

AAK Statement on Modern Slavery Act

This statement is made pursuant to section 54(1) of the United Kingdom Modern Slavery Act 2015 and describes the initiatives AAK has taken to ensure that slavery and other human abuse is not taking place in any part of its business.

AAK background

AAK's core business is the production of vegetable oils and fats solutions to industries such as Bakery, Chocolate & Confectionery, Dairy, Foodservice, Infant Nutrition, and Personal Care.

AAK has more than 140 years of experience within oils & fats produced from raw materials such as rapeseed, soya beans, shea kernels, sunflower and oil palm, primarily sourced in Northern Europe, West Africa, Southeast Asia, and Latin America.

AAK's headquarters is situated in Malmö, Sweden. More than 2,800 employees are working in production facilities, customization plants and sales offices in more than 25 countries.

AAK has since 2009 annually submitted a Sustainability Report documenting its achievements within corporate social responsibility. A copy of the latest report can be found here:

<http://ebooks.exakta.se/aak/2016/hallbarhetsrapport/EN/#/1/>

United Nations Global Compact (UNGC)

AAK has been an active member of UNGC since 2002 submitting reports on progress annually. The reports are available at the UN Global Compact website. Our global policies and codes are based on the ten universally accepted principles in the areas of human and labour rights, environment and anti-corruption. **AAK Group Policy: Corporate Social Responsibility** can be found here:

http://www.aak.com/Global/Policys/AAK_group_CSR_eng_jun10.pdf

AAK Code of Conduct

During 2010 AAK developed and began implementing the AAK Code of Conduct globally. Combined with our values, our policies and our rules for corporate governance, the Code provides a strong framework for our business and a way to maintain the trust of our stakeholders. The Code is applicable to all employees at all sites in all business areas, in all markets, at all times. Amongst others it covers human and labour rights. Today, all AAK employees have read, understood and signed our Code. A short version of the AAK Code of Conduct can be found here:

<http://www.aak.com/Global/Policys/AAK%20Group%20Code%20of%20Conduct%20-%20Short%20Version%20-%20EN%20-%20September%202016.pdf>

Sedex

AAK has chosen to use the Sedex platform to share ethical data with customers. Currently, 69 percent of our production sites are members of Sedex and have passed the ethical audit **SMETA**.

Supplier Code of Conduct

During 2012 we started implementing our Supplier Code of Conduct as an integral part of our approval system for new suppliers. Today, all direct raw material suppliers have approved and signed our code or demonstrated their compliance in some other way.

In West Africa, we decided to implement the Code in a different way due to various linguistic and cultural obstacles. Because ethical requirements in business relations are not a widespread tradition in the region, more meetings and explanations were required to achieve the necessary understanding.

Our Supplier Code of Conduct stipulates our requirements amongst others to human rights, child labour, young workers, working hours, remuneration, working environment, freedom of association, forced labour, discrimination, and workplace violence. The code can be found here:

<http://www.aak.com/Global/Polycys/AAK%20Group%20Supplier%20Code%20of%20Conduct%20-%20September%202016%20-%20web.pdf>

Palm oil supply chain

For our palm oil supply chain we have established additional requirements such as traceability to palm oil mills and plantation level. Besides our general requirements to human and labour rights an additional requirement is free, prior and informed consent (FPIC) for the development of any new plantation. Our policy on **Sustainable Palm Oil**, signed by all palm oil suppliers, can be found here:

<http://www.aak.com/Global/Polycys/AAK%20Group%20Policy%20Sustainable%20Palm%20Oil.pdf>

We regularly report on our progress implementing our policy in our **Progress Report on Sustainable Palm Oil**. The latest report can be found here:

<http://www.aak.com/Global/Polycys/AAK%e2%80%99s%20progress%20report%20on%20sustainable%20palm%20oil%20%e2%80%93%20August%202016.pdf>

Audits

Risk assessment is required in order to allow us to prioritize our efforts, by identifying those origins where there is any significant risk of policy non-compliance, and focusing greater scrutiny on higher-risk suppliers including field-based verification. We conduct audits of our suppliers and their supply chains also with external third-party auditors such as DNV and Proforest.

If AAK becomes aware of a supplier violating or breaching AAK's Supplier Code of Conduct or other relevant requirements, AAK will take appropriate action to investigate the issue and seek to work with the supplier to resolve it. If no adequate resolution can be found, AAK will terminate commercial relations with the supplier.

Agents and Distributors

In 2014 AAK began implementing a Code of Conduct for Agents and Distributors globally. In 2015 we achieved 80 percent implementation. The implementation process continues, including our new acquisitions. Progress can be followed in our forthcoming Sustainability Report. The **Code of Conduct for Agents and Distributors** can be found here:

<http://www.aak.com/Global/Polycys/AAK%20Code%20of%20Conduct%20for%20Agents%20and%20Distributors.pdf>

Whistle blower function

AAK's Code of Conduct Function has been established to handle reports from employees and AAK representatives about material violations of laws, legal requirements and/or the AAK Code. The Code of Conduct Function can be contacted by email via code@aak.com. Emails sent to this address are handled and treated confidentially, keeping the sender anonymous.

Final remarks

We will continue to be vigilant commit to ongoing monitoring and proceed to build up awareness, internally and externally and we will take appropriate action in line with our policies where we become aware of human rights abuses.

Yours faithfully,
AAK AB (publ.)



Arne Frank, President and CEO
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