Updated April 2020

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, Special 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 3,800 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: https://ebooks.exakta.se/aak/2020/sustainability_report_2019/page_1.html

United Nations Global Compact (UNGC)
AAK has been an active member of UNGC since 2003 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. The **AAK Group Sustainability Policy** can be found here: https://aak.com/siteassets/sustainable-growth/policies-and-codes/aak-group-sustainability-policy.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.

The AAK Code of Conduct will be updated during 2020. A version of the present Code can be found here: https://aak.com/siteassets/sustainable-growth/policies-and-codes/aak-group-code-of-conduct.pdf

Sedex
AAK has chosen to use the Sedex platform to share ethical data with customers. Currently, 82 percent of our production sites are members of Sedex and have passed the ethical audit **SMETA.**

Supplier Code of Conduct
Introduced in 2009, the AAK Supplier Code of Conduct has been implemented with direct raw material suppliers. During 2018, AAK adopted its Code of Conduct for Suppliers of Raw materials stipulating additional requirements for individual raw materials. The Code is an integral part of the approval system of new raw material suppliers and compliance with the Code is a prerequisite for final approval.

In West Africa, the Code has been implemented in a different way due to various linguistic and cultural challenges. Because ethical requirements in business relations are not a widespread tradition in the region, more meetings and explanations are required to achieve the necessary understanding.

Our Supplier Code of Conduct and our Code of Conduct for Suppliers of Raw Materials stipulate 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 AAK supplier codes are available at our website: https://www.aak.com/sustainability/

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: https://aak.com/siteassets/sustainable-growth/policies-and-codes/aak-group-policy-sustainable-palm-oil.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: https://www.aak.com/siteassets/sustainable-growth/palm-progress-reports/AAK-s-progress-report-on-sustainable-palm-oil-April-2020

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 2019 we achieved 98 percent implementation. The implementation process continues, including our new acquisitions and during 2020 we will also develop training on Code of Conduct for Agents and Distributors. Progress can be followed in our forthcoming Sustainability Report.

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.

Training of AAK employees
During 2019 AAK continued its comprehensive e-learning program addressing topics like Sustainability, responsible sourcing, anti-corruption and competition law.

Final remarks
Until now AAK has not encountered incidents of human trafficking, child labour or forced labour in our facilities, at our suppliers or in our supply chain. However, we will continue to be vigilant, commit to ongoing monitoring and proceed to build up awareness, internally and externally.

Yours faithfully,
AAK AB (publ.)

Johan Westman, CEO and President
April 2020

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