Salient Human Rights Issues

We respect and work to address the human rights challenges across our value chain

In alignment with the United Nations Guiding Principles on Business and Human Rights and the OECD Guidelines for Multinational Enterprises this report highlights the key human rights risks and salient issues identified for AAK`s value chain for 2024[1]. By focusing on the most severe and probable risks, this report provides a foundation for prioritizing AAK's efforts to mitigate human rights impacts. Vulnerable groups, including women, children, migrant workers, and indigenous communities are in focus. The most severe and prioritised human rights issues are linked to high-risk commodities such as coconut, shea, and palm oil, as well as sourcing challenges in countries like Mexico, India, and Indonesia, and in the West Africa region, where governance and enforcement gaps are prevalent.

Continuous efforts, though not limited to, include adopting responsible sourcing methods that emphasize respecting human rights across all stakeholder groups, with particular attention to improving working conditions and ensuring health and safety standards are met. AAK also strives to improve livelihoods within its sourcing supply chain, with a specific focus on empowering smallholders and women, recognizing their critical roles in sustainable production systems.

AAK aims to address these issues systematically while continually improving its due diligence approach based on evolving risks and operational changes. This continuous improvement is supported through AAK's engagement of third-party technical advisory services reviewing the implemented process and assessing potential gaps.

Working conditions

AAK recognizes the importance of providing safe, fair, and secure working conditions across its operations and value chain. Within its workforce, challenges such as overtime and insufficient rest can in some cases undermine work-life balance. Health and safety are a special concern, with risks to the own workforce from the use of heavy machinery and the handling of flammable materials. Workers within the value chain may also face occupational hazards, including the physical strain of harvesting crops and exposure to irritants, which can lead to injuries and health complications. Moreover, low wages and insecure employment remain salient issues in the value chain.

Labour rights

Affected rights include the freedom of association, collective bargaining, and the right to assembly. Respecting these rights is crucial in ensuring that workers can advocate for fair treatment and improved conditions without fear of retaliation. While these rights are safeguarded within AAK's own operations, challenges persist in certain parts of the value chain,

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[1] The scope of the assessment includes AAK`s own Operations and raw materials value chain

particularly in regions with weak governance structures. Additionally, the freedom of expression for human rights defenders within the value chain must be respected, as they may face heightened risks of persecution and unjust treatment, while their advocacy plays a vital role in highlighting systemic inequities and violations.

Forced and child labour

Forced and child labour, along with human trafficking for labour exploitation, remain critical concerns in AAK's value chain, cutting across various regions and industries. The risk of child labour is particularly concerning in smallholder farming.

Forced labour and trafficking practices, associated with excessive working hours, retention of identification documents, restricted movement, and exploitative recruitment may occur in supply chains in regions like West Africa, Southeast Asia, and South America. Even in Europe and North America vulnerabilities exist in the agricultural sector, particularly among migrant workers. Women and migrant workers are especially at risk, facing compounded vulnerabilities in countries with weak enforcement mechanisms.

Lack of fair and equitable treatment

Ensuring fair and equitable treatment remains a core priority for AAK, both within its workforce and across its value chain. In own operations, gender imbalance persists, along with an unequal representation of women in leadership positions. In the value chain, cultural influences may affect gender inequality and unequal pay in sourcing countries across Africa, Europe, Asia and the Americas. In the agricultural sector migrant workers may face heightened risks of discrimination and exploitation. Discriminatory treatment stemming from biases related to race, gender, colour, sex, language, religion, political or other opinion, national or social origin, property, birth, disability or other status may also affect workers in AAK's value chain.

Land- and livelihood-related rights

Agricultural activities within AAK's value chain can have significant impacts on land and livelihoods, particularly in regions where agricultural expansion intersects with vulnerable communities. The acquisition of land for plantations and agricultural activities can lead to displacement, threatening the economic and cultural rights of individuals who rely on these lands for their livelihoods. Indigenous communities are especially at risk, as their rights to free, prior, and informed consent are not always respected, leading to violations of their self-determination and cultural heritage. Additionally, environmental concerns such as, pollution from agricultural chemicals and the use of natural resources, may exacerbate these challenges. The issues outlined in this section are only identified in AAK's value chain for sourcing of raw materials and not in own operations.

Corruption

Corruption poses a significant risk to the respect for human rights in AAK's value chain, particularly in regions where governance and transparency are weak. While AAK's internal controls and robust anti-corruption policies have ensured a low risk of corruption within its own operations, the value chain remains vulnerable to occasional incidents, especially in high-risk countries as identified by international indices.