or supply-shed level and expand our regenerative agriculture programs into these regions.

In 2024, we developed methods for gathering supply-shed-level emission factors from our supply sheds in Canada and Sweden. In the future, we hope to apply this same methodology to our Finnish supply to help us avoid high-emissions areas such as peatlands.

We will continue to transition oat growers to regenerative agriculture through our Future Agriculture Renovation Movement (FARM) Program. This program is designed not only to reduce GHG emissions, but also to protect biodiversity and water quality, and improve farmer well-being. This program has been developed and implemented together with our mill partners and in partnership with farmers in North America and Europe. Through this program, farmers within our supply shed receive financial compensation for implementing specific regenerative farming practices and sharing their data with us so we can track the impacts of our program.

Our ambition is to influence beyond our own supply chain, to deploy resources and forge strategic partnerships with millers, farmers, researchers, advocates and like-minded companies to scale regenerative agriculture practices that mitigate climate change and build a food system that nourishes the planet without leaving anyone behind.

Together with peer companies in the supply region, we will increase the share of crops grown with regenerative agriculture practices that enter our key suppliers' mills. Targets will be set as part of ongoing work developing multi-stakeholder collaborations in support of the regenerative agriculture transition.

Additionally, we will lead or join multi-crop regenerative agriculture partnerships that transition acres within shared supply regions, contributing to reduced emissions by 2035. Targets will be set as part of ongoing work developing multi-stakeholder collaborations in support of the regenerative agriculture transition.

The levers to scale regenerative agriculture include:

- Engage in large-scale, multi-crop collaborations with mission-aligned partners, including producers, suppliers, researchers, advocates and other brands. Within such collaborations we will share both the costs and credit for the regenerative transition at scale.
- Make Oatly's regenerative agriculture framework, known as FARM, and associated best practice available as an open source for other brands and aggregators to adopt.

- Utilize new technology to share stories and communicate with Oatly's brand voice some of the unique characteristics of farms that are managed for nature positivity and reduced climate impact to build consumer awareness and incentivize other brands to do the same.
- Support cutting-edge research on soil health and soil microbial biodiversity, which is essential for crop nutrient density, by partnering with leading researchers and deploying emerging scientific tools.

Invitation to act

- Policy makers, we need consistent and aligned policies and incentives that support the development of regenerative agriculture programs around the globe.
- Scientific partners, we need continued research the long-term impacts of regenerative agricultural practices on environmental and economic resilience.
- Measurement, reporting, and verification (MRV) partners, we need support to improve the efficiency and cost associated with reporting the impacts of regenerative farming practices, both in terms of individual farming practice and comprehensive impacts of combined practices on both climate and nature-related impacts.
- Peer companies, we need help developing landscape-level, multi-stakeholder collaborations so we can have an aligned approach for row crops grown in rotation.

ENERGY USE

By 2040, we will source 100% renewable energy (both electricity and thermal heat) for our production and continue to reduce energy consumption (kWh/L of Oatly produced) including Scopes 1 & 2 emissions for Oatly-operated factories and Scope 3 emissions for our co-manufacturing production partners).

We will focus on Europe in the short term, with interim goals of 100% renewable energy (electric + thermal) in Europe by 2030 and North America by 2035.

To deliver on these targets, we have developed the following renewable energy strategy and are in the ongoing process of implementing the following actions.

- Continuously identify and implement operational programs and CAPEX projects to drive energy efficiency and cost savings. Every factory has an annual energy reduction target and tracks performance against this target on a monthly basis. This process is used to identify proactive opportunities and reactive root cause analysis when higher than expected energy use is reported.
- Increase quality, completeness and frequency of metered energy. Empower operators to hunt for energy losses with data driven decisions.
- Eliminate the need for steam: Wherever possible utilize waste heat, thermal energy storage, and hot water instead of steam, in both new design/construction and retrofitting the parts of our process that currently utilize steam.
- Generate steam differently: When installing new boilers or replacing existing ones, we will prioritize boilers that can run on biomass, biogas or electricity.
- Implement onsite renewable energy production wherever possible
- Maintain 100% renewable electricity sourcing
- Purchase renewable energy certificates for remaining thermal energy where needed.

In 2024, we sourced 100 percent renewable electricity for all Oatly-operated factories and all our production partners around the globe. Our factory in Landskrona, Sweden, has a small solar array installed on the wastewater treatment plant. In the future, we are focused on increasing additionality by installing onsite renewables to generate electricity and creating more demand for renewables by engaging in renewable power purchase agreements (PPAs) where possible.

In 2025, at the Landskrona factory, we installed a hybrid boiler that can run on biomass, natural gas, or biomethane, and began using biomass pellets to create the steam needed in our production process. We intend to primarily use biomass pellets as our fuel source in Landskrona going forward, with natural gas + biomethane energy attribute certificates as a backup.

In the short term, we are focused on sourcing 100% renewable energy in Europe by 2030, where the infrastructure, policies and incentives make renewable energy more readily available. First, we focus on energy recovery and removing need for steam in our production process, both in Oatly-operated factories and at our production partners. The heat demand we can't reduce will be electrified. Electricity availability from the grid is however a challenge in some local grids which limits our future options. Because of this grid congestions we will continue to explore emergent renewable heat technologies, energy storage solutions and contracts that contributes to the construction of new renewable energy facilities.

In North America, a massive market blocker for acceleration of both renewable electricity and renewable thermal, is the artificially cheap price of natural gas versus the steadily increasing price of electricity. Our renewable thermal focus is first on electrification with de-steaming and adding thermal energy storage. Beyond this, the roadmap could include electric boilers, onsite renewable electricity and sourcing renewable thermal energy through energy attribute certificates. Renewable thermal pathways in North America are more difficult due to the spark gap between electricity and natural gas, the policy environment and general market maturity. We will engage to influence these factors in North America with the hopes of driving availability and affordability, but we can't do this on our own!

Invitation to act

- Policy makers across the globe, we need policies and incentives that further support the development of renewable energy production and distribution infrastructure, including electricity and fuels that can provide the thermal energy needed by factories like ours. This likely includes pricing mechanisms for GHG emissions from energy production and use, streamlining of permitting for renewable electricity and transmission infrastructure, the removal of fossil fuel subsidies, and renewable portfolio standards and additional rebates and tax incentives.
- Governments, we need widespread investment and scaling up of modern, resilient, affordable clean energy infrastructure.
- Energy partners and developers, we need commercialization and scaling up of technologies and equipment to support electrification and decarbonization, including specific priorities that will support us and other food companies like thermal energy storage, waste heat reuse, and nonthermal sterilization.
- Peer companies, we need partners and allies to set clear commitments to transition away from fossil fuels and help signal exponentially growing demand for renewable energy, especially within the renewable thermal space, so our energy partners can invest in these innovations with the confidence that industry will adopt them once commercially available and affordable. We also love to share opportunities and lessons, such as in the forum of Renewable Thermal Collaborative, so please get in touch!

TRANSPORTATION

By 2040, we will shift to 100% sustainable ground transportation for our products and materials, employing electric vehicles, rail or vehicles using renewable fuels (Scope 3 emissions).

We will focus on Europe in the short term, with interim goals of 100% sustainable ground transportation in Europe by 2030. We will then focus on reaching 100% sustainable ground transportation in North America by 2035. We will also reduce our GHG emissions from ocean freight by continuing to work with partners that share our sustainability values and goals.

Our strategy to reduce emissions from transport includes the following:

1. Reduce the distances travelled (measured in tonnekm) via network optimization and improved vehicle filling rate. This is the most important step in our strategy because it reduces GHG emissions by 100% for the kilometers not travelled. The most sustainable kilometer is the one you don't have to travel!
2. Implement lowest possible impact transport across all lanes.
    a. No air freight. To minimize the oversized air freight impact from one-off priority shipments, in 2021, our Global Logistics Team strengthened our process to require that any exceptions to our "no air freight policy" be approved by C-suite.
    b. Mode Switching. Switch to a lower-impact mode of transportation (e.g., switching from a diesel truck to rail can deliver an approximately 55 percent reduction in CO2e).
    c. Fuel Switching. Switch to a lower-impact fuel within the same mode (e.g., switching from a diesel truck to one powered with 100 percent renewable electricity can reduce CO2e emissions by approximately 95 percent).

3. Best in class transportation data and analysis, including predictive AI. Transparent and timely data enables continuous feedback and fast decision making to respond rapidly to changing conditions, reduce our impact and cost.

We began implementing this strategy in 2022 and have experienced a 33% reduction in CO2e emissions per liter from transportation between 2022 and 2024. You can always learn more about our sustainability performance in our annual sustainability report. We will continue to report on our progress as we implement this strategy further.

In the short-term, between now and 2030, we have a specific focus on fuel switching in Europe, where the infrastructure, policies and incentives make renewable fuels more readily available. We will do this by requesting sustainable fuels, like HVO, electric trucks and intermodal transportation in each and every tender we conduct in Europe. Implementing more sustainable fuel and efficient routes steadily step by step to eventually cover our full distribution network.

We will engage to influence, acknowledging our small but mighty size and scale, these factors in North America with the hopes of driving availability and affordability so we can begin to make meaningful use of renewable fuels well in advance of our 2035 deadline for 100% sustainable ground transportation in North America. In the short term, in North America, we're focused on increasing the electric and rail modes we have while optimizing our network to reduce the distances travelled and serve our climate solutions products to our consumers.

While GHG emissions from ground transportation are the #1 opportunity within the transportation climate footprint, reducing GHG emissions from ocean freight will also be important to ensure we meet our climate footprint reduction targets. We're taking a similar approach for this mode of transport, focusing on reducing distances (tonnekm) in the short term, and the integration marine HVO fuel into our strategy, in cooperation with strategic partners, between now and 2040.

Invitation to act

- Policy makers across the globe, we need consistent and aligned policies and incentives that support the development of a comprehensive renewable transportation infrastructure, including electric vehicles, HVO and other renewable fuels. This likely includes consistent pricing mechanisms on GHG emissions from transportation, fuel standards that progressively limit the pollution intensity of fuels, and end dates for the production of vehicles and vessels powered solely by fossil fuels.
- Partners in the transportation industry, we need innovation at speed to scale both fleet and fuels, especially focusing on maritime shipping and diesel trucks. We need affordable, reliable sustainable transportation options that allow us to meet consumer and customer demands, while drastically lowering our GHG emissions.
- Peer companies, we need partners and allies to set clear commitments to transition away from fossil fuels and help signal exponentially growing demand so our transportation partners can invest in these innovations with the confidence that their customers will adopt them once commercially available and affordable.

PACKAGING

By continuing to work with partners that share our sustainability values and goals, we will reduce our GHG emissions from packaging (Scope 3 emissions).

The Forests Land and Agriculture Guidance (FLAG), from the Science Based Targets Initiative indicates that the FLAG sector, also known as the Agriculture, Forestry, and Other Land Use (AFOLU) sector, or just the land sector, needs to halve emissions each decade to limit global warming to 1.5 degrees C. Within FLAG, the forest product industry includes manufacturers of paper and cardboard containers and packaging. We used this FLAG guidance when modelling expected GHG emissions reductions from packaging and expect our suppliers to align with SBTi and FLAG.

Packaging is an area where we rely heavily on our suppliers and partners' innovation to deliver reductions in our climate footprint. Our sustainable packaging strategy includes the following:

- Avoid glass packaging: We currently do not use glass packaging and consider this a key guideline for future innovations due to its environmental impact and recyclability challenges.
- Minimize packaging material use: We continuously optimize primary, secondary, and tertiary packaging to use only what's necessary—ensuring product safety while reducing food waste.
- Shift to low-emission materials: In collaboration with suppliers, we aim to transition to materials with lower greenhouse gas emissions, prioritizing recycled or renewable content that supports our circularity goals, such as introduction of paper barrier in the coming 10-15years.
- Design for recyclability: We are committed to ensuring all packaging is recyclable by design, widely collected and effectively sorted.
- Account for supplier-specific emissions: We work with suppliers to develop tailored emission factors that reflect the climate improvements achieved within their supply chains.

Invitation to act

- Policy makers across the globe, we need consistent and aligned policies and incentives that support the development of a truly circular economy, including recycling and reuse infrastructure, and materials innovation.
- Packaging suppliers and partners, we need innovation and scaling up of recycled and bio-based materials, increased ease of recyclability, and new packaging solutions with lower GHG emissions.
- Peer companies, we need partners and allies to set clear commitments to reduce plastic and single-use packaging, so our suppliers and partners can invest in these innovations with the confidence that industry will adopt them once commercially available and affordable.

RAPESEED OIL AND OTHER INGREDIENTS

By continuing to work with partners that share our sustainability values and goals, we will reduce our GHG emissions from rapeseed oil and other ingredients (Scope 3 emissions).

Similar to packaging, we used the FLAG guidance when modelling expected GHG emissions reductions from rapeseed oil, and expect our suppliers to align with SBTi and FLAG, which

indicates the need for agriculture to halve emissions each decade to limit global warming to 1.5 degrees C.

We rely heavily on our suppliers and partners' innovation to deliver reductions in our climate footprint from rapeseed oil. We engage with suppliers regularly to understand their innovation roadmaps and encourage the development of more sustainable ingredients, including those with lower climate footprints. We will work with our rapeseed oil suppliers to develop supplier specific emission factors to account for the GHG reductions they have made in their supply chain.

Other ingredients make up a very small portion of our total ingredients purchased, 7 percent by volume in 2024 for all other ingredients combined, and therefore also a very small impact to our climate footprint. As we reduce emissions from oats and rapeseed oil, other ingredients will likely arise as a higher priority and will be added into our roadmap with further details.

Invitation to act

- Peer companies, we need help developing landscape-level, multi-stakeholder collaborations so we can have an aligned approach for row crops grown in rotation. We also need partners and allies to set clear commitments to reduce emissions from ingredients, so our suppliers and partners can invest in these innovations with the confidence that industry will adopt them once commercially available and affordable.
- Accounting frameworks and guidance bodies, we need clear ways for companies to incentivize and account for regenerative agriculture practices on the same crops.
- Measurement, reporting, and verification (MRV) partners, we need support to improve the efficiency and cost associated with calculating supplier specific emission factors.

Ensuring a Just Transition

The United Nations Economic commission for Europe defines just transition "as an approach that seeks to ensure that the shift to a low-carbon future is fair, equitable and inclusive – leaving no one behind." We could not agree more and at Oatly we are always considering what that means within our spheres of influence as we focus our efforts on the transition to a sustainable food system that operates within the planetary boundaries and meets nutritional needs.

We know that a part-of a low carbon future requires rethinking the way we produce and consume food. It also requires that dietary transitions that promote equity and justice alongside health, economic and sustainability considerations.[32] As such, Oatly continues to use our brand voice to advocate for a shift towards plant-based diets and changing food policy to make sustainable food choices more accessible and affordable. We recognize we are one voice and in a world of immense challenges to tackle require collaborative action.

Oatly's regenerative oat agriculture program, known as FARM, is designed to reduce GHG emissions, improve ecosystem health, and support oat farmers in priority supply sheds to transition to regenerative practices. We are investing in farmer access to technical assistance programs to improve the social and economic outcomes in the regions where we

[32] Rodríguez-Huerta, Edgar, et al." Current and recommended diets in the USA have embedded forced labour risk." Nature Food. 08 October 2025.

source our oats. Near-term Target: By 2030 we will financially support at least 100 oat farmers in priority supply sheds to transition to regenerative practices.

Financing the Transition

Our products are a mechanism of change every time they replace cow's milk.[33] As a climate solution company producing climate solution products, you could say all our investments are financing the transition towards a plant-based, climate solutions, and net zero world. Suffice to say that as a company created by scientists, we continue to invest extensively in innovation. Given one of our key focuses is building a broad and relevant product portfolio within plant-based dairy, we continuously explore and enter new product categories, making the change to plant-based easy for the consumers. We strive to create great, sustainable, delicious and nutritious food with optimal taste, functionality and texture. Additionally, we invest activities to calculate our products' climate footprint, independently assessed comparative studies on the climate impact of key Oatly products with their dairy counterparts, annual conversion surveys, and our annual handprint calculations[34] [35] to ensure we can be transparent and create awareness about the impact of our products and dairy. Additionally, we invest heavily to educate customers and consumers on both the nutritional and sustainability benefits of plant-rich diets and converting from cows' milk to Oatly. We will continue to invest in these activities as they are critical to growing our business.

In 2024, while updating our Sustainability Plan, we estimated the investment costs to implement the roadmaps for each of the five principal levers in our climate footprint reduction pathway. For each lever the investment (USD) per liter of produced product was estimated. We assumed these costs would be in the form of operational expenses, for example increased cost of sourcing renewable energy for our factories. Capital expenses (CAPEX) were not included because they are expected to deliver cost savings against the operational expenses presented here. We also estimated the expected cost of reducing the remaining 11% of residual emissions with permanent removals outside of our value chain. Lastly, we estimated the cost of delivering the same climate footprint reduction through other means, such as purchasing carbon offsets only. Comparing these two estimations, we concluded that the cost of not taking action will be higher than investing in the mitigating actions within this Climate Transition Plan.

These cost estimates were included in the materials provided to our Board of Directors when they approved our updated Sustainability Plan.

Measurements & Methodology

To better understand our climate impact and progress against our climate commitments, we annually measure and report on our greenhouse gas emissions (GHG) across our entire value chain. We share detailed reporting and analysis in our annual sustainability report.

The following table breaks down our corporate climate footprint by GHG emissions scope, as defined by the GHG Protocol[36] for our baseline (2020) and recent years.

[33] https://blonksustainability.nl/news/LCAs-Oatly

[34] How companies can leverage avoided emissions to drive transformation + accelerate global decarbonization - Quantis

35 https://a.storyblok.com/f/107921/x/cbdb92c917/oatly-sustainability-update-2024.pdf

[36] Biogenic emissions 2024 = Scope 1: 6,389 T CO_2e and Scope 3: 2,683 T CO_2e; Location-based emissions 2024 = Scope 2: 19,345 T CO_2e

GREENHOUSE GAS EMISSIONS

2024

Metric	2020*	2023	
Scope 1 emissions (T CO_2e)	4,260	7,284	9,654
Scope 1 emissions intensity (kg CO_2e/liter produced)	0.014	0.014	0.017
Scope 2 emissons (T CO_2e)	3,763	4,613	3,791
Scope 2 emissions intensity (kg CO_2e/liter produced)	0.013	0.009	0.007
Scope 3 emissons (T CO_2e)	151,704	232,157	305,718
Purchased goods and services	102,779	167,513	236,713
Fuel and energy-related activities	3,996	3,202	3,739
Waste generated from operations	243	1,299	3,347
Upstream transportation and distribution	43,935	57,060	56,469
Business travel	751	3,083	5,450
Scope 3 emissions intensity (kg CO_2e/liter produced)	0.507	0.459	0.531
TOTAL	159,727	244,054	319,164
TOTAL emissions intensity (kg CO_2e/liter produced)	0.533	0.482	0.554

*2020 adjusted baseline.

Reliable data is essential to track our progress and set reduction plans for the future. That is why we continuously work to implement and improve processes and systems to enhance the accuracy of our reporting. For example, in 2024 we invested in a new reporting platform (Microsoft Sustainability Manager) that integrates with other systems in the business to increase data accuracy and automation and decrease human error. Missing data or assumptions are disclosed in the reporting notes of the Sustainability Report.

In 2021-2024 our annual sustainability report included a limited review of Scope 1 and 2 GHG emissions, conducted by a third party (EY) for the accuracy of our GHG accounting results. We are planning to resume the review process in the coming years. Auditing the accuracy of the background data ensures the progress can be monitored with accuracy.

In addition to Scope 1, 2, and 3, we report on and analyze our emissions by the source, within our value chain. This analysis helped us identify the five principal levers in our climate footprint reduction pathway and measuring them year after year will help us measure progress and refine our strategies in the future.

Climate Related Risks and Opportunities

Current global climate commitments are off track. And even if all these commitments were met, we would still be on the path for approximately 2.7 degrees Celsius (°C) warming by 2100 according to the IPCC[37] and recent scientific research.[38]
The impacts of climate change are already visible in the food system and beyond. For example, climate shocks, have limited the availability of oats and influenced our sourcing strategy, which resulted in increased GHG emissions from ingredients and our total corporate climate footprint in 2024. You can read more about this in our 2024 Annual Sustainability Report.

We're experiencing both physical risks, like extreme weather events and reduced agricultural yields, and transition risks, like volatile energy prices, limited availability of renewable energy and fuels, and fast evolving regulations.
Of course, these risks also present opportunities for Oatly. By mitigating these risks, improving the resilience of our supply chain, and using our influence to ignite the food system transformation to plant-based, we can deliver increased value for our customers, consumers, and investors, including those listed in the Business Impact and Value Creation section of this Climate Transition Plan.

The following table includes selected climate-related risks we have identified through our enterprise risk management process, along with examples of mitigating activities. These and other sustainability-related risks are published and updated annually in our Sustainability Report.

CLIMATE-RELATED RISKS	MITIGATING ACTIVITIES
Physical climate change impact to raw material supply: Physical climate change impacts may negatively affect agricultural production of oats or decrease availability of other inputs necessary for our products. This could lead to less-favorable pricing or otherwise adversely impact our manufacturing and distribution operations.	We are working with farmers, suppliers and agricultural experts in key markets in partnerships and programs to support regenerative practices for growing oats. These practices have the potential to increase the availability and resilience of our oat supply.
Policies and regulations in the transition to a lower-carbon economy: New policies and regulations in markets where Oatly operates could pose additional legal or regulatory requirements related to GHG emissions reporting, carbon pricing, mandatory emission limits and/or reduction targets, presenting additional business costs.	We continue to improve our sustainability reporting, including GHG emissions reporting. We have set a full value chain GHG emission reduction target that covers Scopes 1, 2 and 3 GHG emissions and are working to develop GHG emissions reduction strategies. In 2024, we continued work to prepare for alignment with new regulations. This work

[37] IPCC, 2021: Summary for Policymakers. In: Climate Change 2021: The Physical Science Basis. Contribution of Working Group I to the Sixth Assessment Report of the Intergovernmental Panel on Climate Change [Masson-Delmotte, V., P. Zhai, A. Pirani, S.L. Connors, C. Péan, S. Berger, N. Caud, Y. Chen, L. Goldfarb, M.I. Gomis, M. Huang, K. Leitzell, E. Lonnoy, J.B.R. Matthews, T.K. Maycock, T. Waterfield, O. Yelekçi, R. Yu, and B. Zhou (eds.)]. Cambridge University Press, Cambridge, United Kingdom and New York, NY, USA, pp. 3-32, doi:10.1017/9781009157896.001

[38] UNEP (2024). Emissions Gap Report 2024. Available online: https://unepccc.org/emissions-gap-reports/
Climate Action Tracker (2024). Global Update - November 2024 - As the climate crisis worsens, the warming outlook stagnates. Available online: https://climateactiontracker.org/documents/1277/CAT_2024-11-14_GlobalUpdate_COP29.pdf

	includes our double materiality assessment completed in 2024, which will be published in our FY2025 report.
Brand image and reputation harmed by not meeting investor, customer or consumer expectations or not meeting the commitments in our Sustainability Plan and this Climate Transition Plan: Our business faces increasing scrutiny related to environmental, human rights and governance issues. The standards by which sustainability matters are evaluated are developing and evolving. If we fail to meet applicable standards or expectations, our reputation and brand image could be harmed.	We have clear strategies, internal metrics and activities to deliver on our Sustainability Plan and this Climate Transition Plan. We continue to improve our sustainability reporting through increased frequency and improved technologies to build awareness of sustainability issues and relevant Oatly impacts. In addition, we will conduct limited review of all three GHG scopes from 2026.

Governance

Our governance and ethics programs are grounded in our mission and core values of nutritional health, trust and sustainability. We are committed to conducting our business with integrity and in an ethical and socially responsible way through sustainable business practices and various programs committed to sustainability, human rights and compliance — which we regard as essential to maximizing stakeholder value while enhancing community quality and environmental stewardship and furthering the plant-based movement around the world.

Implementation of our sustainability initiatives, including those described in this Climate Transition Plan, requires commitment and investment across the company. We consider it essential to achieve our mission.

Our sustainability program, including all climate-related activities, is developed and managed through considered interaction between our Chief Executive Officer, with embedded ownership within relevant functions and other department heads, and with oversight from our Board of Directors. Oversight is primarily provided by the Nominating, Corporate Governance and Sustainability Committee of our Board of Directors, which is in turn required to report to the wider Board on matters of sustainability and corporate responsibility performance.

Our Chief Executive Officer and our Sustainability Leadership Team work together to develop and implement the commitments, pathways, and roadmaps included in this Climate Transition Plan. Embedded ownership within relevant functions and other department heads is critical to our success and impact, which is why we're focused on embedding accountabilities and decision-making deep into the organization.

This climate transition plan has been approved by our CEO, Executive Leadership Team, and the Nominating, Corporate Governance and Sustainability Committee of our Board of Directors. We will review and update this transition plan when we experience material changes to our business, climate-related risks and opportunities, commitments, or strategy, or every five years, whichever occurs first. Future updates will include feedback from our stakeholder engagement process.

Fine Print Legal Disclaimer:

- This plan is provided for informational purposes only and the climate transition plan and commitments that we make herein are subject to the qualifications and disclaimers contained herein and, on our website, which should be read in conjunction with this disclaimer. This plan also contains forward-looking statements regarding our future business expectations and objectives and our environmental, social and governance goals. All statements in this plan that do not relate exclusively to matters of historical fact should be considered forward-looking statements and such forward-looking statements involve risks, uncertainties, subjective judgment, and analysis that reflects our expectations. Actual results may differ materially from the results anticipated depending on a variety of important factors, including without limitation the risks detailed in our filings with the U.S. Securities and Exchange Commission. Relatedly, there is no guarantee that we will achieve our environmental, social and governance goals nor that such goals, whether or not those goals are met, will ultimately have a positive impact, either on particular environmental, social and governance matters or as a whole.
- In relation to the information and data contained in this plan, we are (wholly or in part) reliant on public sources of information and information provided by our suppliers and business partners. Further, our ability to verify such information (whether now, in the past, or in the future) may be limited by the integrity of the underlying data available at the relevant point in time and the status and evolution of global, supranational and national laws, guidelines, methodologies, best practices and regulations in relation to the tracking and provision of such data, and we may not update historical information for changes in our practices, approaches or methodology. Therefore, such information is provided on a reasonable efforts basis and is subject to change.
- Further, this plan may contain information that is not necessarily "material" under federal securities law for U.S. Securities and Exchange Commission reporting purposes, but it is informed by various environmental, social and governance standards and frameworks and the interest of various stakeholders.