

Oatly Group

Transparency in Supply Chain Statement for the financial year ending 31 December 2021

1. About us

- 1.1 Our mission at Oatly is to make it easy for people to eat better and live healthier lives. without recklessly taxing the planet's resources. Our goal is to produce and deliver oat-based products that have high nutritional value and low environmental impact. We are driven by a constant desire to evolve and become better at what we do. We want to work together with co-workers, suppliers and partners for a healthy, sustainable and transparent food chain. As part of that ambition, we are committed to ensuring that there is no modern slavery or human trafficking in our supply chains or in any part of our business.
- 1.2 Oatly strongly opposes slavery and human trafficking in any form. This statement sets out the steps taken by the Oatly Group, directly and through its subsidiaries, (together the Oatly Group or "Oatly"), in the last financial year, to ensure slavery and human trafficking is not occurring in any part of our business or supply chains.
- 1.3 The Oatly Group includes Oatly UK Ltd. Oatly has assessed that both Oatly AB, in its capacity as owner of Oatly UK Ltd., and Oatly UK Ltd. separately have an obligation to make a Transparency in Supply Chain statement (in accordance with s.54 of the Modern Slavery Act). This statement is intended to satisfy that obligation in respect of both companies.

2. Organisation structure and supply chains

- 2.1 In May 2021, our ultimate parent company, Oatly Group AB, completed our initial public offering (IPO) and began trading on the Nasdaq Global Select Market under the ticker symbol "OTLY." Following the IPO, Oatly Group AB's 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.
- 2.2 The Oatly brand is available in more than 20 countries globally. In 2021, we sourced the majority of our raw materials from Europe and North America.
- 2.3 We utilize three main supply models to meet global demand for our products: co-packing, hybrid and end-to-end self-manufacturing. In 2021, approximately 44% of our products were produced through the co-packing and complete outsourcing model, 35% through a hybrid model and 21% through our own end-to-end manufacturing.
- 2.4 Our Sustainability Team with the support of our Supply Chain and Operations function has responsibility for working with our suppliers to identify and reduce the risk of slavery and human trafficking in the supply chain. Since the summer of 2020 (including throughout the financial year ending 31 December 2021) we have had a dedicated individual in the Sustainability Team, who has strong experience of supply chain management, to help support this work.

3. Policies in relation to slavery and human trafficking

- 3.1 As part of Oatly's promise to be a good company, we do not tolerate any form of slave labour or human trafficking in any part of our business. This is set out clearly in our Business Conduct and Ethics Guidelines ("[Code of Conduct](#)") that capture our ethics as a company. It is based on the principles of the Universal Declaration of Human Rights, the International Covenant on Civil and Political Rights, the International Covenant on Economic, Social and Cultural Rights, the International Labour Organization's (ILO) eight Fundamental Conventions and the UN's Sustainable Development Goals. The Code of Conduct is sent to employees and suppliers, and is also available on our intranet.

4. Due diligence processes

- 4.1 Employees, partners and suppliers must read and sign our Code of Conduct confirming that they will comply with our standards or demonstrate that their own Code of Conduct has similar standards.
- 4.2 In late 2021, we launched our global sustainable sourcing framework to further strengthen our sustainable sourcing practices and business decisions and will be working on rolling it out through 2022 and onwards. The purpose of the framework is to establish the Oatly approach for sustainable sourcing and guide internal stakeholders toward meeting Oatly's long term sustainability plan.
- 4.3 Our Code of Conduct states our company values and requirements on key issues including human rights and working conditions. During 2021, suppliers and production partners were required to either commit to comply with our Code of Conduct or present their own, with a standard equal to ours, as part of negotiation of contracts (or renegotiation of existing contracts). We have also included compliance clauses in our commercial agreements and other contracts with third parties.
- 4.4 In 2021, we also partnered with Harvard Undergraduate Consulting on Business and the Environment ("**CBE**") to further understand and draw insights on code of conduct standards. The purpose of the partnership was to allow CBE to research a global standard for a code of conduct. We intend to use that information to update our Code of Conduct in late 2022/early 2023.
- 4.5 In 2021, we launched Ecovadis and are continuing to roll it out globally. Ecovadis evaluates how well a company has integrated the principles of Sustainability/CSR into their business and management system. It provides a desktop assessment of our suppliers' sustainability performance and serve as a basis for continually working with our suppliers to integrate and improve their sustainability management systems.

5. Risk assessment and management

- 5.1 To better understand and address sustainability risks such as modern slavery, we partnered with an independent third party, Preferred by Nature, in 2021 on an ongoing project to conduct supply chain sustainability assessments of selected ingredients. Our goal is to identify sustainability hotspots of those supply chains and ways to navigate those.
- 5.2 We have also upgraded our whistleblower program. Oatly has also established a Whistleblower Hotline that is available 24 hours a day, 7 days a week, by telephone at (800) 461-9330 or on the Internet at whistleblower.oatly.com . Employees may remain anonymous and will not be required to reveal their identity in contacting the Whistleblower Hotline. Our whistleblower service enables reporting any behaviour that goes against the Code of Conduct. In 2020 we had no cases reported. We recognize that 'no reported cases' does not necessarily mean there are no concerns. So, in 2021 we enhanced our whistleblower system to allow reporting through multiple channels with global support, several language options and a better process to ensure anonymity for all of our employees and consultants. Our Code of Conduct also encourages employees to contact their supervisor or the Oatly General Counsel, with any concerns. We also ask our suppliers to meet our sustainability requirements (as part of their commitment to our Code of Conduct) by for example, reporting their sustainability performance. We had no reports, through the whistleblowing procedure or other communication channels, indicating potential modern slavery or human trafficking risks in our business or supply chains in 2021.
- 5.3 Although we recognise that we use a small percentage of ingredients that come from high-risk countries where modern slavery may be more likely, based upon our supplier sustainability

performance evaluation and internal reporting to date, we consider there is a broadly limited risk of modern slavery in our business and supply chains. However, we know that transparency can be a challenge, so we interpret the results of our sustainability performance monitoring and internal communication channels with caution and continually investigate and monitor our suppliers' performance throughout the supply chain.

6. Training on modern slavery and trafficking


- 6.1 All our employees are made aware of the Code of Conduct as part of the onboarding process.
- 6.2 In 2021 we included our Code of Conduct in all employment contracts and conducted mandatory training for all employees and executives on our Code of Conduct.
- 6.3 We expect our co-workers, suppliers, and partners to share our view of the importance of openness, transparency, privacy, integrity, and trust. For us, trust means acting in an ethical and proper manner that is characterized by a respect for people, nature, and the law. A close dialogue with our partners, suppliers and consumers is important to us to be able to tackle such issues as modern slavery and human trafficking. We put emphasis on the issue of transparency within the food industry and we continually strive to be one of the most transparent companies in the industry.

7. Further Steps

- 7.1 We will continue to assess what more it might do to identify and mitigate the risks of modern slavery and human trafficking in its business and supply chains. This may include undertaking a contextual modern slavery risk assessment to identify and prioritise further actions we may wish to take. We note in this regard that, in 2020, we conducted a gap analysis on our Code of Conduct and concluded that we needed to develop a supplier-specific code of conduct to set global standards, demonstrate best practices, and provide clear accountability and performance evaluation guidelines. This remains an objective for the business. We also understand and plan to work with our suppliers to map select supply chains where high sustainability risks have been identified.

Approval of this statement

- 8.1 This statement was approved by the Board of Oatly AB on 1 July 2022.
- 8.2 This statement was signed by Toni Petersson, CEO of Oatly AB on 1 July 2022:

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