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Chief Marketing Officer  
including CSR

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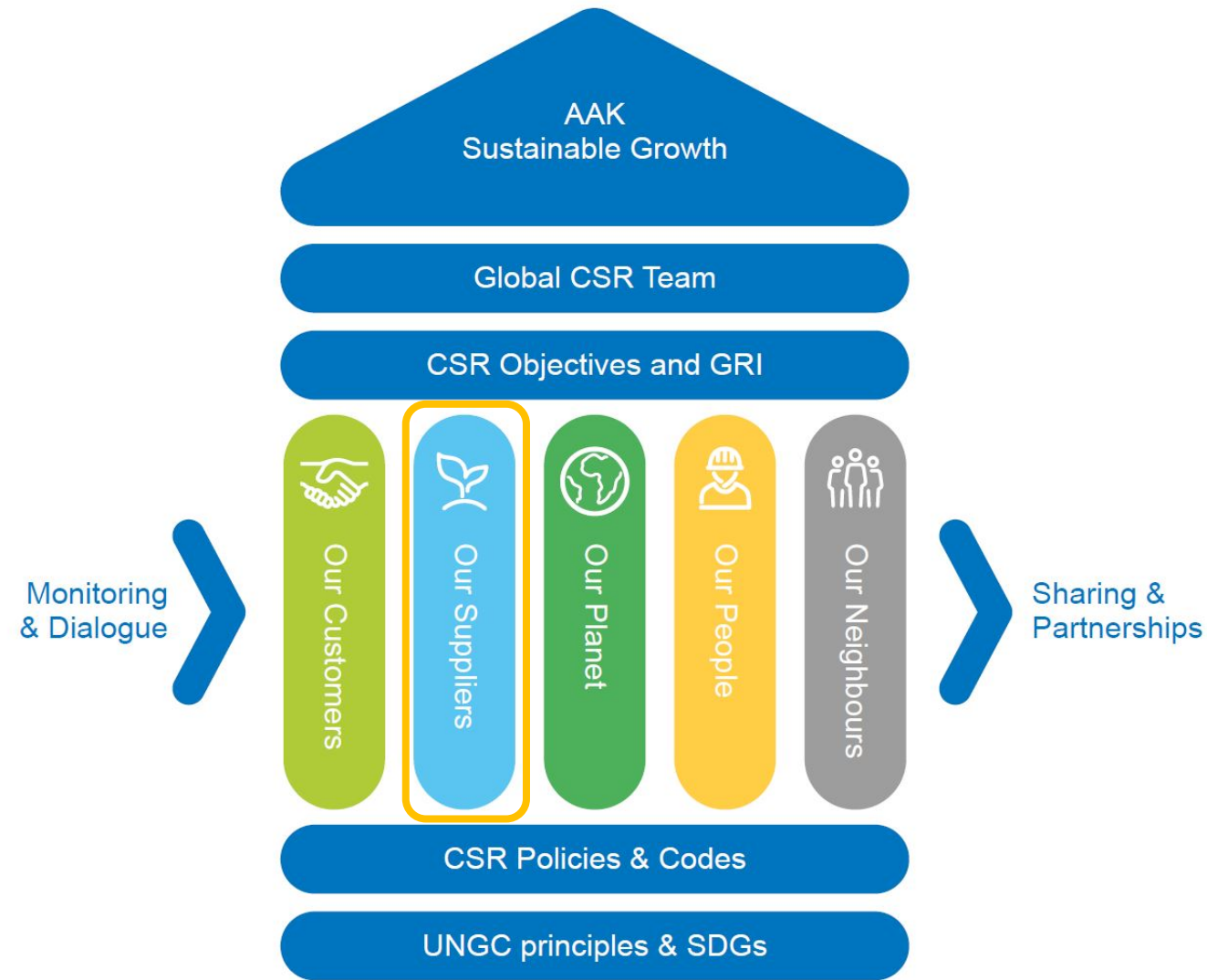
## **Sustainability update**



# Agenda

- 1 Our House of Sustainability
- 2 Our Suppliers
  - Shea kernels
  - Palm
  - Coconut oil
- 3 Our Planet
- 4 Walking the Talk

# Sustainable Growth – House of Sustainability



# Responsible sourcing of vegetable oils

- AAK Group Supplier Code of Conduct
- Applies to all of AAK's procurement of vegetable oils and related raw materials
- Based on the principles:



United Nations  
Global Compact



International  
Labour  
Organization



UNITED NATIONS  
GUIDING PRINCIPLES  
ON BUSINESS  
& HUMAN RIGHTS



Legal  
Compliance



Anti-  
corruption



Human  
Rights



Labour  
Rights



Housing



Land Rights  
and Tenure



Environment



Smallholder



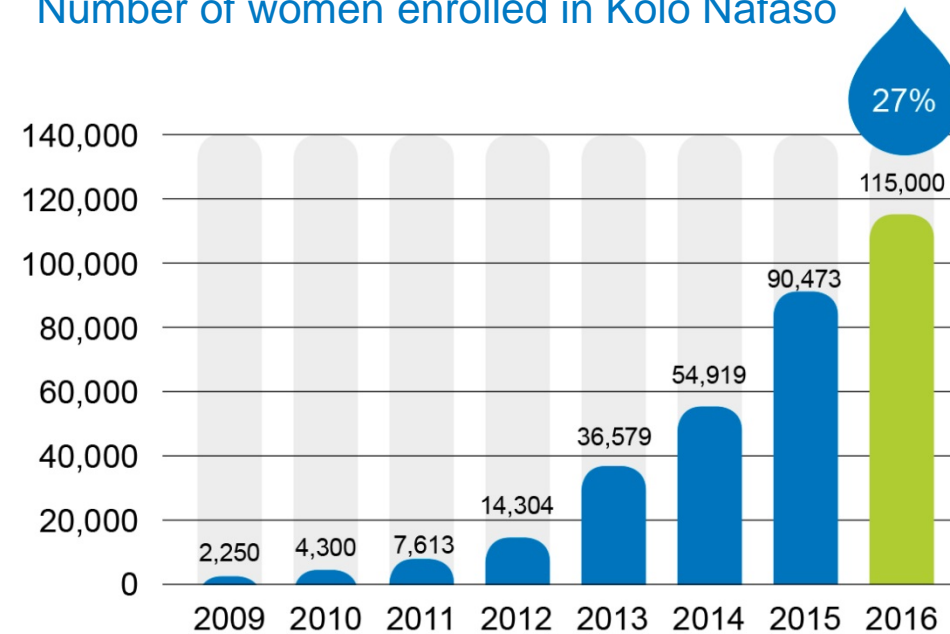
Traceability



# Shea kernels: Women groups program in West Africa



Number of women enrolled in Kolo Nafaso



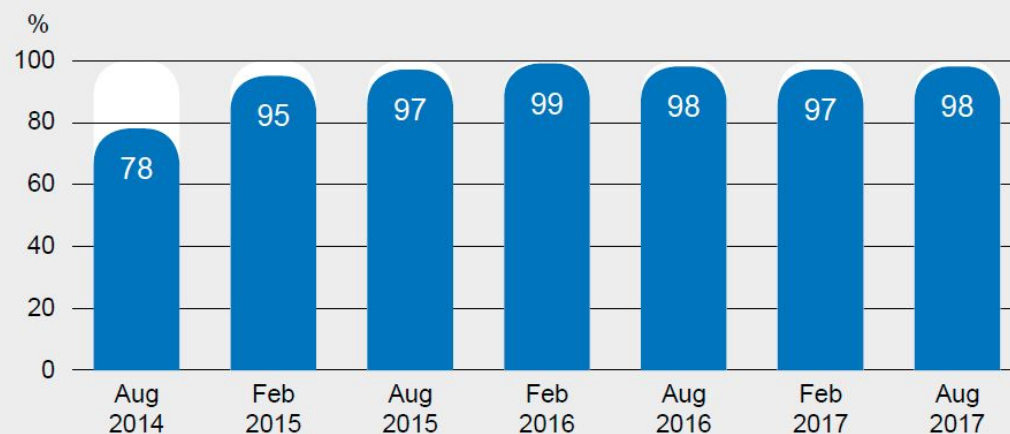
Increased focus on impact!

# Palm oil: Traceability to mill remains high

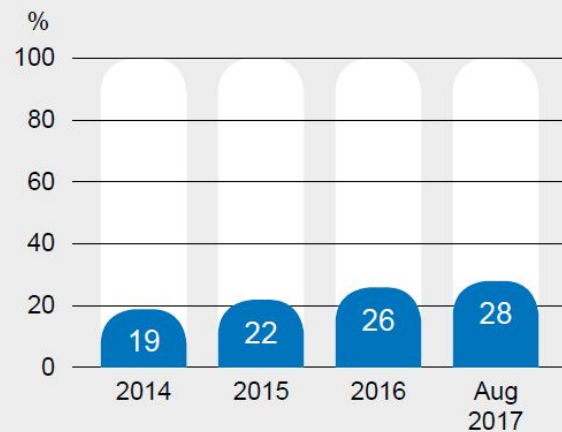


## Traceability

### To mill



### To plantation

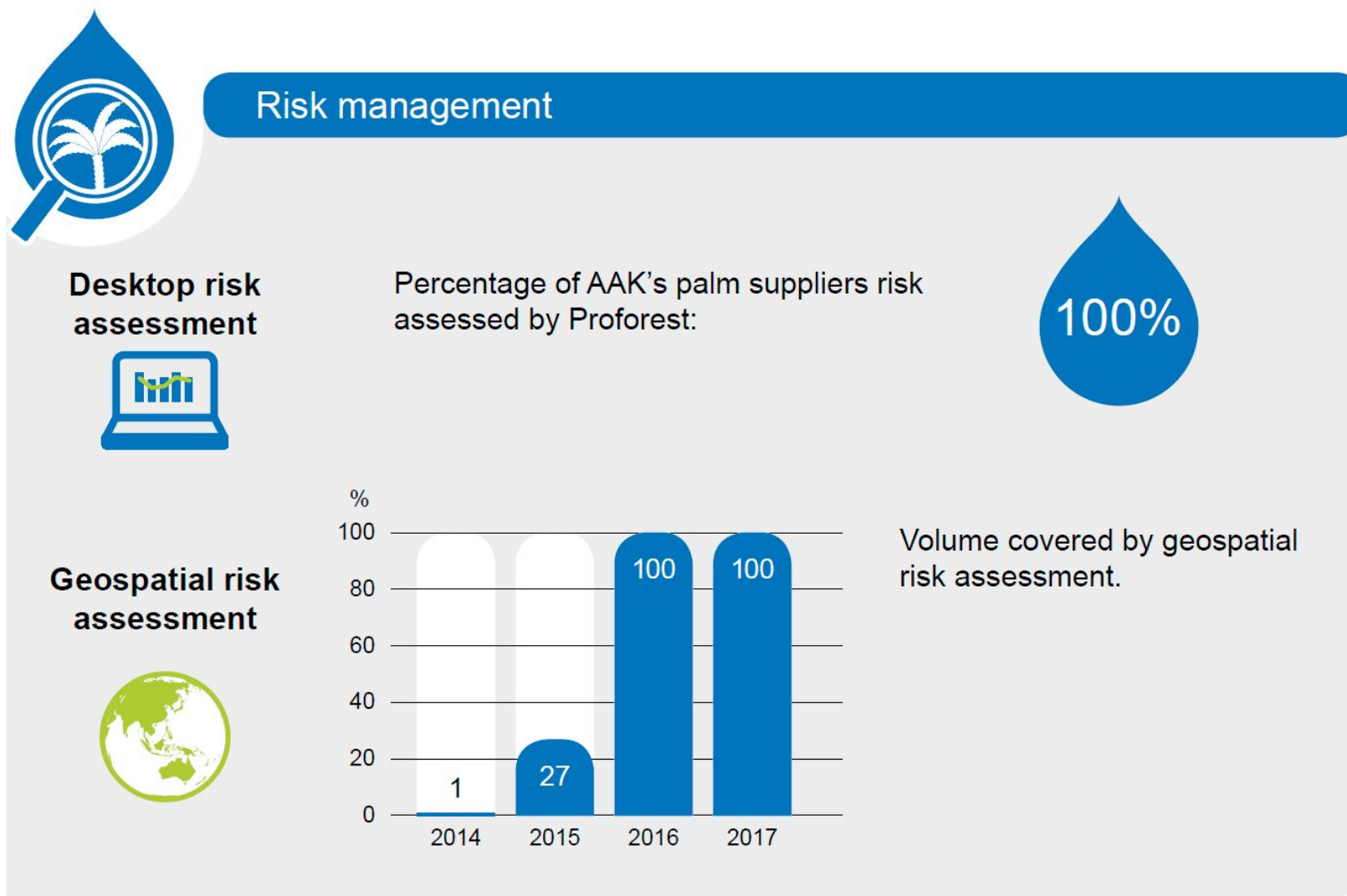


Traceability to mill remains high despite new AAK factories in the USA, India, China and Brazil that require time to implement AAK's Palm Oil Policy and high standard of traceability.





# Palm oil: 100% risk assessment by Proforest



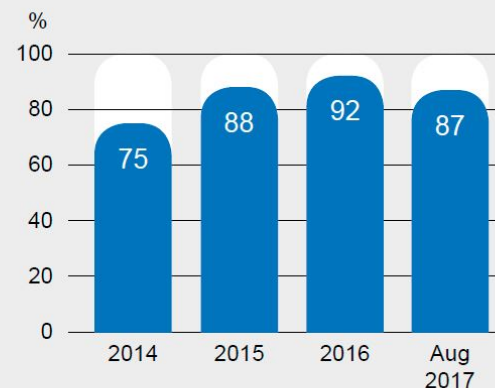
# Palm oil: RSPO certification remains high despite change in sales footprint



Volumes  
from RSPO  
members

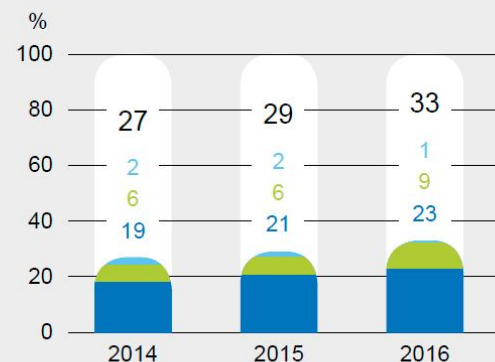


## RSPO status



It is our policy to source palm oil only from RSPO members. Some challenges remain in some parts of the world where we have factories and certification is not always a priority for growers. The temporary decline is also due to a change in sales footprint.

CSPO  
demand



All our palm oil is under our Palm Oil Policy, risk assessed by Proforest.

- Book&Claim
- Mass Balance
- Segregated



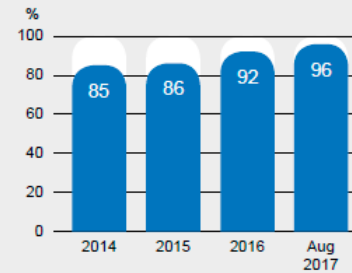


# Palm oil: Strong supplier engagement



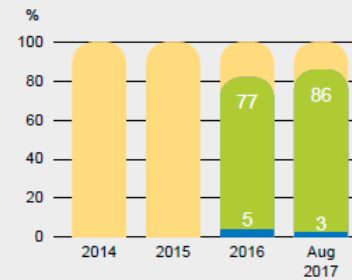
## Supplier engagement

### Supplier Code of Conduct



Volumes covered by signed Supplier Code of Conduct.

### Palm Oil Policy



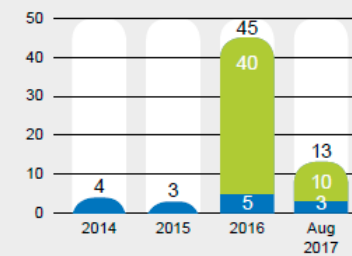
Suppliers informed about AAK's Palm Oil Policy

Signed AAK's Palm Oil Policy

Has aligned Policy (verified by Proforest)

Higher priority suppliers invited to workshops facilitated by Proforest.

### Mill engagement



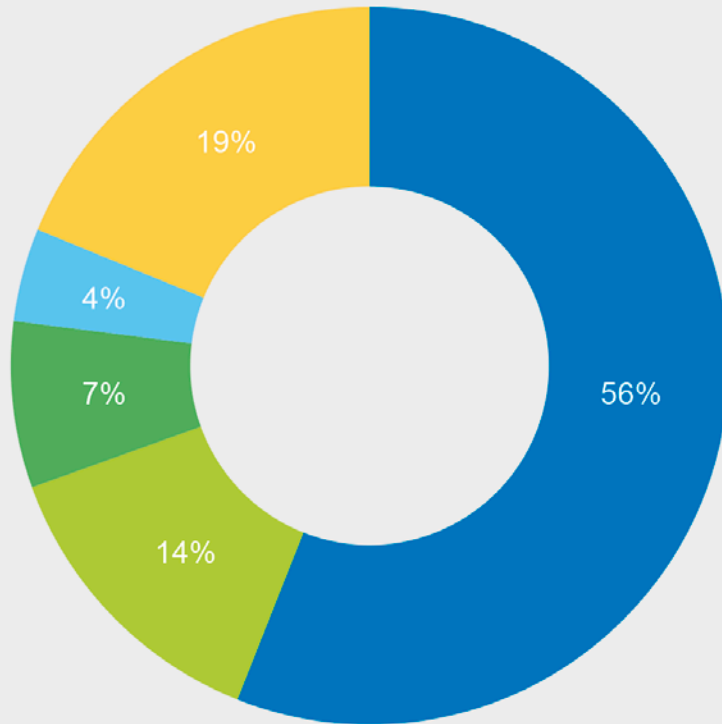
Number of mills who attended a Proforest/AAK workshop

Number of on-site audits

# Palm oil: 70% of volumes sourced from suppliers engaged in sustainability programs



Volumes from suppliers engaged in sustainability programs (assessed by Proforest)



- Indirect engagement (volumes from suppliers with own sustainability programs – approved by Proforest)
- Direct engagement (volumes from suppliers engaged in sustainability programs with AAK/Proforest)
- Not yet engaged (lower priority)
- Not yet engaged (medium priority)
- Not yet engaged (higher priority)



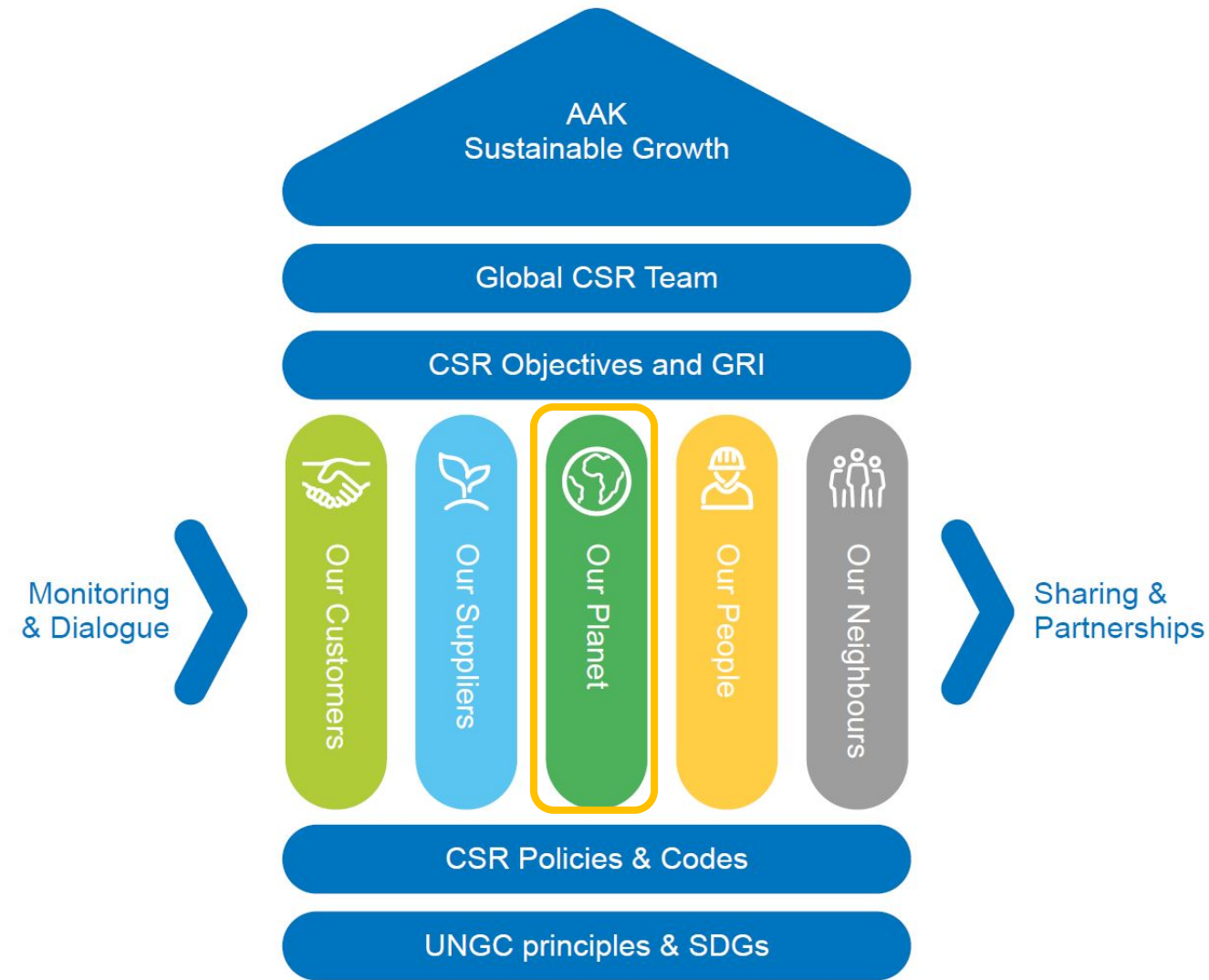
# Palm oil: Smallholder project in Sabah – Borneo, Malaysia



- Sabah is responsible for 12% of the global palm production
- AAK is the first palm oil supply chain contributor to the Sabah project
- AAK is enabling Forever Sabah to engage with oil palm smallholders:
  - to prepare them for jurisdictional certification by 2025
  - to assist them in improving their livelihoods and reducing the environmental impact
- **Target: all palm oil production in Sabah to achieve RSPO certification by 2025**



# Sustainable Growth – House of Sustainability

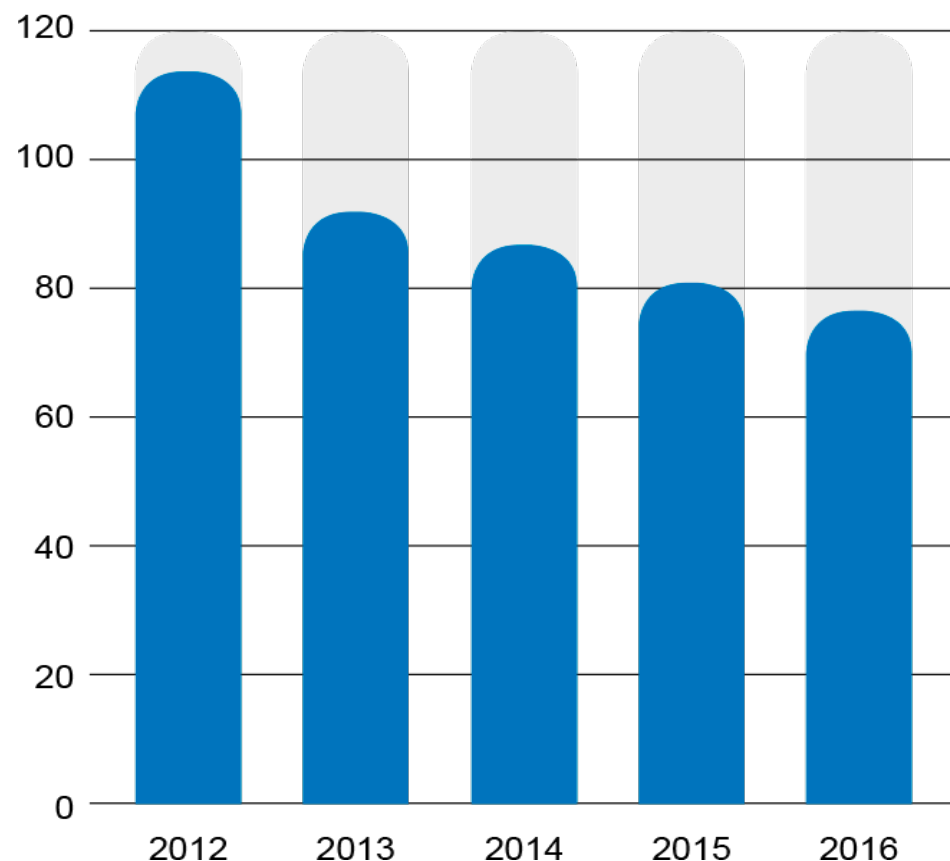




# A strong track record of decreasing GHG emissions



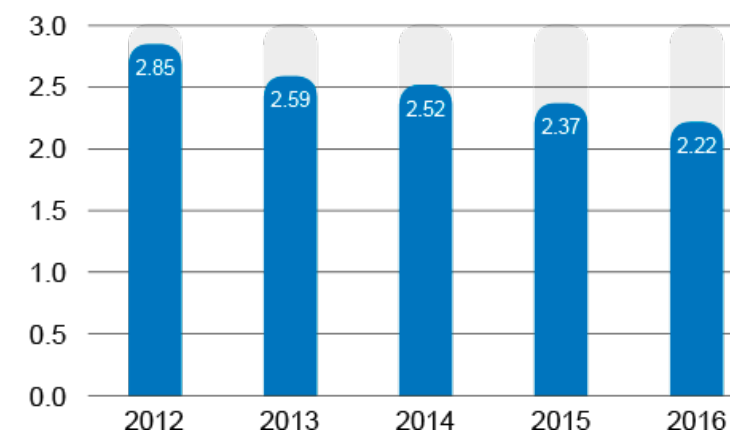
Tons of CO<sub>2</sub> per 1,000 tons processed raw material



-32% over 5 years!

Energy consumption

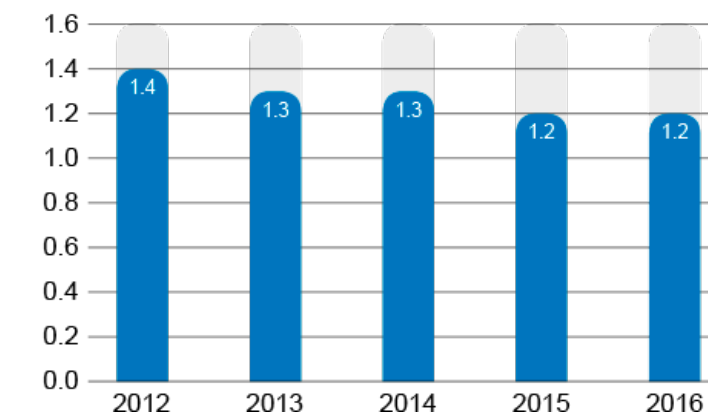
Per unit processed material



-22%

Water consumption

Per unit processed material



-17%

# Contribution to Sustainable Development Goals



**Target 2.3:** Increase productivity and income for smallholders

**AAK contribution:** AAK is, together with Proforest, developing a smallholder code of practice



**Target 15.2:** Stop deforestation. Reforest

**AAK contribution:** AAK's Sustainable Palm Oil Policy requires no destruction of High Conservation Value areas



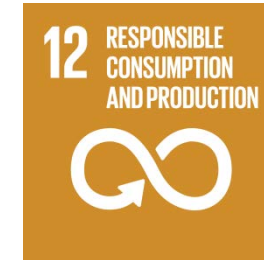
**Target 1.4:** Equal rights to economic resources, access to land, natural resources and banking

**AAK contribution:** Interest-free micro credits through our program Kolo Nafaso in West Africa



**Target 12.5:** Reduce waste

**AAK contribution:** AAK's objective for waste to landfill

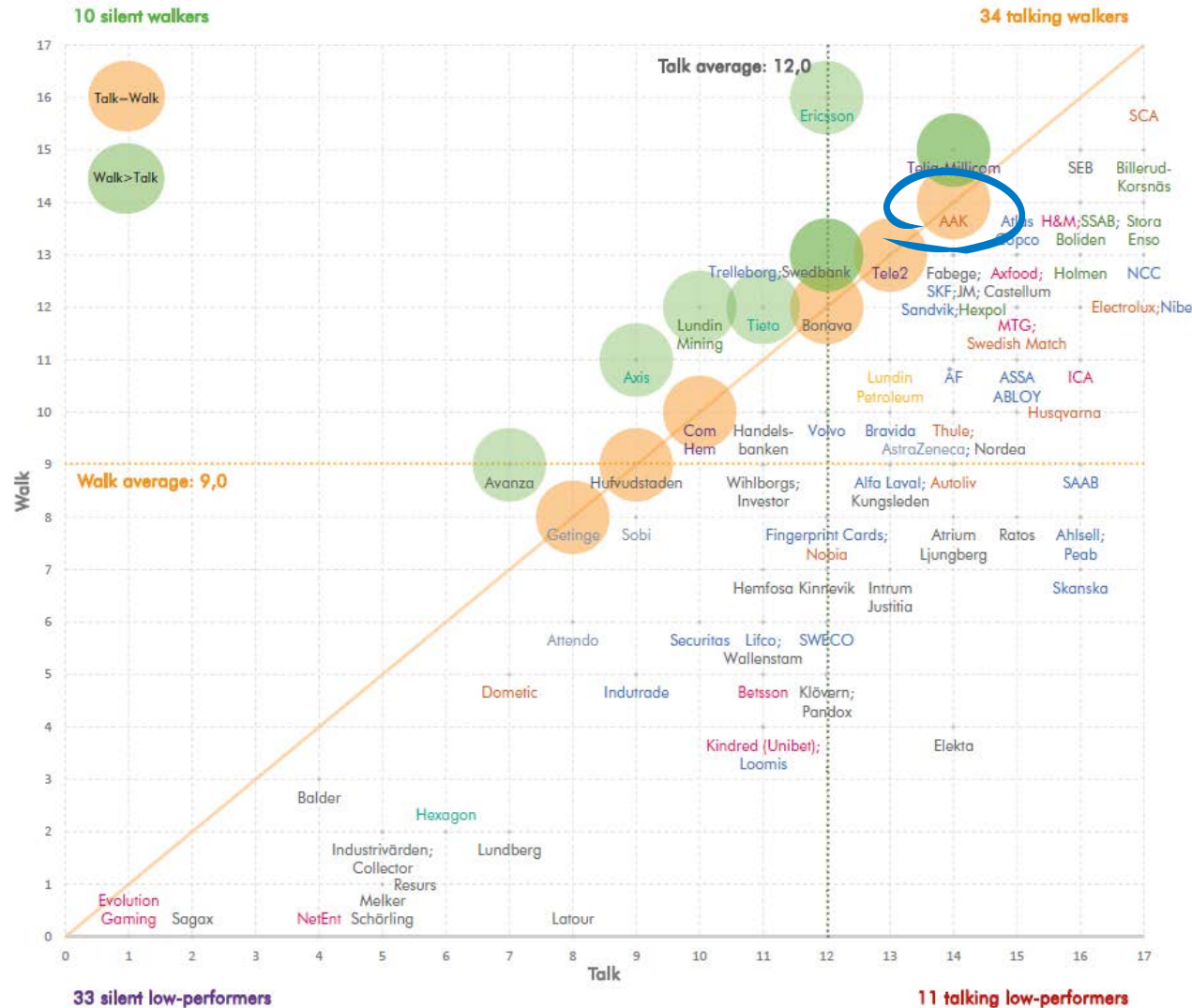


**Target 12.3:** Reduce food waste

**AAK contribution:** With innovative vegetable oils and fats solutions, AAK focuses on, among other things, developing solutions that increase products' shelf life.



# AAK walks the talk




As a result of a strong global team effort AAK's score is **14/17 on both walk and talk** (11 on walk and 10 on talk in 2015)

AAK scores is one of the highest among Sweden's largest listed companies!

According to a recent report on sustainability communication, published by the Stockholm School of Economics, AAK has made significant improvements in communicating its sustainability work.





Thank you!

[www.aak.com](http://www.aak.com)

**AAK**