

AAK Grievance Management Procedure (“The Procedure”)

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AAK’s commitments are outlined in our policies available on our [website](#) and requirements for suppliers are outlined in AAK Group Code of Conduct for responsible sourcing of plant-based oils, AAK Group Code of Conduct for Agents and Distributors, and AAK Group Supplier Code of Conduct (“AAK Group Policies”). This document outlines AAK’s grievance management procedure (“The Procedure”) for implementation of AAK Group Policies.

1. Context

AAK is committed to sourcing and procuring responsibly produced, processed and delivered materials and services, in accordance with the AAK Group Policies. The proactive implementation of these commitments within our supply base is an ongoing activity with our suppliers, peers and business partners. Progress is reported through communications on our website and in our annual reports. Nonetheless, given the size and complexity of our supply chains, AAK is aware that practices that breach AAK’s policy commitments can occur in any stage of the supply chain, surrounding communities, and third-party service providers’ operations.

AAK takes any alleged activity that runs contrary to the standards set out in our policy commitments seriously and we will engage with our stakeholders about direct and indirect grievances raised. The Procedure described here is used to register, assess, manage, and monitor grievances raised against AAK’s worldwide operation, Tier 1 suppliers and third-party suppliers that are part of AAK’s upstream supply base as defined below. The Procedure is designed to align with the United Nations Guiding Principles (UNGP) on Business and Human Rights criteria for effective grievance mechanisms. It sets out criteria designed to underpin a non-judicial grievance mechanism, including legitimacy, accessibility, predictability, equitability, transparency, rights-compatible, and as a source of continuous learning, based on engagement and dialogue.

For palm, AAK recognizes and respects that the Roundtable Sustainable Palm Oil (RSPO) maintains a complaint system. AAK takes guidance from RSPO process in handling grievances and makes the decision or actions against grievance cases independently.

2. Purpose and objectives

The Procedure facilitates the response to and monitoring of complaints arising within AAK’s upstream supplier operations. It describes the procedure and actions taken by AAK at each stage. It is a transparent process, so that all relevant parties understand the expectations for each stage.

The objective of the Procedure is to provide a process which allows AAK:

- To engage swiftly and systematically with stakeholders that have grievances raised either against AAK’s operations directly or AAK’s supplier’s operations.
- To assess, manage, and monitor grievances throughout the supply chain.
- To provide guidance for suppliers and supply chain business partners on AAK expectations on grievance management, and what information AAK expects to receive from suppliers and business partners as feedback on the resolution of issues.

3. Scope

The scope of The Procedure focuses on all suppliers and supply chain business partners globally. Grievances are defined as alleged practices in plant-based oils production that do not comply with AAK Group Policies, e.g., reports of deforestation or poor labour practices. These are typically received from sources such as NGOs, workers and their representatives, the press, or other civil society organizations, but also through the internal company network and industry sources.

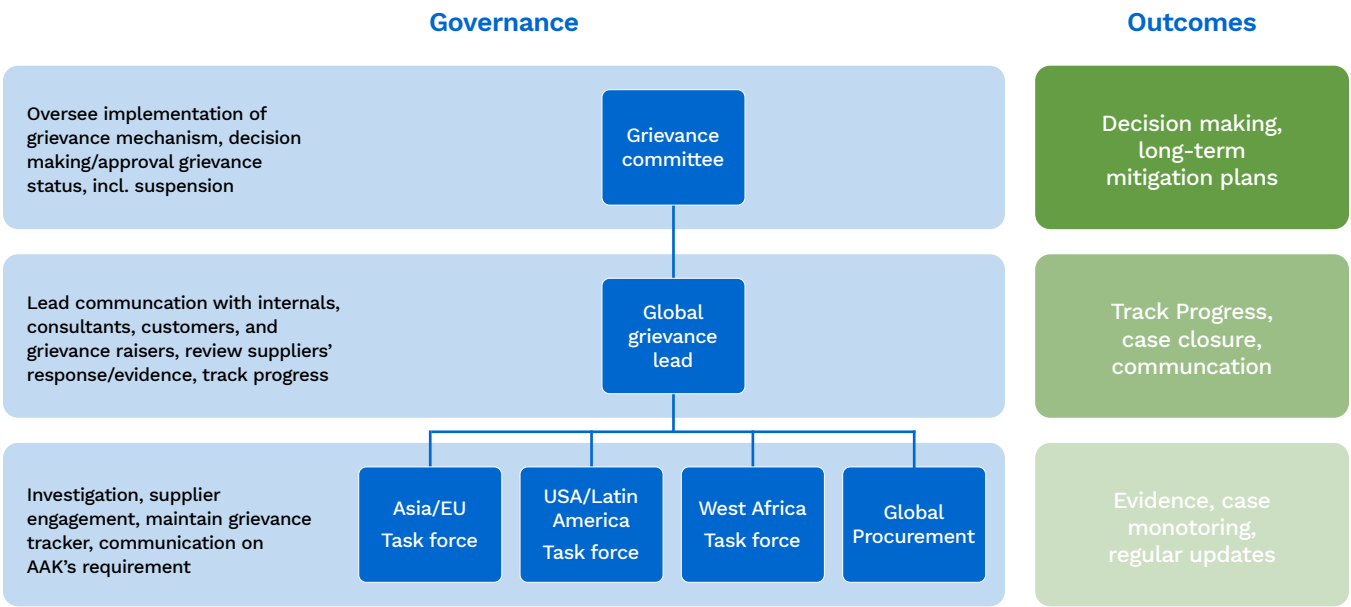
The procedure is applicable and accessible to all right holders within our supply chain (sourcing and procurement) that supply AAK products and services either directly (an AAK Tier 1 supplier), or indirectly (a third-party supplier to an AAK Tier 1 supplier), surrounding communities and indigenous people, contractors/agents that provide services (including direct and third-party workers) in AAK worldwide operations and supply chain. We also provide [whistleblowing service](#), as an external platform, for internal and external stakeholders, including AAK employees, to raise their concerns against AAK’s own operation.

This procedure supports the logging of grievances, dissemination of information to the internal grievance team, verification of grievances and classification based on established decision-making criteria, supplier engagement, monitoring and provision of remedial actions when appropriate.

When a grievance constitutes a criminal offence, AAK shall work with suppliers and business partners to ensure the grievance is notified and reported to the competent judicial authorities, including locally applicable regulations. The Procedure is not a court of law or regulatory body, and any ruling or agreement arising out of The Procedure shall not carry the force of the law.

4. Grievance Governance Structure

The procedure is embedded within AAK and handled by a dedicated grievance governance structure comprised of the regional sourcing or procurement (when relevant) department, local sustainability task force, the global grievance lead and the grievance committee. AAK also engages third-party experts to assist in determining the validity and severity of grievances.

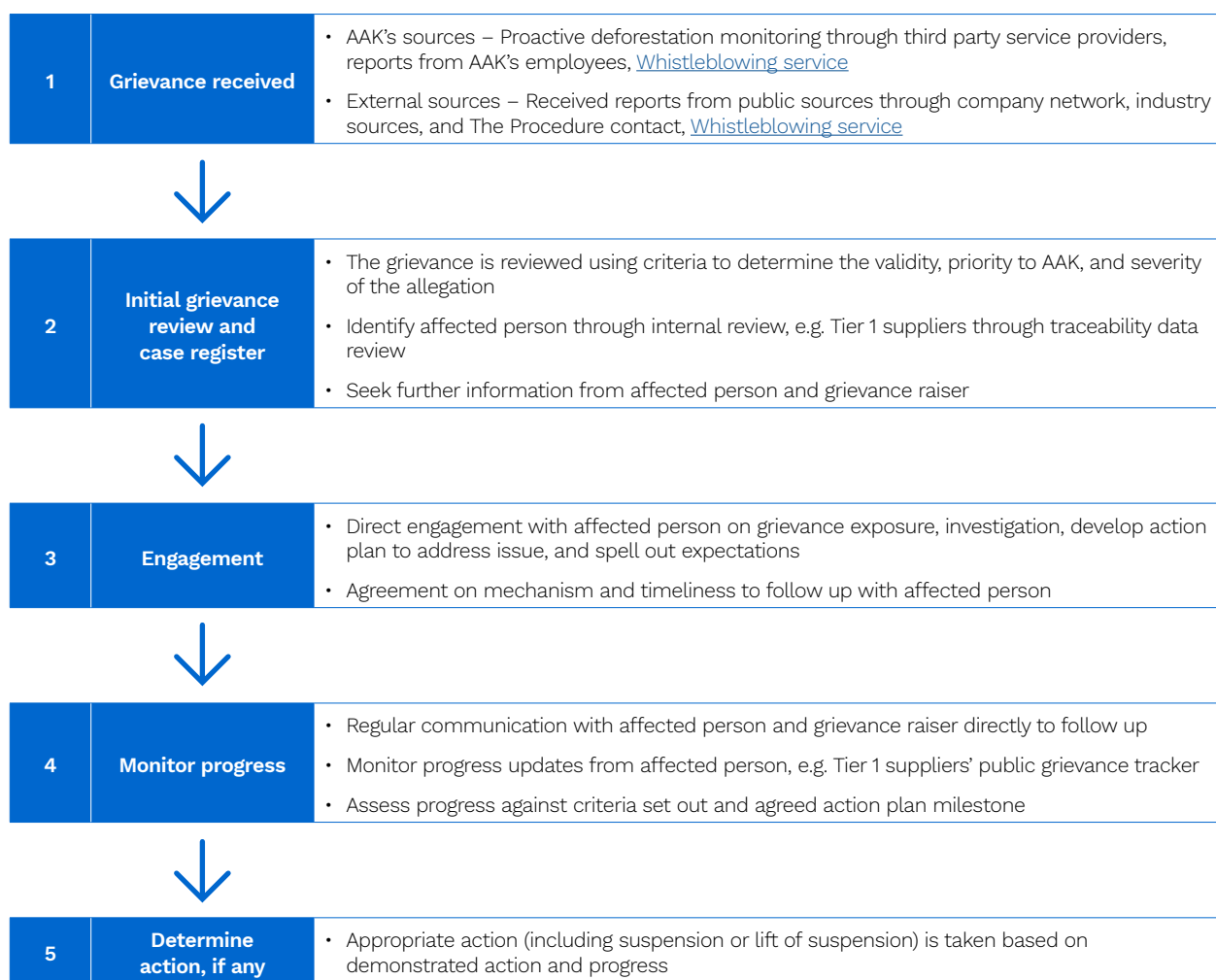


The role and responsibilities are outlined in the above grievance governance structure. The committee members oversee the implementation of The Procedure during committee meetings, at least quarterly and whenever necessary.

5. Process

When allegations of practices that do not comply with AAK Group Policies are received, they are registered in the AAK system as a grievance. Grievance cases can arrive via internal sources such as satellite monitoring by third party service provider, Whistleblowing service, or external sources such as NGO reports. Potential grievances can also be brought directly to our attention by contacting AAK at sustainability@aak.com. AAK's traceability data is then screened to ascertain the level of exposure to AAK's supply chains and will be logged according to the AAK Tier 1 supplier(s) linked to the grievance in question. The complaint

is reviewed using criteria to determine the validity, priority of AAK, and severity of the allegation. AAK will seek further information from the stakeholders through whose supply chains AAK is receiving products and/or services from the subject of the grievance. When a barrier to access and engagement is identified (such as language, gender, traditional social norms, geography, etc.), AAK will support the process with stakeholders to address the barriers. The timeline associated with each process serves as a guideline and is subject to complexity and circumstances of a particular case. This process is summarized in the flowchart below:



Record and publish decisions and outcomes on
AAK Grievance Tracker

5.1 Grievance received

Grievances are reported to AAK from the following sources:

- Proactive identification of issues: AAK will work with third party service providers to identify deforestation and/or clearance on peat in specific geographies¹⁾. Reports from AAK employees who become aware of grievance allegations at AAK's own or suppliers' operations will also inform grievances.
- External stakeholders: NGOs' campaigns, affected communities or community representatives, union or third-party workers in supply chain, human right defenders, direct engagement/reporting, government, customers, and investors partners. We also expect our suppliers to communicate with us if they become aware of issues in AAK's or suppliers' operation.
- The sources and grievance raisers' personal data protections will be in place unless disclosure is required by law. Further, AAK does not tolerate any form of threat, retaliation or discrimination against potential Grievance raisers and/or others associated with the process.

Timeline: process activated

5.2 Internal grievance review and case register

- Traceability data review to identify suppliers who link AAK to the case
- Review validity, priority, & severity of complaint by using "Criteria for initial review"
- Seek further information on issue from stakeholders
- Seek further information from grievance raiser
- Seek further consultation from sustainability partners

If further action is needed, continue to the next step.

Timeline: one working week

Status: Investigating

5.3 Stakeholder engagement

- Initial engagement with stakeholders. Set expectations and develop action plans to address issues. Note that the appropriate action will depend on the stakeholder's exposure to the issue, for example if they are directly involved with the issue or connected via their supply chain
- Agreement on mechanism and timelines for follow up with stakeholders on progress

Timeline: Reach out to stakeholders within 1 working week of acknowledging validity (i.e., total of 2 weeks)

Status: Engaging

5.4 Monitor progress

- If the case is not linked to the stakeholders/company against which the grievance is raised and/or in AAK's supply chain after investigation. The decision will be made as a close case and shared with Grievance Raiser, if available. All relevant evidence, letters, assessments reports, desktop analysis, field action, etc are required to be made available to AAK.
- AAK stays in regular communication with stakeholder to monitor progress against the set timeframe in action plan
- AAK will then record, report, and review the progress of each case brought to our attention into AAK's Grievance Tracker. The information is published and updated whenever new updates are available on the tracker.
- AAK encourages stakeholders, including suppliers and supply chain business partners, to communicate directly with the Grievance Raiser or relevant stakeholders.

If sufficient progress is not made, continue to next step

Timeline for progress: According to timeline agreed in action plan. Grievance tracker to be updated whenever new progress is demonstrated

Status: Moratorium, NDPE Policy, Implementation (depending on the progress)

¹⁾ In palm, AAK work with several service providers to receive deforestation alerts and who provide independent assessment on grievances at various sourcing regions

5.5 Determine action, if necessary

AAK will consider a case closed if the action plan is delivered, and progress is actively under monitoring. If further/new evidence is provided by any stakeholders, AAK will re-activate the grievance process.

AAK to take appropriate action with stakeholders should progress on action plan is not systematically demonstrated. If the subject of the grievance does not cooperate or demonstrate sufficient action to address an issue, AAK's grievance management team will work alongside third-party experts to make an appropriate and consulted decision to suspend the relationship with the grievance holder. If the grievance subject is indirectly connected to AAK via an intermediary, we will request removal of the grievance subject from AAK's supply chain.

AAK recognizes that suspension can contribute to a leakage market for unsustainable products. To avoid this, clear steps to re-entry are necessary, and we recognize efforts in the industry to develop criteria. When AAK suspends a supplier, we require them to follow the re-entry criteria (see ANNEX II) to resume sourcing from the suspended suppliers. To allow re-entry, AAK's grievance management team will evaluate the progress and engage the suppliers on a case-by-case basis.

The suspension or lift of suspension will be communicated in writing to all AAK's direct suppliers.

Timeline for progress: According to timeline agreed in action plan.

Status: Case closed, suspend, community engagement, out of scope, not in supply chain (depending on progress)

5.6 Case status development

- "Investigating" – A case is under investigation by AAK and Tier 1 suppliers.
- "Engaging" – A case is currently under engagement by AAK with suppliers and pending validation.
- "Moratorium" – A validated alert is considered "Moratorium" when the suppliers confirm Stop Work and proceed to further assessment.

- "NDPE Policy" – A validated alert is considered "NDPE policy" when suppliers committed to group wide NDPE Policy after Stop Work order
- "Implementation" – A validated alert is undergoing HCV/HCS assessment, action plan on remediation, etc.
- "Community Engagement" – A validated alert that is linked to community clearance for relevant commodities. T1 suppliers and AAK to work on action and monitor progress
- "Suspended" – A validated alert is marked "Suspended" when the parent company of the alert is suspended by AAK.
- "Case Closed" – A alert is closed based on our suppliers' investigation, progress, and validated evidence. A case is also closed when the alert is confirmed to be false.
- "Not in Supply Chain" – A validated alert is considered "Not in Supply Chain" when we determine that our T1 suppliers do not source from supplier, and/or the company ownership is irrelevant to AAK's supply chain. The alert may or may not have on-going development, but due to lack of supply chain link, AAK does not have an influence on it.
- "Out of scope" – A validated alert is considered "Out of Scope" when the land clearance is not applicable to AAK Group Policies.

5.7 Criteria for decision-making

When AAK receives information about an alleged grievance, it is evaluated against a set of criteria for decision-making (ANNEX I). These criteria are used to establish: 1) the validity of the complaint, 2) the priority rating for AAK, 3) the level of severity of the grievance, 4) the assessment of sufficient progress to resolve the grievance.

This enables AAK to deal with each complaint fairly, systematically, and consistently, and to take proportionate action in line with AAK's priorities and exposure. These criteria have been developed with our implementation partners, who validate their application to grievances in our supply chain.

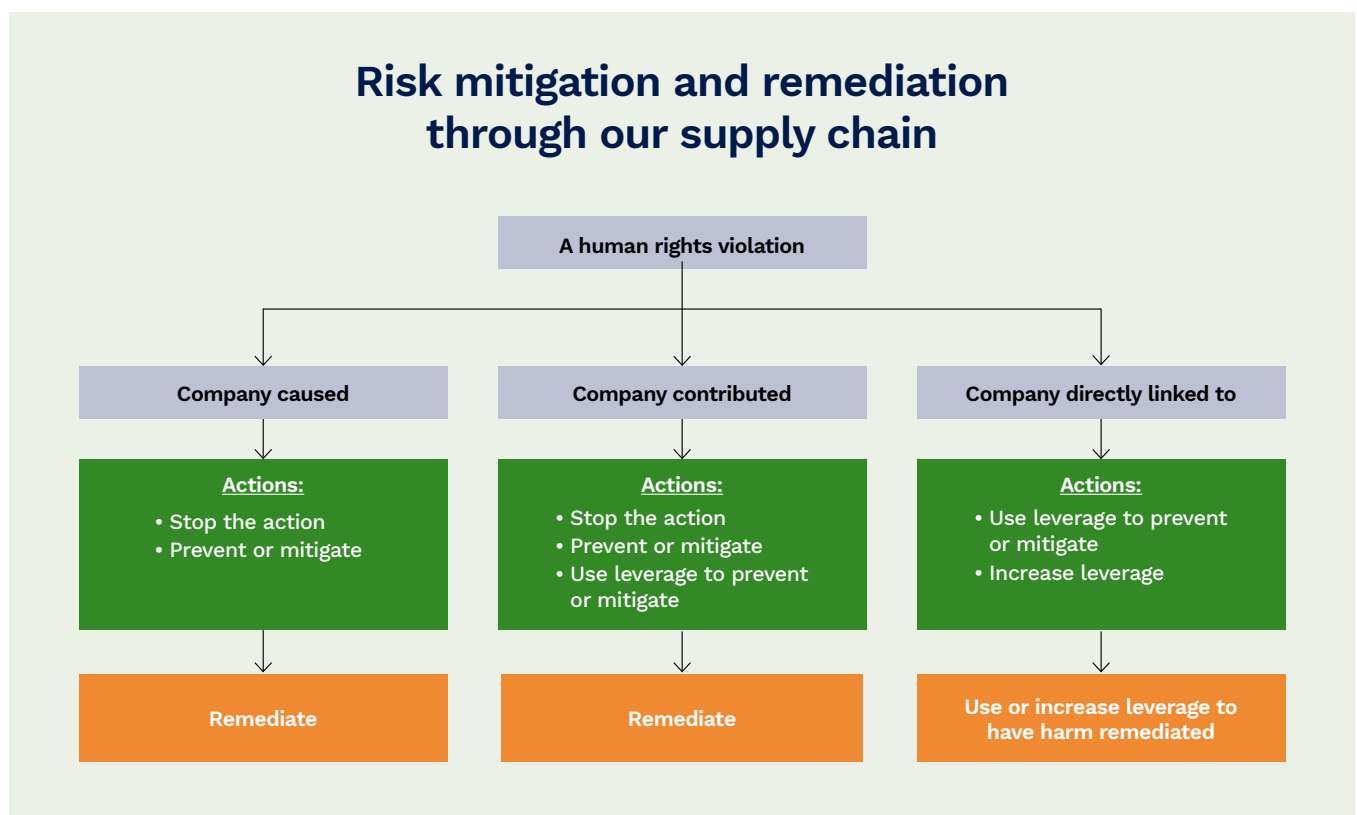
5.8 Remediation

Remedial actions for grievance raised can be referred to as an outcome that describes AAK's action taken to remedy and mitigate the impact of the grievance, in specific to individual case or in aggregate across similar type of case. It is also the process of how AAK deals with the stakeholders who have been negatively impacted by the non-compliance of the AAK Group Policies, to take systematic action to improve overall condition, and to prevent future recurrence. What constitutes an appropriate and effective remedy will depend on the specific grievance, the background, the local context, and the affected stakeholders.

AAK will determine and support remedial action through stakeholder consultation, including suspension of business relationships. AAK will also take reference to the existing national and international remedy mechanisms, whenever it applies.

For deforestation related verified grievance, re-entry and recovery plan are aligned with the industrial requirements (ANNEX II).

For human rights related verified grievance, remedial action is determined as outlined in the UN's Guiding Principles on Business and Human Rights¹ and the OECD Guidelines for Multinational Enterprises on Responsible Business Conduct. AAK will assess allegations grievances and take actions through the process as outlined in the following diagram:



6. Contacts

For further information about AAK's grievance management procedure or information related to specific cases please contact at:

Email: sustainability@aak.com

Address: AAK AB (publ.),
Pulpetgatan 20, 215 37 Malmö, Sweden

7. Reference Documents

- [AAK Group Environmental Policy](#)
- [AAK Group Human Right Policy](#)
- [AAK Group Anti-bribery and corruption policy](#)
- [AAK Group Code of conduct](#)
- [AAK Group Code of Conduct for Responsible Sourcing of Plant-based Oils](#)
- [AAK Group Supplier Code of Conduct](#)
- [AAK Group Code of Conduct for Agents and Distributors](#)
- [United Nations Guiding Principles \(UNGP\) on Business and Human Rights](#)

ANNEX I

Criteria for decision making

This document provides a set of criteria to be used by AAK when a grievance is received. The criteria-checklists are:

- Determining validity (during initial review)
- Determining priority (during initial review)
- Determining severity (during initial review)
- Determining progress (ongoing)

Investigations of the grievances will be led by AAK sustainability team and regional leads where appropriate. In most cases, AAK will also engage with third-party sustainability partners (e.g., local NGOS/ consultants) to better understand their perceptions/ collect their intel regarding the grievance raised.

Criteria for validity

Criteria to help assess whether the grievances submitted are valid & credible and should be pursued & followed up on with stakeholders. This allows for consistency in terms of how AAK addresses grievances.

| # | Criteria for pursuing identified grievance | Y | N | Guidance for analysis |
|---|--|---|---|--|
| 1 | Is complaint coming from a source that can be validated? I.e., either by satellite imagery for deforestation, or through networks and sustainability partners for social grievances. | | | If no, further investigate to determine validity |
| 2 | Is grievance within the scope of grievance procedure? | | | |
| 3 | Are grievances related to: (1) deforestation; (2) fire; (3) peatland; (4) rights of workers; (5) land rights; (6) smallholders; (7) communities; (8) others | | | |

Criteria for determining priority

Priority cases are those that need to be resolved with the greatest urgency. Priority cases are not necessarily always related to severity. **Cases will be scored out of six** for the number of criterium that are answered in the positive.

| # | Criteria for determining priority | Y | N | Guidance for analysis |
|--|--|---|---|---|
| 1 | Directly about a Tier 1 supplier? | | | |
| 2 | Linked with multiple direct suppliers (e.g. x2 or more) | | | |
| 3 | Linked to one of the key suppliers that supplies 90% of a specific sourced product or service. | | | |
| 4 | AAK named as a buyer | | | |
| 5 | Published before or during a conference when AAK will be engaging with suppliers, customers, external stakeholders etc. | | | |
| 6 | Repeated cases linked to a specific third-party supplier/supplier group | | | |
| For palm, specifically , it is important to know whether a case is being addressed via the RSPO complaints system, as this may determine how AAK approaches it. | | | | |
| 7 | Has the RSPO Complaints mechanism captured this grievance? (https://rspo.my.site.com/Complaint/s/casetracker) | | | This may help to determine whether the grievance case should be considered of lower priority. |

Criteria for determining severity

Severity in this context refers to cases which are considered to have a high impact on AAK's responsible sourcing and procurement commitments and are of a sensitive nature. Severe cases will automatically be considered a priority. In some cases, they may require a consequence to be agreed & actioned immediately.

These criteria will be applicable to all grievance cases (direct and indirect grievances) and the presence of any of the below criteria will automatically determine the grievance as severe.

Note: The following are examples of situations AAK may treat as severe.

| # | Criteria for determining severity | Y | N | Guidance for analysis |
|---|---|---|---|-----------------------|
| 1 | Dangerous to life & health/ serious injuries or death of employees, community members, or other persons (linked to health & safety, work conditions, quality of water, etc.) | | | |
| 2 | Large scale deforestation (e.g., > 500ha) and/ or deforestation in high-priority regions (e.g., Papua, Aceh) | | | |
| 3 | FFB Supply derived from illegal sources (e.g., National parks) | | | |
| 4 | Incidents of significant Human Rights violations, especially: <ul style="list-style-type: none"> • Incidents of child labour • Incidents of forced labour • Eviction of communities from their land • Harassment of defenders | | | |

Criteria for determining progress

The below criteria provide guidance to AAK for when immediate actions may need to be undertaken against stakeholders due to a grievance. While AAK will strive to engage with the suppliers upfront, AAK may, in appropriate circumstances, entirely at their discretion, take actions to minimize their exposure to risk.

| # | Determining progress | Y | N | Guidance for analysis |
|---|--|---|---|-----------------------|
| 1 | Direct grievances | | | |
| | Is the grievance against the stakeholder considered "Severe" , which justifies immediate implementation of a consequence such as suspension of purchases? | | | |
| | Has the stakeholder been able to demonstrate adequate progress against the action plan? | | | |
| 2 | Third-party grievance: | | | |
| | Is the grievance against the third-party supplier considered "Severe" ? | | | |
| | Is the Tier 1 supplier engaging effectively with the supplier to understand progress? | | | |
| | Is the third-party supplier refusing to engage with the Tier 1 supplier repeatedly? | | | |
| | Has the third-party supplier demonstrated adequate progress against the action plan? | | | |

Has the third-party supplier demonstrated adequate progress against the action plan?

ANNEX II

Re-entry and recovery requirements

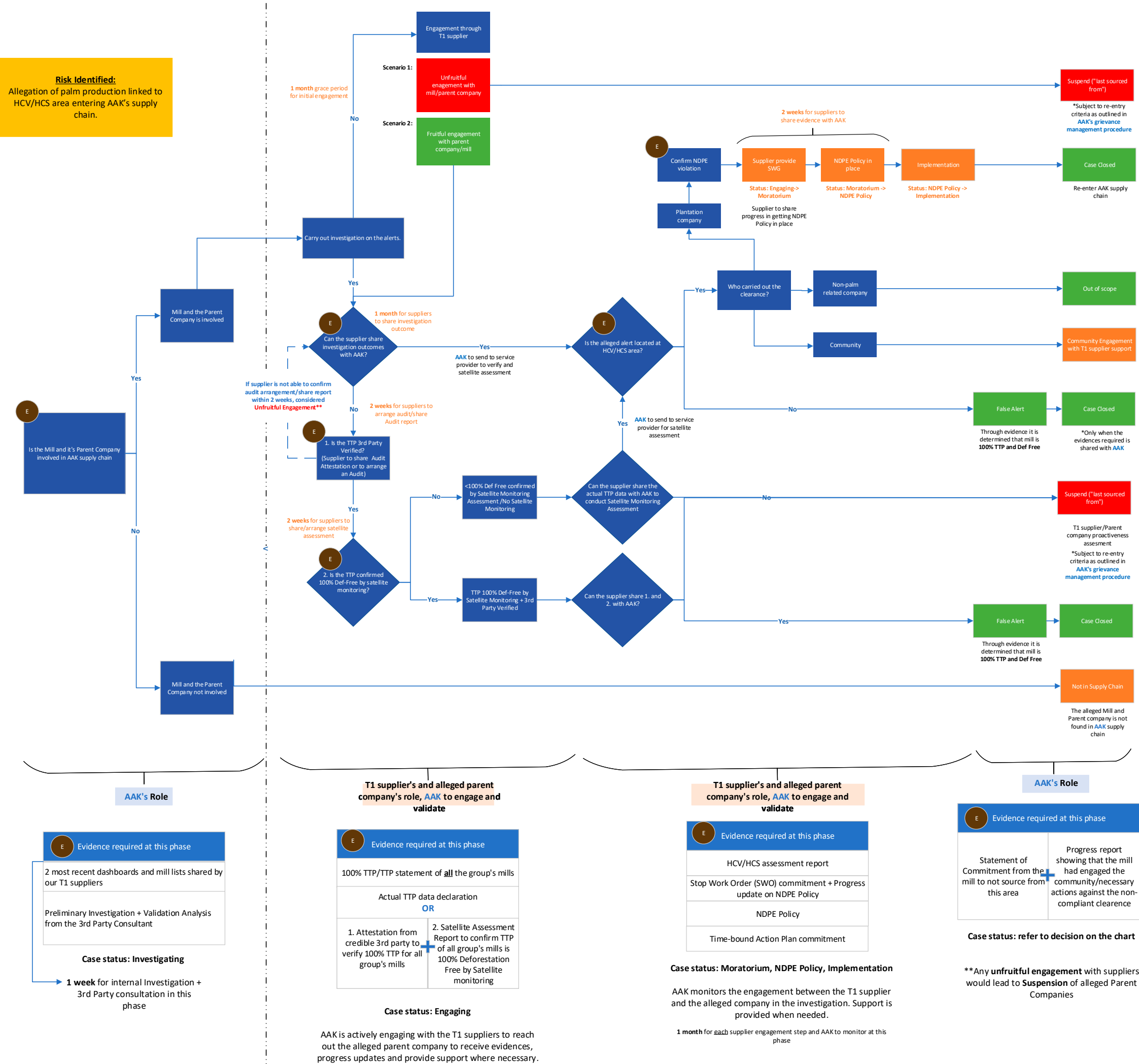
AAK will consider lifting suspension and resuming sourcing or procuring from the supplier who is found to violate AAK Group Policies if the supplier is willing to demonstrate positive and tangible progress towards compliance, and where appropriate, remediation. The decision is reviewed on a case-by-case basis, with the support from AAK's third party consultants. For palm, suppliers suspended for deforestation and/or peatland development must meet the following requirements and demonstrate compliance with AAK Group policies.

| # | Re-Entry & Recovery Requirements |
|----|---|
| 1 | Group-Wide Moratorium |
| 2 | NDPE Policy |
| 3 | HCV-HCS Assessments |
| 4 | Availability of Maps |
| 5 | Acknowledged Liability (Confirmation) |
| 6 | Time Bound Action Plan & Progress Reports |
| 7 | Commitment to a Recovery Plan |
| 8 | Recovery Map w/ Interventions |
| 9 | Recovery Plan Implementation |
| 10 | Recovery Plan Progress Reports |

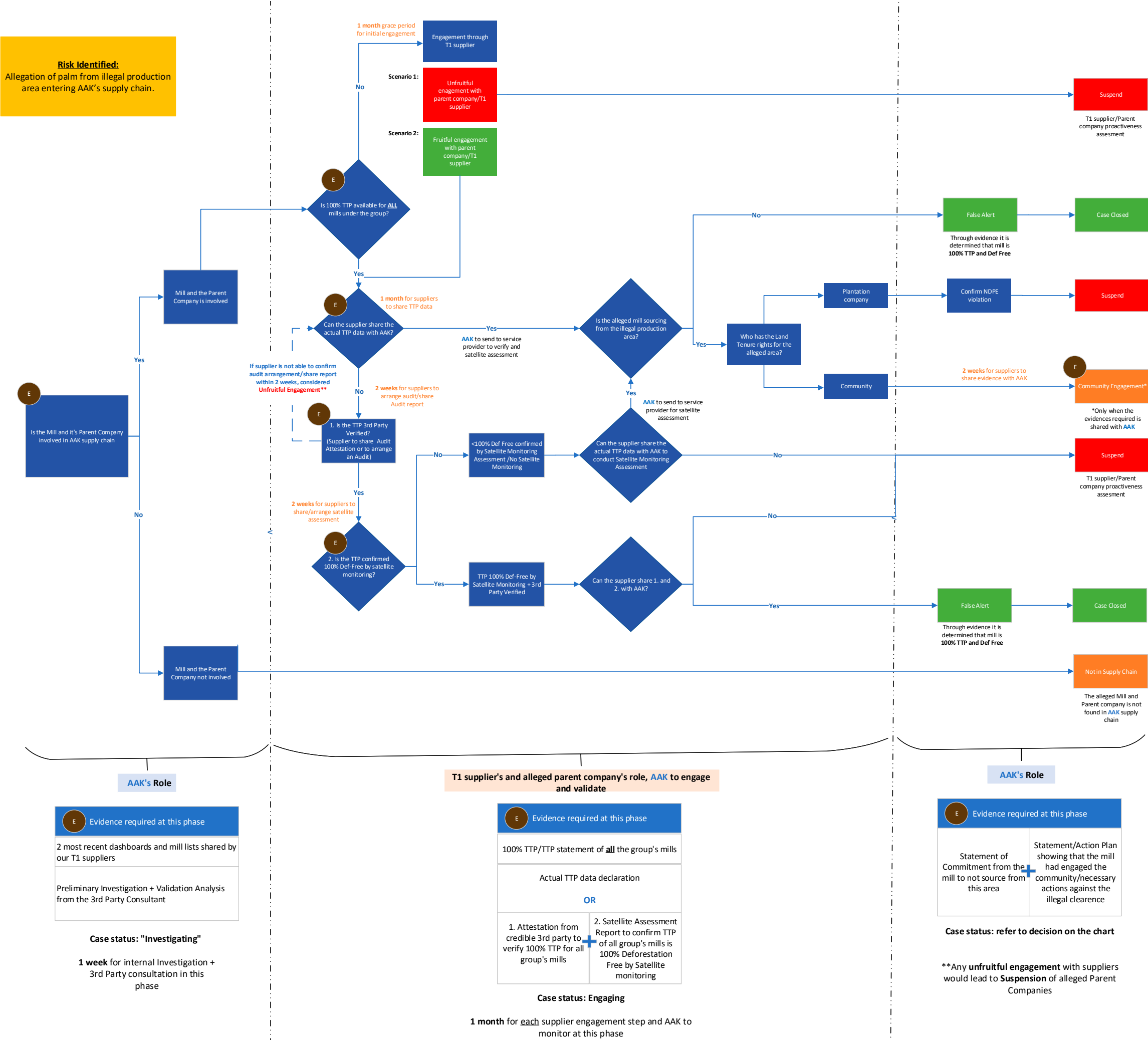
ANNEX III

As we recognize the complexity of each grievance case, AAK continues to adapt to feedback and latest development in the industry. In particular to the sourcing of palm oil, we identify several salient risks and develop decision-making flow chart to address each risk in the supply chain.

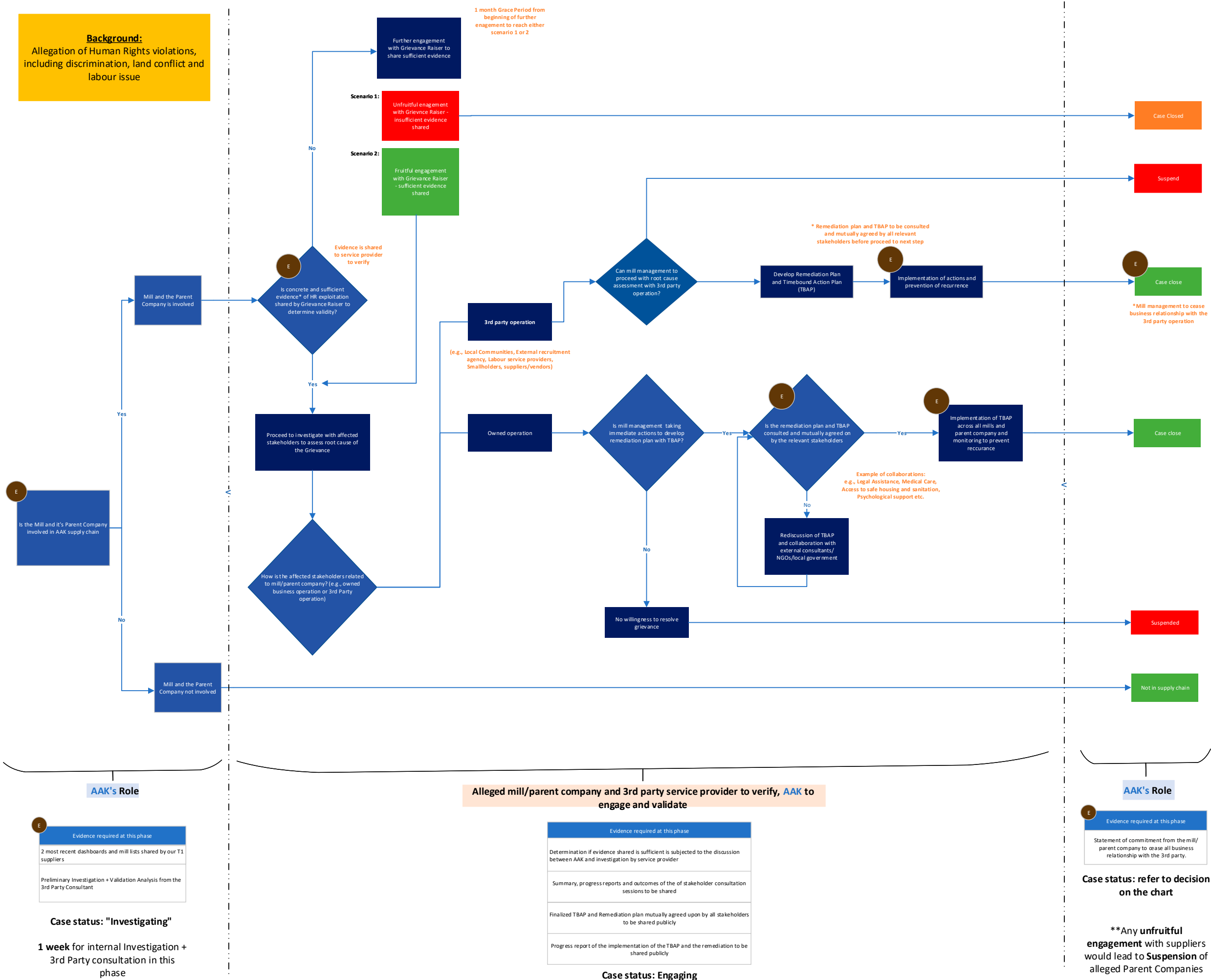
Risk 1: Allegation of palm production linked to deforested HCV/HCS area



Risk 2: Allegation of palm production linked to illegal production area



Risk 3: Allegation of palm supply chain linked to human rights exploitation (including land disputes and labour disputes)



Note: The above flow diagram is an illustration of grievance handling process, it is subject to case by case basis.

AAK is actively engaging with the T1 suppliers to reach out the alleged parent company to receive evidences, progress updates and provide support where necessary.

Annex IV

AAK strives to provide a trusted channel for the stakeholders to raise concern early, openly, on an informed and appropriate basis. The Procedure is established based on the following checklist questions for UNGPs criteria. AAK also assesses suppliers' grievance mechanism and expects it to be applied based on the following:

1) IS GRIEVANCE MECHANISM LEGITIMATE?

1A) Is the mechanism trusted by its users?

What engenders trust in this situation and how can we build it?

How can affected stakeholders be involved in designing/ reviewing/ providing feedback?

1B) Is the mechanism accountable for the fair conduct of grievance processes?

Is there a process to ensure parties cannot interfere with its fair conduct?

Is there a formal and independent oversight structure?

2) IS GRIEVANCE MECHANISM ACCESSIBLE?

2A) Is the mechanism known to all intended users?

How is the company publicizing its existence?

Does the company know the access points users are most likely to use?

Are there users who are harder to reach who need special consideration?

Are there ways of targeting publicity when/ where grievances are most likely to arise?

2B) Does the mechanism provide adequate assistance for those who may face barriers to access?

Does it consider barriers (e.g., those related to language, literacy, costs, physical location and fears of reprisal)?

How does the company seek to protect individuals who raise concerns from retaliation?

3) IS THE GRIEVANCE MECHANISM PREDICTABLE?

3A) Does the mechanism provide a clear and known procedure with an indicative time frame for each stage?

Does the mechanism have clear indicative time frames, while allowing flexibility may sometimes be needed?

Does the mechanism adhere to its indicative time frame?

Where it does not, does it communicate why?

3B) Is the mechanism clear on the types of process & outcomes available & means of monitoring implementation?

Does the mechanism provide public information about the procedure it offers?

4) IS THE GRIEVANCE MECHANISM EQUITABLE?

4A) Does the mechanism seek to ensure that parties have reasonable access to sources of information, advice & expertise necessary to engage in a grievance process on fair, informed and respectful terms?

Are users adequately informed and readily able to use the mechanism?

If not, are there providers of external advice that can provide support that is respected by both the company and users?

5) IS GRIEVANCE MECHANISM TRANSPARENT?

5A) Does the mechanism keep parties informed about the progress of their grievance?

5B) Does the mechanism provide sufficient evidence to build confidence in its effectiveness and meet any public interest at stake?

What information can the company provide publicly to demonstrate that the mechanism is working, effective, and can be trusted (e.g., statistics, case studies, detailed information about the handling of certain cases)?

Is the information provided in such a way as to protect user confidentiality?

6) IS THE GRIEVANCE MECHANISM RIGHTS COMPATIBLE?

6A) Do the outcomes and remedies accord with internationally recognized human rights?

Do the procedures enable and ensure rights-compatible outcomes?

Does the mechanism treat all complaints seriously, including those which do not represent allegations of human rights abuse?

7) IS GRIEVANCE MECHANISM A SOURCE OF CONTINUOUS LEARNING?

7A) Does the mechanism identify lessons for improving the mechanism and preventing future grievances and harms?

Is there regular analysis of the frequency, patterns, and causes of grievances?

Has the company developed meaningful indicators to assess success?

Are there procedures in place to enable feedback from users/potential users?

Does the company seek to adjust wider company policies and procedures based on identified trends?

8) IS GRIEVANCE MECHANISM BASED ON ENGAGEMENT AND DIALOGUE?

8A) Are the users consulted on the mechanism's design and performance?

Are stakeholder perspectives considered for the public-facing aspects (e.g., choice of access points, modes of dispute resolution, transparency)?

8B) *Is dialogue used as the means to address and resolve grievances?*

Are agreed solutions reached through dialogue, including, where appropriate, through facilitated discussions (e.g., mediation)?

Is recourse to a legitimate, independent third-party mechanism possible?

