

The AAK logo is displayed in a bold, white, sans-serif font against a dark green background.

Foodservice Digest:
Catering for
Conscious
Consumers

How to cater for consumers whose food choices are guided by their consideration of social, environmental and economic impacts.



Published March 2024

The AAK Foodservice logo is located in the bottom right corner. It features the letters 'AAK' in a large, bold, blue font, with the word 'Foodservice' in a smaller, blue font directly below it.

Welcome!

Welcome to the first of our new series of **AAK Foodservice Digests**, in which we plan to share insights on trends, challenges and opportunities within our sector.

Our decision to kick off with sustainability and the rise of conscious consumerism was prompted by the importance of these trends to our plant, our customers, our consumers, and our businesses.

Mintel's UK Sustainability in Foodservice Market Report states that despite the cost-of-living crisis making it difficult for consumers to prioritize sustainability, they still 'want to know that brands are taking sustainability seriously, and are more likely to trust businesses that have met rigorous standards for sustainability.'

Working with customers to meet this challenge has been a key focus for us in recent years, and we hope you enjoy reading more about the ways we can support your sustainability journey.

Thanks for your interest.

Rachel Neale
Marketing Director, AAK Foodservice

AAK Foodservice
Making Better Happen™ from plant to brand.



Conscious consumerism

What is it?

Conscious consumers make informed choices about the food they eat and the products they buy, carefully considering social, environmental and economic impacts.

They support positive change by buying products and brands and services which are produced ethically, with care for people, animals and the planet.



They care about...

- Sustainable production
- Ethical sourcing
- CO₂ reduction
- Waste saving
- Water conservation
- Responsible labour practices
- Respect for human rights
- Preserving biodiversity
- Protecting animals
- Social responsibility

... and look for evidence that the companies behind the brands they buy, do so too.

Conscious Consumers: facts and stats



Global

2023
\$500
billion

In 2023, the sustainability-conscious shopper segment rebounded to represent **22% of shoppers**, who spend almost **\$500 billion** in the **FMCG market** every year. This is projected to reach **\$1 trillion** by 2027.

2027
\$1
trillion

USA

36%
of Millennials and
50%

of Gen Z reported being prepared to pay more than a **20 percent price premium** for green restaurants

64%

of consumers in the US are **willing to pay steeper prices** for products that have a **social impact**, such as providing support for communities and causes that help vulnerable groups.

EU



56%

of Europeans consider themselves to be **conscious consumers**



67%

of Europeans have bought products that were **better for the environment** despite being more expensive.

UK



76%

of UK consumers consider themselves to be **conscious consumers**



83%

A UK hospitality survey found that **83%** of respondents expect **hospitality brands** to take part in **sustainable practices**

How can we help you rise to the challenge?

There are three ways we can help you to rise to the challenge of catering for conscious consumers.

By being a responsible partner

Firstly, you can trust the sustainability credentials of the brands, products and services we provide because we are, ourselves, committed to our own sustainability journey. We set ourselves tough targets and regularly report our progress, always acting as agents for positive change.

By supporting your sustainability journey

We can support your individual sustainability journey in so many ways - for example by providing products that can help you to reduce your carbon footprint, cut waste or improve nutrition. And of course, we will work closely with you to provide the reassurance your customers are looking for that they have been responsibly sourced and produced.

By focusing on Making Better Happen™ from plant to brand

Delivering sustainability from plant to brand is embedded in our purpose - Making Better Happen™. It drives us to work closely with our customers and partners, to transform the sectors we work in, make positive impacts, and contribute to a more equitable, inclusive and sustainable world.





Proud of *sustainable palm!*

“ Sustainable palm oil is part of the solution to a sustainable food system, rather than the common perception of being something we should discontinue using. In fact, it is the most efficient vegetable oil in terms of yield per hectare, making it a necessary part of the world’s food chain. ”



Johan Westman,
AAK President
and CEO.



So what’s the **problem with palm?**

If any vegetable oil could be described as sustainable, it’s palm oil. It is the world’s highest yielding vegetable oil crop, needing less than half the land required by other crops to produce the same amount of oil.

When global demand for palm oil accelerated from the 1970s, as we tried to reduce consumption of animal fats, rainforests and natural habitats were destroyed to make way for palm oil plantations.

The damage was serious and widespread, but turning our backs on palm is not the answer. Because more land would be needed to produce a different crop, this would most likely result in more deforestation, rather than less. Also, other crops are not as versatile as palm oil, so industries would not be able to produce the same types of products easily.

To combat the environmental impacts of palm oil, just over 20 years ago, we joined forces with stakeholders throughout the industry to form the RoundTable on Sustainable Palm Oil (RSPO), and have worked tirelessly to support the production of sustainable palm oil ever since.

What is **sustainable palm oil?**

RSPO certified sustainable palm oil must have been produced:

- Without cutting rainforests down for new plantations
- With no new planting on peatlands
- Following best practice - to increase productivity and reduce impact
- With wildlife corridors kept open
- Where workers are cared for, and given proper wages and rights



Sustainable palm oil achievements to date

There's still lots to do, but the palm oil industry has made great progress on sustainability in the last 20 years - arguably more than any other major commodity.

Since we bought the first consignment of RSPO sustainably sourced palm oil into the UK in 2008, the market for sustainable palm oil has grown significantly.

- In 2022, 20% of the world's palm oil was produced under RSPO certification.

The average carbon footprint of certified Sustainable Palm Oil is

36% LOWER

than for non-certified palm oil

Source: Chester Zoo

The fight continues

We are not suggesting of course that the battle is won, or that there is not important work to be done. On the contrary, there is much more to do.

Our own commitment:

Our principle sustainable commitment is to only source verified deforestation and conversion-free palm and soy by the end of 2025. **By then we aim to offer:**

100%
Traceability
to plantation

100%
Deforestation
free

100%
Traceability
to mill

Legislation update

In December 2023, following a two-year delay, the UK Government announced a ban on imported commodities linked to deforestation.

It requires any business which trades more than 500 tonnes of beef, leather, soy, palm oil or cocoa, to be able to show that their imports did not come from illegally deforested land.

It's similar to EU legislation which is expected to come into force by December 2024, and US legislation, which is expected to come into force by 2025.

The work we're doing, as part of our wider Better Sourcing initiative, will ensure that we're in the best possible place to help you meet this new legislation.

Be part of the solution!

There is no reason why your sustainable business should not use palm oil. Just make sure the palm oil you buy has been sustainably sourced.

With our high performance frying oils, that's easy to do. The palm in our Prep, AVR60 and Rapsona ranges available across UK and Europe are RSPO certified sustainable. Job done! And we are working on bringing RSPO certified sustainable palm oil solutions to our USA customers.

You will find palm in so many other products too - from bread and pastry products, to chocolate, desserts and mixes. It's also in a wide range of cleaning products.

So follow your conscious consumers' lead and take a look behind the brands you buy, and choose those that use sustainable palm oil.

If you do commit to using sustainably sourced palm, you'll be making an important contribution to tackling an incredibly important challenge - how to feed a rapidly growing population - sustainably.



“The balance between our needs and conservation is hard, but we can offer a vital lifeline for our forest relatives. We may be able to protect them through simple choices, like buying products made with deforestation-free, sustainable palm oil from companies that support local people, using existing plantations, without cutting down more rainforest.”

Sir David Attenborough.



Plant-based innovation, healthy choices, dietary requirements & allergens

Catering for dietary requirements – why conscious consumers may need more options than ever before

Whether it's a concern for the environment, a focus on healthier eating, or a food intolerance driving the need for more inclusive food on menus, caterers are having to meet more dietary requirements than ever before.

Here we explore what's driving these changes, and how foodservice providers can support you to meet the challenges conscious consumers' dietary requirements may bring about.

Taking plant power to the next level

The number of diners who eat solely a vegan diet stands at around 4% in the UK and the US, while across Europe the proportion is slightly lower at around 3.2%*. These aren't huge numbers, until you take into consideration the number of people who count themselves as flexitarian.

Flexitarians eat plant-based and vegetarian foods most of the time – with the occasional meal including meat, fish or dairy. Taking into account the number of vegans, vegetarians and flexitarians altogether, around one in four of your diners this year will be looking for options without any animal products**.

As one of the world's leading suppliers of speciality vegetable oils, fats and related products, our frying oils, speciality oils and butter alternatives are produced from plants and contains no meat or animal products.

And we don't stop there, across our range of sauces, dressings and mayos we also offer a range of products suitable for vegans. Over half of our Lion range of sauces in the UK are suitable for vegans, our GreenOasis brand in the US, has been launched as our plant-based sauces and dressings range suitable for vegans, and our Rapsona brand in Scandinavia offers an array of products suitable for vegans. We also offer plant-based, vegan private label solutions too.



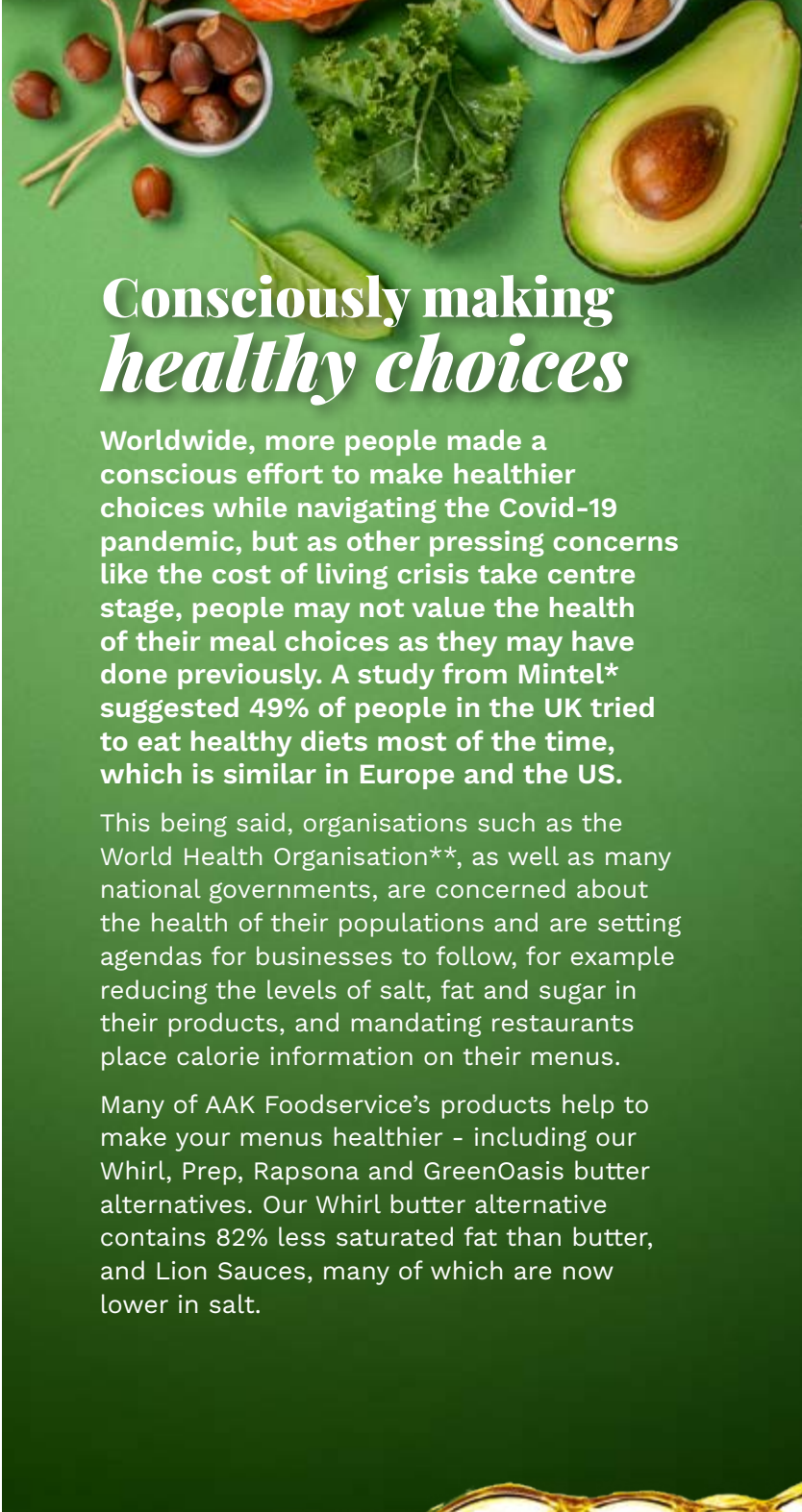
Increasing choices for all

With food allergies and intolerances generally more socially acceptable and understood by diners than ever before, it may seem like you're catering for diners with more and more complex dietary requirements.

A recent online survey discovered as many as 24%* of the general public have a dietary intolerance, such as dairy or gluten. This is in addition to people who live with a food allergy, who need to know they are eating safe options by law.

We're working to reduce allergens in our products, and provide more options for diners with allergies and intolerances. We're recently gained UK Vegan Society certification for our Original and Unsalted Whirl butter alternatives available in the UK and Germany, meaning these are a great choice for catering to those avoiding dairy. In Europe, our Prep Butter Alternatives are also suitable for vegans and V-Label certified. In the USA, our GreenOasis brand of mayos, dressings and plant butter are also certified plant-based.

At the same time, many items in our Lion Sauces and Rapsona Sauce ranges have been reformulated to be suitable for vegans and with Lion, to reduce salt levels and known allergens. These updates are part of our ongoing process of product review and refinement, to ensure that they continue to meet dietary requirements and regulations.



Consciously making healthy choices

Worldwide, more people made a conscious effort to make healthier choices while navigating the Covid-19 pandemic, but as other pressing concerns like the cost of living crisis take centre stage, people may not value the health of their meal choices as they may have done previously. A study from Mintel* suggested 49% of people in the UK tried to eat healthy diets most of the time, which is similar in Europe and the US.

This being said, organisations such as the World Health Organisation**, as well as many national governments, are concerned about the health of their populations and are setting agendas for businesses to follow, for example reducing the levels of salt, fat and sugar in their products, and mandating restaurants place calorie information on their menus.

Many of AAK Foodservice's products help to make your menus healthier - including our Whirl, Prep, Rapsona and GreenOasis butter alternatives. Our Whirl butter alternative contains 82% less saturated fat than butter, and Lion Sauces, many of which are now lower in salt.

TIPS for effective deep frying!

- Fry at the correct temperature – it is better to fry at a lower temperature for longer.
- Don't overfill your frying basket – as a drop in oil temperature will not only degrade your oil more quickly, but if the temperature drops too much oil will soak into your food – making it oilier.
- Skim regularly to remove particles – if you're frying things like battered or breaded fish, chicken, or vegetables – or frying sweet doughnuts for desserts – loose particles can carbonise and ruin your oil quality, while producing acrylamides.
- Filter daily and top up with fresh oil to the correct level – this will not only remove contaminants but also help extend the life of your oil by up to 25%.



War on waste

Reducing food waste is an urgent, global challenge.

According to the World Food Programme:

1. One-third of food produced for human consumption is lost or wasted globally. This amounts to about 1.3 billion tons per year, worth approximately US\$1 trillion.
2. All the food produced but never eaten would be sufficient to feed two billion people. That's more than twice the number of undernourished people across the globe.
3. If wasted food were a country, it would be the third-largest producer of carbon dioxide in the world, after the USA and China.
4. Consumers in rich countries waste almost as much food as the entire net food production of sub-Saharan Africa each year.
5. In developing countries, 40 percent of losses occur at post-harvest and processing levels. In industrialized countries, more than 40 percent of losses happen at retail and consumer levels.

Cutting global food waste in half by 2030 is one of the UN's top priorities. In fact, it's one of the organization's **17 Sustainable Development Goals**.

So doing what we can to address the problem is clearly and simply just the right thing to do.

Tackling food waste *makes good business sense too!*

Food waste costs the hospitality and foodservice sector **£3.2 billion every year** – that's an average of **£10k per outlet, per year**. This is money that businesses should see in their profits, not in the bin.

Though this startling statistic relates to the UK, there's strong evidence this pattern is repeated in all the countries we operate.

If this has got you thinking about how you could cut your own food waste - here are some quick wins to start the ball rolling.

1. Switch to a long life frying oil such as Prep, Rapsona or Ex-Seed: which will last up to three times longer than a standard extended life frying oil. You'll use less oil, save time on oil changes and have less packaging to dispose of.
2. All day menus: Having an all day, streamlined menu, or extended brunch offering, cuts down on the number of dishes you're buying stock for, keeping things simple and helping to reduce waste. Less is more!
3. Multi-menu products: Our brands Lion, Rapsona and GreenOasis can be used in any number of ways - from sauces, to dips, to marinades... one hot sauce, mayo or bbq sauce can be used across your menu in so many ways.
4. Long life products: Products with a long shelf life, such as our own Whirl, Prep, Rapsona and GreenOasis butter alternatives, can be used as and when you use them - so you're not throwing out waste products that only have a short shelf life.
5. Use surplus ingredients in creative ways: Get creative by making special dishes using your leftover ingredients, create a 'scrappy hour' where dishes are offered at a reduced price, and ensure you're using all your offcuts in different ways.

Three ways with one sauce

See how versatile our sauces are - take the UK's best-selling **Lion Sticky BBQ Sauce** - you only need one sauce to create three distinct recipes



Reduce, reuse, recycle: *tackling plastic packaging*



Plastic packaging offers a wide range of benefits to food businesses and consumers.

It allows food to be transported safely, for longer distances, and protects it from contaminants. It helps both to preserve food and cut waste.

However, growing and justifiable concern about the negative impact of plastic waste on wildlife and the natural environment, has prompted us to undertake a widespread review of the plastic packaging we use in our business.

Our review focuses on the **three Rs - reduce, reuse and recycle**. How can we use less plastic, use more recycled plastic, and make our plastic packaging more recyclable?

With six production sites with an array of packaging formats, we have set ourselves quite a challenge, but we are making great progress.

Here are some of our achievements to date...

Reduce:

We've succeeded in reducing the plastic content of our iconic yellow 15-litre Prep tubs by 11g. Though it's rather a modest amount, when multiplied across our UK and European markets, it makes a useful contribution.

Reuse:

We are proud that we've achieved our objective of introducing a minimum of 30% recycled material to our PET plastic packaging. This has resulted in our being able to replace almost 40 tonnes of virgin plastic with recycled PET.

Recycle:

Black plastic is more difficult to recycle than other colours, because the near infra-red (NIR) technology, used to sort it for recycling, simply can't see it. We have therefore been switching black tubs and buckets to red, and black bottle and container caps to other colours.

For conscious consumers, *people matter*

Conscious consumers are consistently seeking responsibly produced products, and will purchase products and services which they know have been provided with human rights recognition, fair wages, and safe working conditions in mind.

In foodservice, diners want to know that the meals they are eating have been made without sacrifice to people or the planet. By working with a foodservice provider that also incorporates these values, you're ensuring your diners are doing right by eating with you.



Embedding human rights protections - *a must*

AAK has been working to embed respect for human rights throughout our supply chain, with Human Rights due diligence embedded across all key raw materials. In practice, this means working closely with local stakeholders on a long-term basis on issues ranging from pay and working conditions and discrimination, to forced labor, child labor and land rights issues.

We will also work to continuously increase our positive impact on the lives and livelihoods of smallholders in the supply chain.

For example: AAK supports the Forever Sabah NGO that works with independent smallholders in the Malaysia to achieve Roundtable on Sustainable Palm Oil (RSPO) certification.

During 2022, 186 smallholders were certified in three different districts. Our support of this and similar schemes continues. You can find out more here:



AAK's commitments:

- Embedding the respect for human rights.
- Enabling the well-being of our people.
- Being a better neighbor.
- Empowering women and smallholders across the globe to improve their livelihoods.

Better Operations

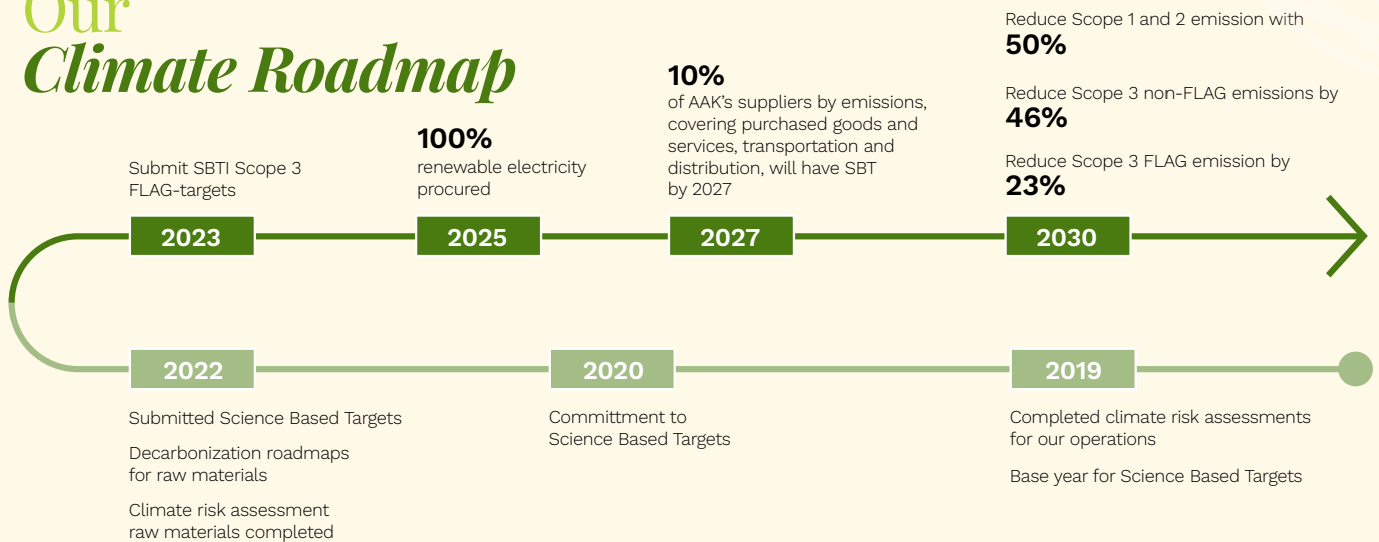
Reducing our climate impact to help you reduce yours

Concern for the environment is one of the biggest reasons consumers cite for trying to be conscious consumers. At AAK Foodservice, we share this concern for the environment and take measures to reduce our impact on the climate throughout our operations.

Reducing our climate impact by...

- Reducing our greenhouse gas emissions
- Ensuring efficiency when using resources
- Working towards a circular economy

Our Climate Roadmap



Making Better Happen™ for our people

In addition to making life better for people who are directly employed by us and work hard to produce the products you love, we also want to ensure we're a great neighbor to those living close to our sites across the globe.

When you work with AAK Foodservice, you can be sure you're working with a business that takes the wellbeing of its people seriously - from our zero-injury workplace policy, to our drive to be an inclusive employer.

The AAK logo is rendered in a bold, white, sans-serif font. The letters 'A', 'A', and 'K' are connected, with the second 'A' being slightly larger and more prominent. The background of the entire page is a lush green outdoor setting with dense foliage and trees. In the lower portion of the image, a group of four people (two men and two women) are seated around a wooden table, sharing a meal. One woman is lifting a slice of pizza from a large pan. The scene is bright and cheerful, suggesting a social dining experience.

Foodservice Digest

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