

California Oils Corporation Sustainable Palm Oil Policy

AAK has a strong sustainable palm oil policy, including an implicit No Deforestation, No Peat, No Exploitation (NDPE) policy that requires free, prior, informed consent to new development. AAK implements this policy for its sourcing of palm and related oils worldwide.

AAK is also acquisitive, and upon the date of purchase not all businesses acquired have an existing sustainable palm oil policy or implementation plan which matches that of AAK. Accordingly, it is AAK policy that, over a short period of time following an acquisition, AAK will integrate the sourcing practices of businesses acquired with those adopted by the rest of the Group. This includes sustainable palm oil sourcing.

The first step is to ensure traceability to mill for all volumes being purchased. This is part of a systematic approach to full policy implementation, executed together with our partner Proforest, including risk assessment, supplier engagement at various levels, and site assessments, and including third party mills. The time taken for such changes to be fully implemented depends on the nature of the business acquired, inherited practices and the level of commitment to purchase agreements already in place upon acquisition. The most recent example is California Oils Corporation in California, USA, acquired on September 5, 2016.

For California Oils Corporation, as for other acquisitions, the AAK sustainable palm oil policy applies immediately. Actions to implement the policy are already underway, with significant movement expected over the course of the period to March 31, 2017, by which time we will have engaged with all direct suppliers in relation to demonstrating full implementation of the policy. During the course of this transition AAK, incorporating California Oils Corporation, and working with Proforest and other interested parties, will develop further performance benchmarks against which we will publicly report progress.