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**Sustainability in
AAK**



Sustainability trends

Consumers



- Engaged
- Concerned
- Feel responsible
- Opinion matters

Social Media



Companies

Claims and stories

Certified sustainable palm oil

Life Cycle Assessment (LCA)

Resource efficiency

No palm oil

Waste

Carbon emissions

"No monkey" coconut oil

Smallholder engagement

No deforestation

Fair trade

Transparency

Traceability

Organic

Sustainability trends

(US, UK & Brazil consumers)

55%

of consumers say that they expect brands to be a **force for positive change**.

American Lifestyles: Finding Common Ground - US, April 2017

36%

of consumers are more likely to buy from a brand/own label that **makes a point of being socially responsible**.

Dark Spirits and Liqueurs - UK, September 2017

34%

of Millennials say they prefer to buy from brands that are **involved with social causes**.

Marketing to Millennials - Brazil, January 2017

83%

of consumers say that companies **should be penalized** for failing to care for the environment. *HTA,*

Reports on the state of the industry at the end of quarter one 2016, UK



From consumer concern to AAK solution – Customer case 1



Consumer concern



AAK solution



Partner for a new generation company – Customer case 2



The customer company's ambition to be a 'good company' ...

Fast growing new generation companies with focus on sustainability and transparency



AAK



... requires unique suppliers. Pushing boundaries together makes us a true partner.

Partner to grow globally together and develop new standards in supply chains

Responsible Sourcing of Vegetable Oils

- One policy to apply to all procurement of raw materials
- This policy sets the minimum requirements (house-in-order) to protect our own and our customer's brands
- The policy is publicly shared on our website
- 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



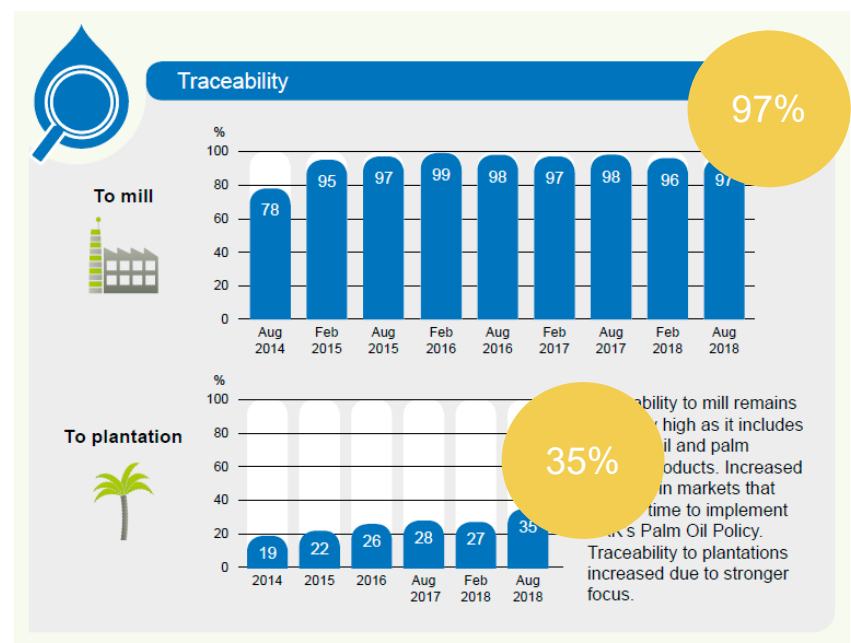
Smallholder



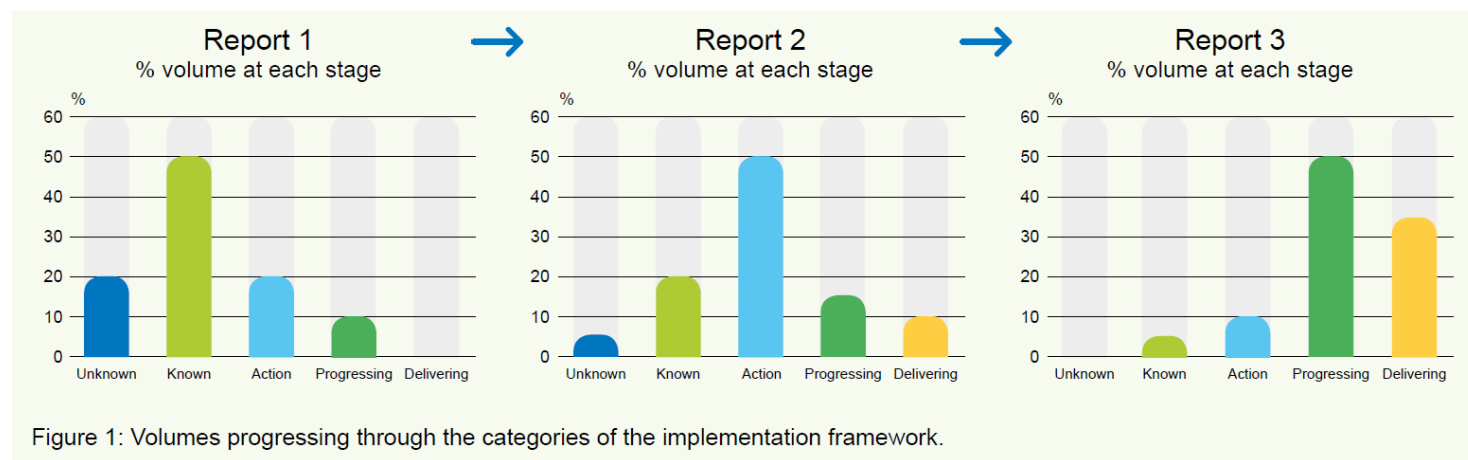
Traceability

Palm – traceability and sustainability are top priorities

Progressing on Traceability



Driving change – new implementation framework



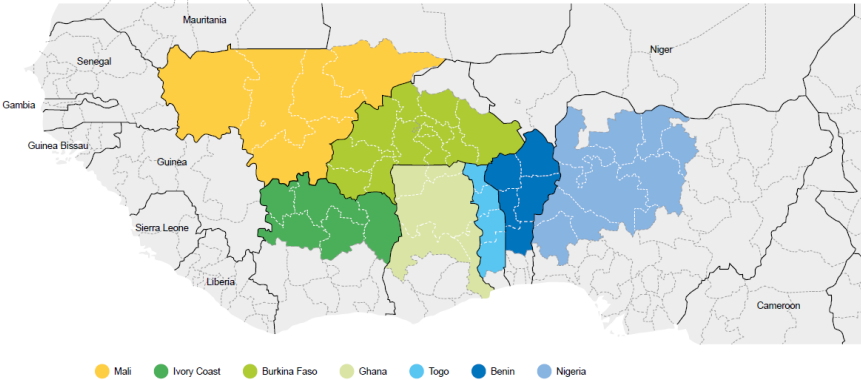
Smallholder Engagement in Sabah and Latin America



Shea – a sustainable raw material

Traceability

AAK shea supply base map



Risks and opportunities

1 Qualitative & field risk assessment

April - May 2018

2 Risk mitigation strategy

Q4 2018

proforest

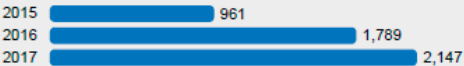
Women's groups



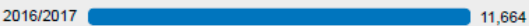
AAK engagement



Number of bank accounts AAK has opened for the women's groups



Number of village visits by AAK extension officers



Number of kilometers driven by AAK extension officers



Number of rocket stoves built



Coconut – pioneering sustainability work

Progressing on traceability



Risks and opportunities

1

Qualitative risk assessment

• March – September 2018

2

Risk mitigation strategy

• Q4 2018

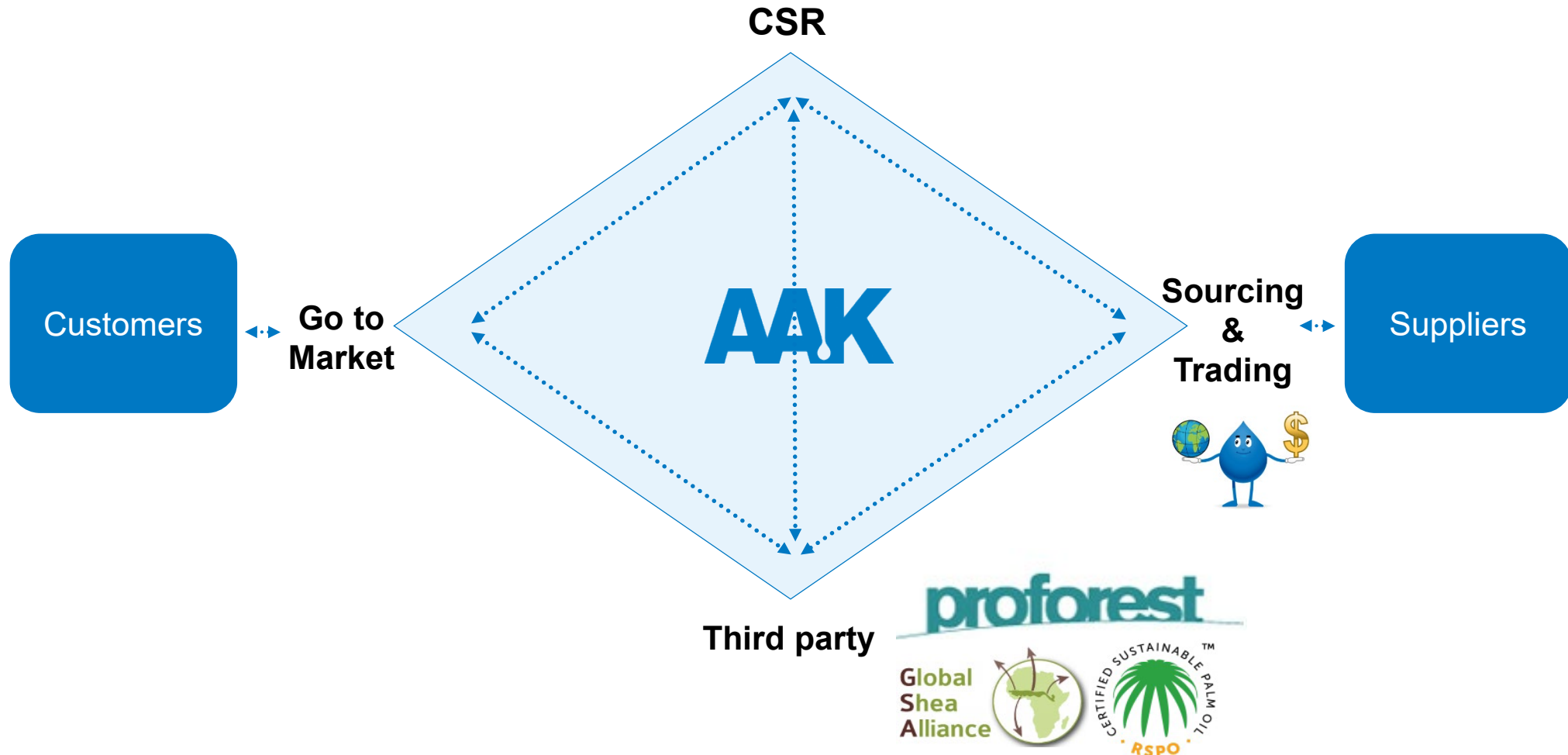
proforest

Direct sourcing project



Our model to ensure market driven sustainability

- ◆ Based upon cross functional global teams
- ◆ Designated teams for key raw materials (palm, shea, coconut)





Thank you!

www.aak.com

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