



Responsible growth

AAK Sustainability report 2013/2014

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The first choice for value-added vegetable oil solutions

AAK is one of the world's leading producers of high value-added speciality vegetable oils and fats solutions. These oils and fats solutions are characterized by a high level of technological content and innovation. AAK's solutions are used as substitutes for butter-fat and cocoa butter, trans-free and low saturated solutions but also addressing other needs of our customers.

AAK's shares are traded on the NASDAQ OMX, Stockholm, within the Large Cap segment. Further information on AAK can be found on the company's website www.aak.com.

Responsible growth

At AAK, sustainable development is fundamental to our business. Hand in hand with social and environmental responsibility, financial growth is key to our continued development and future success. This is what we mean by "responsible growth".

We believe that leading sustainability in our everyday activities helps us achieve our vision of being the first choice in value-added vegetable oil solutions.

AAK's model for responsible growth covers the five focus areas Marketplace, Supply chain, Environment, Workplace and Community.

Global team effort

The annual production and release of our GRI Report is a global team effort involving staff from various functions at all sites.

In line with this, our Sustainability Report is a global team achievement that includes statements, initiatives, projects and views from the entire organization. In addition, it documents – for both our stakeholders and ourselves – that Corporate Social Responsibility (CSR) is firmly anchored within our organization.

Scope

This report covers AAK's entire organization, including production plants, administrative offices, sales offices and sourcing operations. The environmental data is restricted to the production plants. In 2012 AAK acquired Oasis Foods Company, New Jersey, USA which is now part of the global reporting. During the first half of 2014 AAK acquired Belgian oils and fats business of CSM Benelux NV in Merksem and Fabrica Nacional de Grasas S.A. (FANAGRA), a Colombian company that specializes in vegetable oils and fats for the bakery segment. Data from these acquisitions is not included in this report.

Throughout the report, AAK colleagues share stories about some of our many CSR initiatives. Top managers also share their thoughts and insights in relation to their specific areas of responsibility. This report provides a clear picture of how we at AAK work with sustainability – our drive towards responsible growth.

This report is available in English and Swedish. It can be downloaded as a PDF-file at www.aak.com. To obtain a printed copy please contact Corporate Communications at comm@aaak.com.

AAK in 60 seconds

- AAK's vision is to be the first choice in value-added vegetable oil solutions.
- AAK's products are ingredients, including alternatives to dairy fat and cocoa butter, trans-free solutions, low saturated fats solutions, nutritious fats for infant formula, environmentally friendly lubricants, and healthy skin care products.
- AAK's raw materials are derived from renewable sources primarily sourced in Northern Europe (rapeseed), Europe and Mexico (sunflower), US (soya beans), West Africa (shea kernels) and Southeast Asia and Latin America (palm).
- New products are developed in close partnership with customers, drawing on oils and fats expertise and knowledge of market trends. Close relations enable AAK to create lasting solutions that meet customer needs, expectations and high standards.
- AAK is one of the founders of the Roundtable on Sustainable Palm Oil (RSPO). AAK also founded and operates GreenPalm, which provides an exclusive web-based platform for the trade in certificates for sustainable palm oil. Through these and other initiatives, AAK continuously contributes to the promotion of sustainable palm oil.
- The parent company, AAK AB (publ.), is a Swedish-registered joint-stock company. The company's shares are listed on NASDAQ OMX, Stockholm, in the Large Cap segment, Food & Beverage sector.
- In early 2014 AAK launched a new company program that will guide AAK through 2014–2016, AAKtion. The new program is intended to further strengthen the focus on sales, innovation and execution.

AAK has more than a century of unrivalled experience with vegetable oils for a broad spectrum of applications. The operation is organised in three business areas:



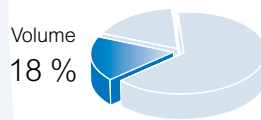
Food Ingredients

The largest business area primarily offers solutions to the Bakery, Infant Nutrition, Dairy and Food Service industries.



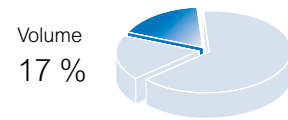
Chocolate & Confectionery Fats

The second largest business area offers cocoa butter alternatives for chocolate, compounds for coating and moulding, and speciality fats for confectionery fillings.



Technical Products & Feed

The Technical Products & Feed business area provides biolubricants for metalworking, forestry and construction, fatty acids and glycerine for various applications and proteins and fats for animal feed.

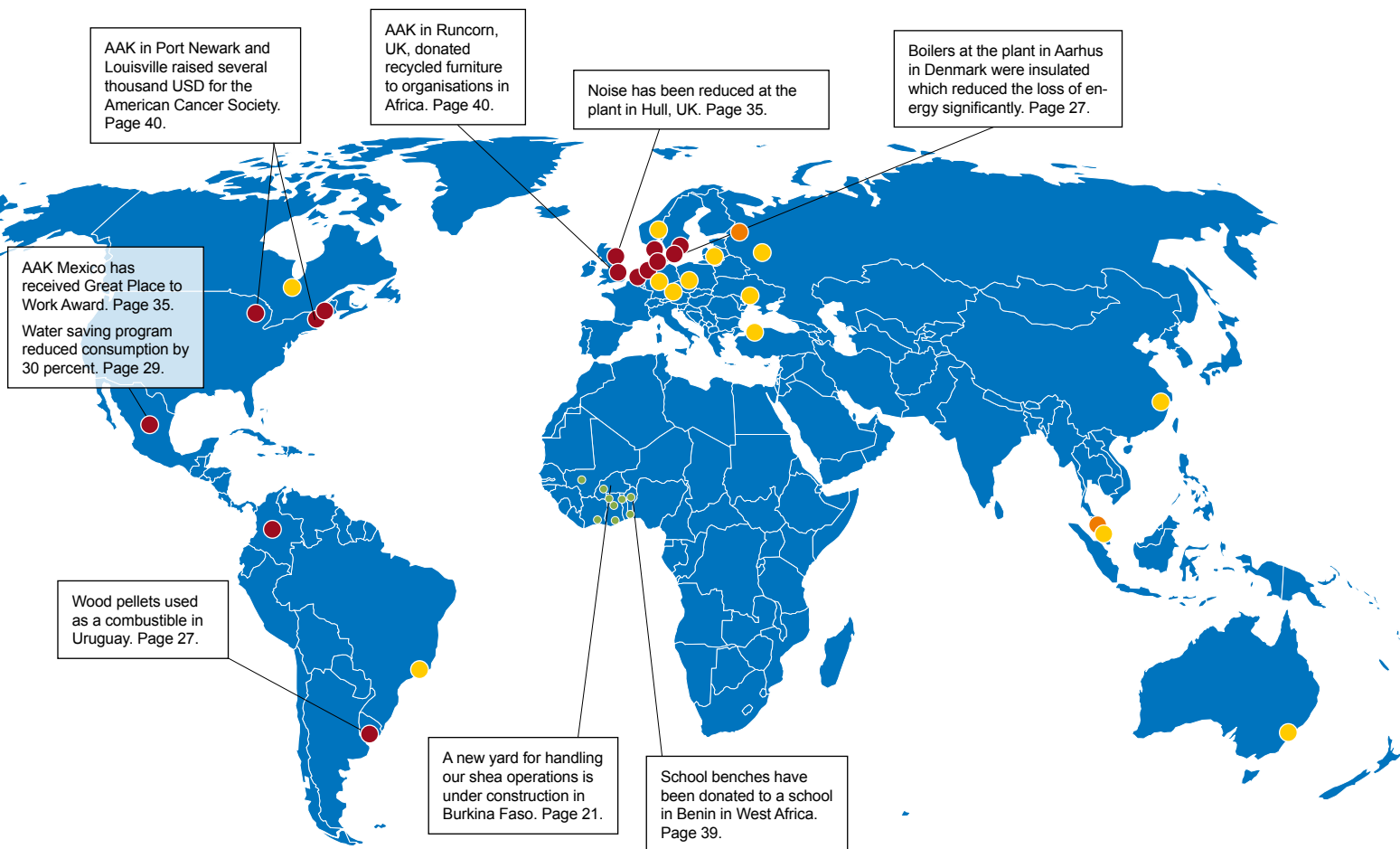


Operational key figures (SEK million unless otherwise stated)	2009	2010	2011	2012	2013
Net sales	15,884	14,808	16,695	16,911	16,537
Adjusted operating profit (EBIT)	827	824	918 *	1,003**	1,127*
Operating profit (EBIT)	827	824	914	975	1,117
Operating profit per kilo	0.58	0.57	0.64	0.66	0.69
Earnings per share	10.14	14.15	14.72	15.66	17.87
Return on Capital Employed	12.60	13.10	13.30	13.90	16.50

* Adjusted for acquisition costs

** Adjusted for acquisition costs and the effects of Hurricane Sandy costs

Corporate social responsibility on the map



- Production plants and sales offices
- Sales offices
- Customisation plants
- Sourcing operations

Our reason for being

AAK's core business is the production of vegetable oils and fats from natural, renewable raw materials. Produced in our plants in Europe and the Americas, our products reach global markets through our sales offices in key locations throughout the world and our close network of agents and distributors.

We use raw materials, such as rapeseed, soya beans, shea kernels, sunflower oil and palm oil, primarily sourced in Northern Europe, West Africa, Southeast Asia and Latin America. Some raw materials – seeds and kernels – are crushed and the oil is extracted at our production plants, while others are bought as crude oils or semi-refined oils, which we then process and refine further.

Drawing on our extensive knowledge and experience, we utilise and add value to the natural properties of vegetable oils and fats, and this has been our speciality for more than a century.

A vital ingredient

Fat is essential to human life. We need it for energy, to absorb vitamins, to produce hormones and to provide us with essential fatty acids that our bodies are unable to synthesise. However, following the rise in obesity and obesity-related diseases, fat is often seen as harmful and something to be avoided.

At AAK, we work continuously to develop healthy types of oils and fats that meet the requirements of customers and consumers.

Part of daily life

Close customer cooperation is central to our work, whether identifying the right solution for an application or developing new products. As a supplier to a wide range of manufacturers of branded goods in the food, cosmetics, animal feed and technical industries, we interact with very different customers who have very different needs.

However, all our customers have one interest in common: applying value-added vegetable oils and fats in their products. As a result, vegetable oils and fats from AAK are present in many of the products we all use and consume on a daily basis.

CEO Arne Frank: Responsible growth the foundation for future success

On behalf of the entire AAK family, I would like to welcome you to the AAK Sustainability report 2013/2014. This is our fifth report and with it, we aim to present our corporate social responsibility (CSR) objectives, activities and achievements in a transparent way.

Our vision at AAK is to be our customers' first choice for value-added vegetable fats solutions. In order to achieve this vision, we have put forth a company program, AAKtion, to guide us. The execution of AAKtion is built upon our model for responsible growth. For us, responsible growth is about acting responsibly towards all of our key stakeholders – investors, global and local customers, suppliers, employees and the local communities in which we operate.

A continuously growing population puts pressure on natural resources, climate change and a growing demand for food. To manage these challenges, it is critical that we utilize our resources optimally and see responsible behavior as both our shared and individual responsibility.

To guide and to drive our responsible behavior as a business and as an organization, we have developed a Responsible growth model. To drive progress, we focus our efforts within five areas: Marketplace, Supply chain, Environment, Workplace and Community. We continuously set and achieve ambitious objectives within each of these areas based on both internal and external performance benchmarking, best practice sharing and a highly engaged global organization.

Trusted supplier

Analyses of our business clearly indicate that food safety is a top concern for our customers and their stakeholders. This conforms to our own assessments. AAK production sites are food safety audited and certified in accordance with one or more internationally recognized food safety standards. Our 2012 acquisition of Oasis Foods Company in New Jersey is undergoing this process and will be food safety certified during 2014.

Ethical supply is another key priority for both our customers and ourselves and we share our ethical information and ethical audit reports through the Sedex platform.

Sustainable sourcing

We continue to increase our focus on social and environmental issues in the supply chain. Over the last two years, we have focused on implementing our Supplier Code of Conduct addressing labour and human rights, environ-

ment and anti-corruption. Today, virtually all of our raw material suppliers have approved and signed our code.

In West Africa we persistently work toward a more sustainable and efficient supply chain, benefitting both AAK and the hundreds of thousands of women who collect shea kernels. Our special Kolo Nafaso project, which focuses on support, training and trading directly with the women, continues to progress. Our objective of enrolling at least 30,000 women in 2013 was exceeded by more than 20 percent. We will continue to progress and enroll more women in 2014.

We fully support and continue to be very engaged in the Roundtable on Sustainable Palm Oil (RSPO). We also continue our engagement in GreenPalm, the simplest way to get involved and an excellent tool to ensure support to independent smallholders.

However, the RSPO requirements have been widely criticized for not effectively addressing CO₂ emissions caused by deforestation and plantation development on peatlands. AAK shares this view and as a consequence we have adjusted our palm oil policy to also include requirements for no deforestation and no development on peatlands.

Resource efficiency

Our continued focus on resource efficiency produced impressive results during 2013. Despite a focus on shifting our product portfolio to more refined products that, in general, will require more resources per produced unit, we have managed to achieve very significant improvements for many key efficiency parameters. Energy and water consumption, water discharge and CO₂ emissions all fell to between 10–18 percent per produced unit, achievements delivered by a very dedicated and highly responsible global operations organization. This is, of course, something we are very proud to share with you.

Safety and education are key

Our relentless pursuit to create a safer workplace and our work towards a zero injuries workplace also paid off during 2013. Our global safety teams meet regularly to share best practice, to refine safety standards and to do onsite safety audits at each other's sites. These efforts have resulted in a 14 percent reduction of our global Lost Time Injury Rate at our production sites, dropping from 1.4 to 1.2.

The negative impact of corruption is gaining more and more attention globally, both from stakeholders and from tightened legislation. Businesses all over the world are exposed to

corruption risks on a daily basis. We are already addressing anti-corruption in our Code of Conduct, our Supplier Code of Conduct as well as in our Code of Conduct for our Agents and Distributors. We have now decided to raise the bar by launching an anti-corruption e-learning program for our employees in order to increase their awareness of corruption and to give them knowledge about how to deal with it.

Local engagement

As a global company, AAK contributes to the development of the local communities in which we operate by creating jobs, paying taxes and doing business with local enterprises. In addition, we endeavour to be a good corporate citizen by taking issues such as health and safety, diversity, labour standards and our environmental impact seriously.

However, we realize that there are a variety of different ways to further engage actively with the local communities in which we are situated. I am pleased to see the many ways in which our employees truly engage with their local communities. The initiatives presented in this report are only a fraction of those implemented by our employees.

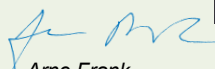
New AAK family members

When welcoming new employees and partners to the AAK family through acquisitions, our Responsible growth model is used to align business practices to ensure continued responsible growth. Although new members might bring valuable inspiration to our dynamic model, we do need an overall global consistency and a global alignment to the AAK way of responsible growth.

Future success

We are proud to share with you, in this Sustainability Report, our significant progress across all of our five focus areas. Our future performance and the development of our business and organization, continue to be based upon our Responsible growth model. Simply because we see it as the foundation for our future success. Simply because responsible growth is our way of doing business.




Arne Frank
CEO

Responsible growth at AAK

Responsible growth is the key objective of our AAKtion strategy, and is essential to our vision of being the first choice for value-added vegetable oil solutions. For us, responsible growth is about our responsibility towards all of our key stakeholders – the local communities where we operate, our customers, our employees, our investors and our suppliers. Based on our strategy, input from our stakeholders and market trends we have developed a model for responsible growth to guide our global CSR work.



The UN Global Compact (UNGC) is a solid platform and a broad concept based on ten universal principles within Human and Labour Rights, Environment and Anti-corruption. It enjoys participation by all of the major players in global business and CSR, including the GRI (Global Reporting Initiative), ETI (Ethical Trading Initiative), ICC (International Chamber of Commerce) and OECD (Organisation for Economic Cooperation and Development). AAK has been a member of the UNGC since 2002.

AAK's CSR policies and codes are based on the UNGC, and apply globally to all AAK business activities. So are the policies and codes of many of our customers, which enhances our strategic alignment.

We have defined five CSR focus areas – the 'pillars' – that are important to our business. These provide an overview and help us focus our resources.

To maintain momentum and drive improvement, we define objectives within each of the five focus areas. Further, we monitor many other indicators internally, based on the GRI guidelines.

The engine behind all of this is our global CSR organisation, established in 2007.

To be transparent and share information with stakeholders is also part of our approach. Sedex facilitates the sharing of information with customers. Our Sustainability report shares information globally, primarily with investors

in AAK, and via the web with all stakeholders. Partnering with other businesses, NGOs, and governmental agencies is a key element of the Global Compact concept, and we are proud to participate in several partnerships. The RSPO, the Global Shea Alliance, the UNDP and the Burkina Faso project are a few examples of these.

Our CSR system is not static, adjusting instead to input from such stakeholders as customers, investors, and employees. We monitor new and upcoming legislation. We follow trends in our communities, and benchmark our CSR practices against those of retailers, customers and competitors.

Our overall objective is to grow AAK responsibly and achieve sustainability as a whole.








AAK, a member since 2002

The United Nations Global Compact is an initiative for businesses that are committed to aligning their operations and strategies with ten universally accepted principles in the areas of human rights, labour, environment and anti-corruption. With more than 12,000 signatories in over 145 countries, the UN Global Compact is the world's largest voluntary corporate sustainability initiative. The principles are:

	Commitments	Examples of AAK commitments
Human Rights	<ul style="list-style-type: none"> Businesses should support and respect the protection of internationally proclaimed human rights; and make sure that they are not complicit in human rights abuses. 	<ul style="list-style-type: none"> Implementation of Code of Conduct which applies to all of AAK staff began in 2009. Page 10. The Supplier Code of Conduct is an integral part of the approval system for suppliers. During 2013, compliance was 98.4 percent of direct raw material suppliers. Page 13.
Labour	<ul style="list-style-type: none"> Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining; the elimination of all forms of forced and compulsory labour; the effective abolition of child labour; and the elimination of discrimination in respect of employment and occupation. 	<ul style="list-style-type: none"> The Code of Conduct regulates interaction with both customers and suppliers. Page 10. Labour rights issues are governed by the AAK CSR Policy. Page 32. AAK takes health initiatives in many countries where the Group has operations. Page 33.
Environment	<ul style="list-style-type: none"> Businesses should support a precautionary approach to environmental challenges; undertake initiatives to promote greater environmental responsibility; and encourage the development and diffusion of environmentally friendly technologies. 	<ul style="list-style-type: none"> Local resource efficiency teams have been established. Page 25. The Group decreased its energy consumption by 10 percent in 2013 compared with 2012, and netto direct CO₂ emissions by 18 percent per produced unit. Pages 24 and 27.
Anti-corruption	<ul style="list-style-type: none"> Businesses should work against corruption in all its forms, including extortion and bribery. 	<ul style="list-style-type: none"> The first of a series of e-learning modules addressing anti-corruption was launched in 2014. Page 33.

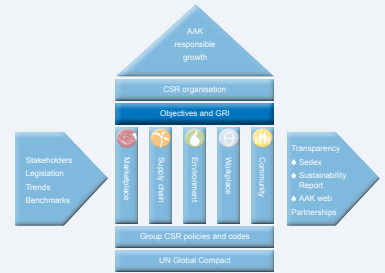
Global CSR objectives and achievements 2013 and 2014+

The objectives and achievements for AAK for 2013 and 2014+ are presented below in brief. The objectives and achievements are further commented in more detail in the five sections to which they apply, namely Marketplace, Supply chain, Environment, Workplace and Community.






	Global CSR objectives 2013+	Global CSR achievements 2013
 Marketplace	Sedex 2013: Increase the number of production sites sharing CSR data with customers on Sedex	Sedex Sites sharing ethical information on Sedex remained at 8 . Plans for including new acquisitions postponed
	RSPO 2013: Increase the number of production sites being RSPO supply chain certified	RSPO Supply chain certification of sites processing palm oil increased 10 percentage points
 Supply chain	Supplier Code of Conduct 2013: Minimum 98 percent implementation for direct raw material suppliers (excl. West Africa)	Supplier Code of Conduct Objective exceeded with 98.4 percent implemented
	2013: Minimum 95 percent implementation for direct raw material suppliers in West Africa	Objective achieved with 95 percent implemented
 Environment	Energy 3-year energy efficiency process driven by local energy efficiency teams at all sites: 2013: Teams established, monthly meetings and at least one project initiated 2014: Energy efficiency projects at all sites delivering according to plan 2015: Energy efficiency results documented at all sites	Energy Teams established at all sites with regular meetings. Efficiency projects initiated including other than energy projects
	Waste 2015: Minimum 98.5 percent of waste disposed as reused, recycled or recovered	Waste 96.3 percent disposed as reused, recycled or recovered
 Workplace	Safety 2013: Implement a Global Safety System and conduct annual safety audits at all sites	Safety Global Safety System established and operational. All sites safety audited
	Lost Time Injury Rate (LTIR) 2013: Reduce LTIR by a minimum of 10 percent per year (excl. West Africa). Base year 2012 at 1.5 2013: LTIR to stay at or below 2.3 in West Africa	Lost Time Injury Rate (LTIR) Objective exceeded with average Lost Time Injury Rate: 1.2 , a reduction by 20 percent Objective met with Lost Time Injury Rate remaining at 2.3
	Performance and Development Plan (PDP) 2013: All employees to have a PDP by Q2	Performance and Development Plan 100 percent completed by Q2
 Community	Local engagement 2012: Engaging in local projects and activities	Local engagement All sites are engaged in relevant local community activities in a variety of ways

Relentless efforts to use resources more efficiently resulted in additional achievements in 2013, such as:

- ◆ 9.9 percent decrease in energy used per processed unit
- ◆ 13 percent decrease in water consumption per processed unit
- ◆ 18.1 percent reduction of netto direct CO₂ emission per processed unit
- ◆ 13.1 percent reduction of water discharge per processed unit



Global CSR objectives 2014+

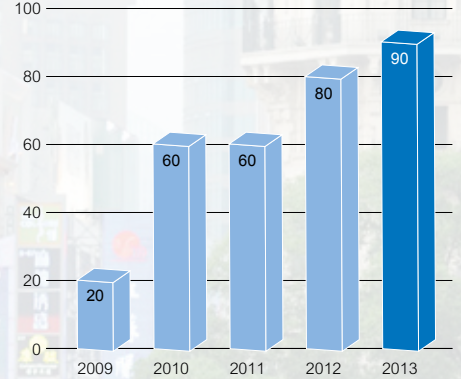
 <p>Marketplace</p>	<p>Anti-corruption training 2014: Module 1 passed by at least 80 percent of all relevant employees. Module 2 passed by at least 20 percent of all relevant employees</p> <p>AAK Code of Conduct for agents and distributors 2014: Implemented with minimum 50 percent of AAK agents and distributors</p>
 <p>Supply chain</p>	<p>Palm oil traceability 2014: All palm oil supplies 100 percent traceable to mills 2017: All palm oil supplies 100 percent traceable to plantation level</p> <p>Supplier Code of Conduct (direct raw material suppliers) 2014: Maintain minimum 98 percent implemented (excl. West Africa)</p> <p>Supplier Code of Conduct (direct raw material suppliers) 2014: Maintain 95 percent implemented in West Africa</p>
 <p>Environment</p>	<p>Resource efficiency 3-year resource efficiency process driven by local efficiency teams at all sites: 2013: Teams established, monthly meetings and at least one project initiated 2014: Resource efficiency projects at all sites delivering according to plan 2015: Resource efficiency results documented at all sites</p> <p>Waste 2015: Minimum 98.5 percent of waste disposed as reused, recycled or recovered</p>
 <p>Workplace</p>	<p>Lost Time Injury Rate (LTIR): Work related injuries are unacceptable and AAK is constantly working toward a zero injuries workplace. Reduce LTIR at production sites with minimum 10 percent per year. 2014: Production sites maximum LTIR 1.1 (baseline 2012: 1.4) Sourcing West Africa LTIR at or below 2.3</p>
 <p>Community</p>	<p>Local engagement 2014: Engaging in relevant local projects and activities</p>



Key achievements

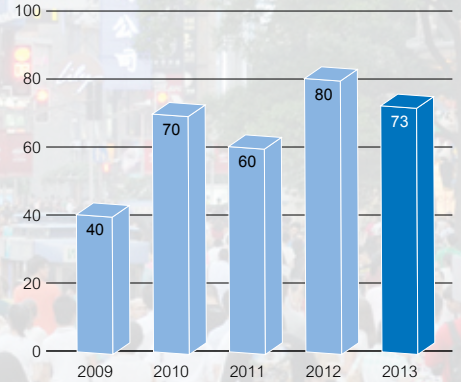
RSPO supply chain certification

Percent of production sites



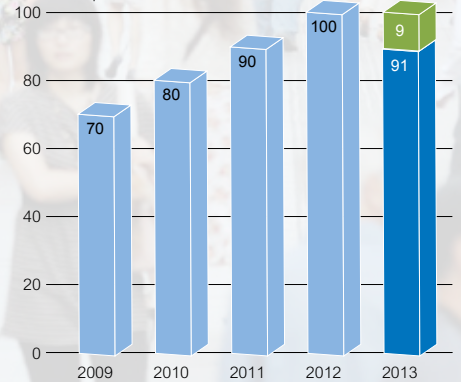
Sedex members

Percent of production sites



Food Safety certified

Percent of production sites



■ In progress



Marketplace

This section covers all areas in which AAK interacts with customers. It includes products, product development, food safety, product information and market communication. Interaction with customers is based on sound business ethics and a deep understanding of the company's responsibility for safeguarding customer brands. As a supplier of ingredients for some of the world's best-known brands, AAK recognizes its role and its customers' expectations and sees these as key elements in the way the AAKtion program is executed.

AAK focuses on three business areas:

- **Food Ingredients**

The largest business area primarily offers solutions to the Bakery, Infant Nutrition, Dairy and Food Service industries

- **Chocolate & Confectionery Fats**

The second largest business area offers cocoa butter alternatives for chocolate, compounds for coating and moulding, and speciality fats for confectionery fillings

- **Technical Products & Feed**

The Technical Products & Feed business area provides biolubricants for metalworking, forestry and construction, fatty acids and glycerine for various applications and proteins and fats for animal feed

Over the years, AAK has established long-standing relationships with customers built on mutual respect and a detailed understanding of customer needs. Knowing your customers means knowing your markets, and that gives AAK a head start when responding to mar-

ket trends. From time to time, AAK even has set new trends through the development of leading-edge products.

Oils and fats from AAK perform valuable functions in customers' products. They may ensure the right meltdown property, carry flavour, supply essential fatty acids, provide texture and much more. In each case, AAK's understanding of customers' requirements is key to developing the right solution.



This is why close cooperation is so important. In cooperation with customer representatives, AAK's product experts test applications, develop solutions and explore new production methods.

Marketplace achievements 2013

RSPO supply chain certification

AAK constantly works to meet its customers' needs and supports them as they move toward certified sustainable palm oil (CSPO).

Judging by current trends, the demand for sustainable palm oil looks set to increase in the coming years. In preparation for this, ten of the eleven AAK production plants that handle palm oil have obtained RSPO Supply Chain Certification, and are now ready to process sustainable palm.

Sedex audit

The Supplier Ethical Data Exchange (Sedex) is an online platform for sharing ethical data between companies and their suppliers. Developed specifically to support the Sedex system, the Sedex Members Ethical Trade Audit (SMETA) follows the same philosophy by enabling the sharing of audit reports with customers who are also Sedex members.

Eight of AAK's eleven reporting production plants are already members of Sedex and

have passed a SMETA audit. More sites are expected to become members of Sedex as the need increases. However, plans for including new acquisitions had to be postponed due to other priorities during 2013.

Infant Nutrition – growing fast in a sustainable way



*Renald Mackintosh
President IFPB*

“ Infant Nutrition is one of the fastest growing business segments in AAK. Main contributing factors, next to right product and maximized service, are quality of the products and trust in the supply chain. Meeting customers' demands, supplying the right product on time and within specification, are our first targets in serving customers on a worldwide basis.

Next to that, our prime strength and capability is to develop customized innovative solutions with specialized compositions for different applications.

Natural products

Different stage formulations require different combinations of ingredients and in a pro-active way we build those combinations together with our customers. Getting as close as possible to the composition of mother's milk with natural products in a sustainable way is our ultimate goal.

Throughout product and application development a strong focus is continuously maintained on CSR to be able to take responsibility on all aspects of the business and supply chain.

In a proactive way we work on sustainable solutions and bring in products with as much transparency in the production line as possible. If needed and possible, segregated product flow lines are implemented. By applying these concepts in the market approach, AAK has increased customer confidence and trust and also maintained the leading position in this area of the company's business.

Value-added solutions

Today, AAK continues to enhance its position as the natural choice for vegetable oils and fats for specialized applications. The increased capabilities of AAK to build special fat structures has brought the company even closer to customers than before. New and innovative technological developments have shown the market that AAK is able to bring value-added solutions in all aspects.

This, combined with a strong and continuing sustainability focus, has generated trust and reward from the customer base and strengthened our belief that AAK is on the right track toward continuous, strong and sustainable growth.



Product development – supporting sustainable growth



*Karsten Nielsen
Chief Technology Officer*

“ For more than 100 years, AAK has refined and developed functionality based on natural and sustainable raw materials and processes. In today's market conditions, AAK continues to build on this experience, meeting global consumers' current and future needs for healthy, natural and affordable food that is produced in a sustainable manner.

Demand for innovative solutions

In recent years, the focus has been on healthier products with improved nutritional value, which at the same time are closer to nature. AAK has seen the healthy trend being driven by consumer awareness in all regions, but increasingly also by national and regional regulation. Adding the requirements of natural products and transparent processing creates an increasing demand for innovative solutions.

Shelf life and sensory qualities

Good, healthy and affordable food products are a requirement in all markets. Specialized vegetable oils and fats are in many cases excellent alternatives to some of the raw materials that are becoming increasingly scarce and costly, in terms of both health and economics.

At the same time, specific needs in emerging markets are becoming drivers for improvements in shelf life and sensory qualities.

In our product development processes, assessing and documenting environmental, health and safety aspects is an integrated part of each project. In this way, we ensure that AAK will continue to stand for functionality based on natural and sustainable raw materials and processes.





Knowledge sharing

In interaction with customers, knowledge sharing is very important. AAK is focusing on customer co-development where one important part is to run customer application trials at one of our pilot plants. This is done in order to offer advice on optimizing customer processes as well as products. For employees at AAK, the dialogue with customers is important, both to gain an understanding of the customer's view and to foster closer cooperation. Both the AAK Academy and the Global Magazine are useful tools for sharing knowledge and to give the latest information.

AAK Academy – the knowledge center for lipid technology

The AAK Academy is a training concept which also facilitates dialogue between customers and AAK.

The AAK Academy is exclusively for customers and its advanced training concept provides a good understanding of lipid technology. The academy cultivates a good understanding of fat technology that guides customers in the search for the most suitable fat for a given product. It also facilitates dialogue between customers and AAK to achieve the best cooperation.

The AAK Academy offers a wide range of courses, and the format is highly flexible, with lecturers selected from the experts among AAK's staff. The Academy's basic courses on oils and fats technology gives a comprehensive overview of relevant topics. The important role of oils and fats in the diet is reviewed from different standpoints. Soft processing methods and



their enhancement of quality and functionality are described, together with food safety and practical advice for handling oils.

Documentation of all lectures

Participants receive complete documentation of all lectures. In addition, they get their own copy of the publication, 'Handbook – Vegetable oils and fats.' This handbook has been written by experts from AAK and contains both theoretical and practical knowledge relating to oils and fats.

Since the beginning, in the early 1990s, AAK has educated thousands of customers in lipid technology. For those customers who do not have the possibility to come to AAK, the Academy is held at customer sites. The goal is to continuously expand the Academy and make it possible for even more customers to be educated in lipid technology.

Global Magazine – latest trends and information

AAK always aims to share the latest information with customers, and one tool for doing this is the Global Magazine.

Published twice a year, it is an important tool for creating and maintaining awareness among customers.

The content varies over time, but topics include new product launches, highlights of product benefits and the latest news from the scientific world. The magazine is highly appreciated by customers, and investors also see it as a good way to receive information about AAK.

AAK's Global Magazine is available as both a printed version and a PDF file that can be downloaded from www.aak.com. It is distributed around the globe and also serves as a marketing tool at exhibitions, conferences and in customer contact.



Substantial product information ensures transparency

The minimum requirement for product information is usually stipulated by legislation and stated in the standard contracts used in our business. Requirements for further information depend on the type of delivery.

For example, they vary according to whether the product is standard or highly refined, and whether they are ingredients or final consumer products.

AAK's product information sheets sometimes have different names in different countries, but in general, three types of information are available:

- **Product Information Sheet/Product Specification** specifies the physical and chemical properties of the products and is often part of a contract
- **Material Safety Data Sheet** relates to safety issues, often concerning transport. This is a legal requirement for chemicals, but not for food. However, most customers demand this information
- **Quality & Product Safety Sheet** contains additional information related to the product such as allergens, GMOs, contaminants, country of origin, raw materials and additives, typical fatty acid composition, etc.



For the majority of products, a Certificate of Analysis accompanies each delivery. The certificate is produced by the relevant AAK laboratory and confirms compliance with agreed product specifications.

A matter of trust

AAK Code of Conduct

When it comes to meeting customers' needs and expectations, trust is just as important as products. AAK customers must be able to rely on AAK as a safe supplier, and particularly upon the company's commitment to working in an ethically sound manner.

The AAK Code of Conduct, which applies to all AAK staff, regulates interaction with both customers and suppliers. The Code is based on the same standards as the supplier codes that customers expect AAK to follow, encompassing ILO conventions, human rights, OECD guidelines and the UN Global Compact. The AAK Code of Conduct is AAK's guarantee to customers that the company acts responsibly, right across the organization.



Food safety

Food safety is another area of customer concern. To satisfy the requirements of customers as well as national and international legislation, AAK's production plants are certified in accordance with recognized standards, and subject to regular audit by third parties. AAK's Quality Control functions ensure and document that each and every delivery lives up to specifications and all food safety requirements.

The AAK Group vision is to be the customers' first choice in value-added vegetable oil solutions. To achieve that, it is important to show customers that AAK is a responsible, trustworthy supplier that would never compromise their brands.

Customer: **FERRERO**



One of our key principles within Ferrero is Respect & Responsibility which include social respect and environmental responsibility. Long lasting relationships between Ferrero and its suppliers remain very important to secure a continuous leverage of sustainable and high quality raw material sourcing.

AAK is one of Ferrero's important suppliers with a long history of mutual respect and common ground on responsible sourcing, this being emphasized by both companies adhering to the 10 universal principles of the UN Global Compact and AAK meeting the requirements in the Ferrero Code of Ethics and the Ferrero Code of Business Conduct.

AAK was also among the suppliers which at an early stage supported Ferrero in achieving our target of sourcing 100 percent sustainable palm oil by the end of 2014 and to secure the future leverage of sustainable sourcing, AAK has committed to partner with Ferrero in meeting the Ferrero Palm Oil Charter.





Better use of resources when used cooking oil is collected



In order to meet demands for a better environment and use of resources, AAK in Dalby has started a cooperation with the company Modern By-Products (MBP) for collecting used cooking oil.

MBP collects used cooking oil from AAK's customers (restaurants, cafés, fast food chains, institutions, etc.) and after cleaning and filtering the oil, the oil is in high demand from the oleo chemical and biodiesel industry. The used oil mainly consists of rapeseed and palm oil.

The goal of this initiative is to help reduce resource wastage and also exploit waste products. It is optional for customers to participate in the program, but a fee is paid for collection to make it attractive.

Collection works very well in Sweden, despite the large area to cover and AAK intends to introduce the system in the Danish market as well during the second half of 2014.



*Francis Craik
Area Sales Manager
Food Service CE Europe*



Third party certification of AAK production plants



91 percent of AAK plants are certified to one or more internationally recognized food safety standards (FSSC 22000/ISO 22000/BRC)

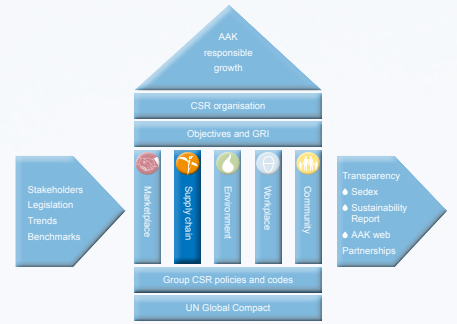
91 percent of sites handling palm oil have RSPO Supply Chain Certification

46 percent of sites are quality management certified according to ISO 9001

36 percent of sites are environmentally certified according to ISO 14001

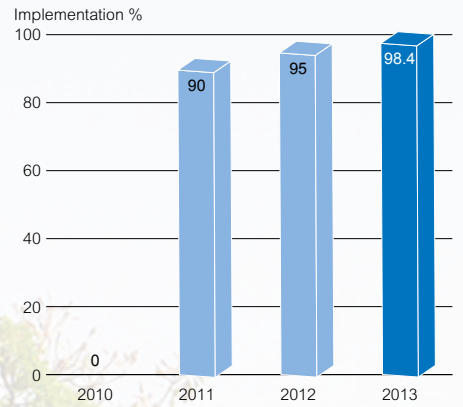
In addition, various production plants are also certified according to other standards such as national energy standards, the KRAV organic standard, feed safety, health and safety, Halal and Kosher production.

The 2012 acquisition is in the process of being Food Safety and RSPO Supply Chain certified.

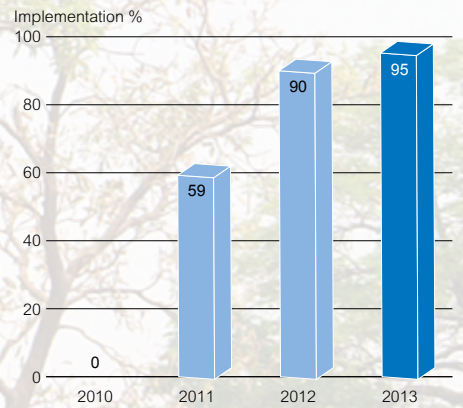


Key achievements

Supplier Code of Conduct excl. West Africa

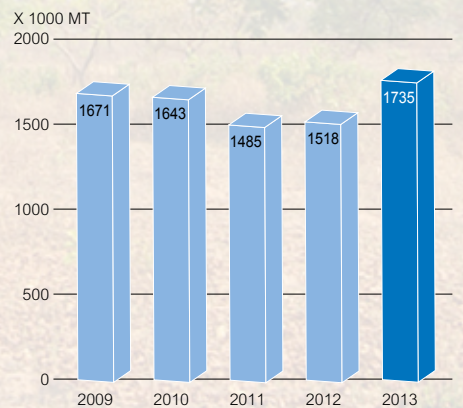


Supplier Code of Conduct in West Africa



Key data

Processed raw materials





Supply chain

This section covers activities related to the sourcing of raw materials that AAK uses in its production plants. Sustainable sourcing of raw materials is the backbone of AAK’s business and a key element of the AAKtion program. The combination of the right raw materials and value-adding functionality is key to the wide range of solutions offered. Just as it is vital for AAK to obtain the right raw materials, AAK places equal emphasis on sustainable growing and procurement. For this reason AAK has implemented a Supplier Code of Conduct that applies to AAK’s direct raw material suppliers worldwide.



AAK Supplier Code of Conduct – all time high level of recognition

Introduced in late 2009, the AAK Supplier Code of Conduct is an integral part of the approval system for suppliers.

During 2013, compliance was 98.4 percent of direct raw material suppliers, who were required to approve and sign the Code or demonstrate their compliance in some other way. The objective for 2014 is to maintain compliance at a minimum 98 percent of raw material suppliers.

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.

In 2013, an all-time high recognition level of 95 percent was achieved and the ambition for 2014 is to maintain a minimum level of 95 percent.

The AAK Supplier Code of Conduct stipulates requirements with regard to the following:

Human rights	Housing
Child labour	Young workers
Working hours	Remuneration
Working environment	Freedom of association
Environment	Corruption
Forced labour	Notification
Discrimination	Workplace violence

Supplier management – a global approved process

In addition to palm oil, shea and rapeseed, AAK processes a range of other raw materials. While AAK's engagement in palm oil and shea is evident, the work to enhance sustainability aspects covers all the raw materials in the company's supply chain.

Until 2010, AAK operated two different supplier approval practices. Since then the company has been working toward integrating them into one common practice, based on quality, food safety, environmental and ethical requirements.

Today, AAK's supplier approved process is globally based on the same principles.

The Supplier Code of Conduct is a fundamental tool for assessing suppliers. In this context, AAK has decided to work within its sphere of influence, i.e. to focus on those whom AAK has the best chance of influencing – AAK's direct raw materials suppliers. Still, by urging suppliers to positively influence their suppliers, AAK aims to broaden the company's sphere of influence and inspire other players in the supply chain to act responsibly.



Continuous work toward an ethical supply chain



*Torben Friis Lange
President ACM and
Sourcing & Trading*

“ AAK's raw materials are derived from renewable sources that originate in a large number of countries around the world and we are very conscious of our obligation to source raw materials in a responsible and sustainable way.

As a leading supplier of high value-added vegetable oil solutions we take a holistic approach to ethical sourcing of our raw materials and continue to increase our focus on social and environmental issues in the supply chain. Our approach includes responsible purchasing practices, community development programs, economic, social and environmental standards for suppliers and engagement with industry collaborations as well as a strong focus on work safety, child labour and regulatory requirements. We use our AAK Supplier Code of Conduct to secure commitment and ensure compliance with our customers' and our own demands.

Sourcing with minimal impact

We are committed to reduce our carbon footprint, also in our sourcing activities and we seek to optimize our logistics and supply chains in a way that impacts our carbon footprint as little as possible for all of our sourcing needs. We aim to keep sourcing all raw materials with minimal impact, for example rapeseed for our local requirements as close to our crushing in Sweden as possible, this in order to reduce our carbon footprint.

The increased interest and commitment from women's groups toward our West African shea project, Kolo Nafaso, assure AAK that the approach and work toward a streamlined and transparent supply chain is successful. Growth in the agricultural sector in Africa has a crucial role to play in improving the incomes of people.

Technology must be balanced with long-term views of sustainable practices that are good for the health of people and land and we are fully committed to persistently work toward a more sustainable and efficient supply chain, benefitting both AAK and all the women collecting shea kernels and their families. Our Kolo Nafaso project in Africa is audited by a third party auditor, something we could extend to other sourcing activities as well.

We continue to be fully committed and engaged with RSPO, however we have seen the need for further progress toward full sustainability in the palm oil supply chain, beyond the current RSPO certification requirements and the AAK Sustainable palm oil policy has been updated accordingly.

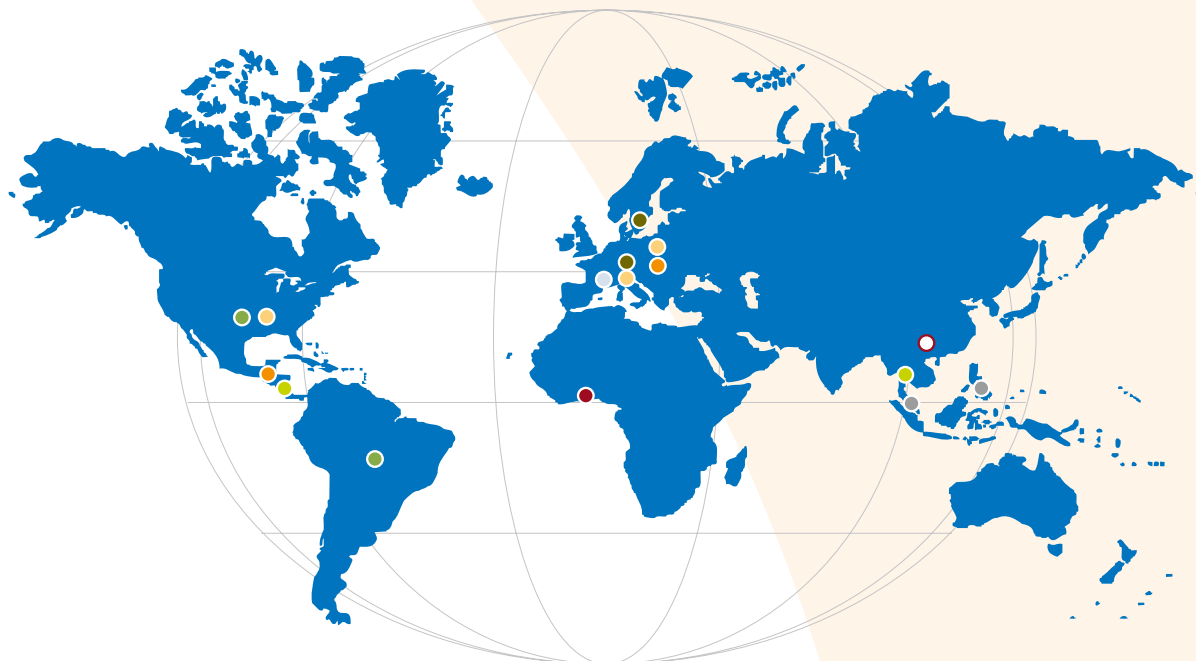
Commitment to no deforestation

We have additionally partnered with Proforest who will support AAK in delivering on our commitment to no deforestation in our palm oil supply chain. Our sustainable palm oil policy will continue to be developed based upon our dialogue with our key stakeholders and the development in the sustainable palm oil market.

In the past years we have been able to influence and change our key sourcing activities to an extent that meets our customers' expectations, but we recognize that we have to do much more and continuously focus on improving our supply chain, from security of supply and consistent quality to sustainability and ethical practices. We will continue to build our sourcing operations based on social and ethical norms and always with respect for people involved in our operation and supply.



AAK sources raw materials from all over the world



Rapeseed



Northern and Central Europe

Palm oil



Asia and Latin America

Palm kernel oil



Asia

Olive oil



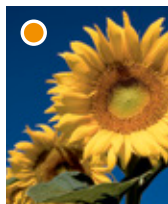
Southern Europe

Soya bean oil



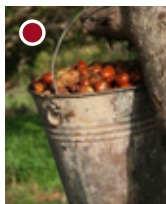
US and South America

Sunflower oil



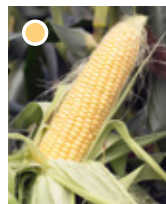
Eastern Europe and Mexico

Shea kernels



West Africa

Corn oil



America and Eastern and Southern Europe

Coconut oil



Malaysia and the Philippines

AAK's core business is speciality vegetable oils that meet the needs of the food, confectionery and cosmetics industries. Sourcing renewable raw materials from around the globe, the broad product portfolio is manufactured at AAK's

production plants in Europe and the Americas. Raw materials are obtained from rapeseed, palm oil, soya beans, shea kernels, sunflower seed, olives and many other sources. Drawing on the company's extensive knowledge

and more than a century of experience, the properties of vegetable oils are exploited to add value to the products of customers within the company's target industries.

Palm

– increasing demand for sustainable palm oil

Globally, palm oil is the most produced and consumed vegetable oil, accounting for 33 percent of the world's vegetable oil production.

Soya bean oil, at 27 percent, holds second place. The oil palm has the highest yield of all oil crops at an average of 3.7 tonnes of oil per hectare – six to ten times more than other oil seed crops.

However, palm oil production has raised serious concerns relating to deforestation and the elimination of endangered animals, to name two. As a consequence, WWF in 2003 initiated the Roundtable on Sustainable Palm Oil (RSPO) along with AAK, Golden Hope Plantations, Migros, Malaysian Palm Oil Association, Sainsbury's and Unilever. The organization has now worked for more than a decade to promote the growth and use of sustainable palm oil worldwide.

One recognized system

We continue to be very engaged in the RSPO, and its Board. AAK recognizes the RSPO certification as the only established and stable systematic organization and standard for sustainable palm oil. RSPO is not perfect. However, it is important to have one well established recognized system rather than a series of individual systems and organizations, which add complexity and might prevent progress toward a fully sustainable palm oil supply chain.

RSPO progress

Due to the position as an intermediary in the palm oil supply chain, AAK is fully dependent on the availability of supply of physical, segregated sustainable palm oil and, to some extent, on demand from customers. Customer requirements define the kind of palm oil delivered by AAK.

In preparation for future demand, all of AAK's major production plants have obtained RSPO Supply Chain Certification and are ready to produce sustainable palm oil as required.

AAK is committed to increasing the volume of RSPO certified raw material that it purchases, with the ultimate objective to achieve RSPO certification of all palm oil purchased. Driven by demand 20 percent of AAK palm oil products are currently RSPO certified, an increase of 6 percentage points from last year. Mindful of the current level of supply and demand which varies significantly between markets, AAK has revised its time bound plan to only handling or supplying RSPO certified crude palm oil by 2018 and all other products by 2020.

Number of roundtable organization members growing



Darrel Webber
RSPO Secretary General

“ The Roundtable on Sustainable Palm Oil (RSPO) was established in 2004 with the objective of promoting the production and uptake of sustainable palm oil through a credible global standard. It is a voluntary membership organization with the far-reaching vision of transforming the markets and making sustainable palm oil the norm. This would go a great distance in addressing the environmental problems that exist with unsustainable palm oil production.

Involvement with all palm oil players

We acknowledge that while the vision of global sustainable palm oil is closer to reality today than when we started in 2004, it still remains a high bar. However, because of our continual

open engagement and involvement with all palm oil players, we believe we have the right strategy to achieve this desired outcome. The key is to support companies who are trying to do the right thing. Today, we facilitate more than 1,600 members in over 70 countries, including the key players in the palm oil supply chain, to identify issues and design lasting and practical solutions that benefit small and large growers, the environment, and local communities involved.

RSPO “

Supporting the production of sustainable palm oil

Food manufacturers and retailers have a simple way to reward palm oil producers for adhering to sustainable and responsible practices, and to tell their customers that they do so.

It is an exclusive, RSPO-endorsed, web-based platform for trading in sustainable palm oil certificates, called the GreenPalm Program.

Organized by Book & Claim Ltd, an AAK subsidiary, the platform makes it possible for food manufacturers to pay producers directly

for producing RSPO certified sustainable palm oil (CSPO). There are three obvious advantages to this:

- Manufacturers of consumer products get a simple way to support sustainable palm production
- Smallholders who lack access to a certified supply chain can obtain a premium for their efforts

- No requirements for supply chain certification makes this the fastest way to engage in the support of sustainable palm oil

The GreenPalm Program supports the production of sustainable palm products that meet the requirements defined in the Principles and Criteria of the Roundtable on Sustainable Palm Oil (RSPO).



GreenPalm – supporting independent smallholders



RSPO certified groups of independent smallholders from Indonesia and Malaysia have joined Thailand in selling their certified production via GreenPalm certificates during 2013.

Buyers have been able to reward the groups who achieved RSPO certification directly through the Off Market Deal facility (OMD) offered by GreenPalm. OMDs allow specific buyers to directly support specific sellers of certificates and, in doing so, add a level of traceability to the claims or statements they can make.



The OMD facility is available to any GreenPalm member who wishes to know which RSPO certified producer they are supporting.

The volumes traded for 2013 finished at 3.5 million certificates. A significant increase in volume was seen in PKO certificates – approximately 519,000 represents a 40 percent in-

crease on the previous year's volume. Coupled with the volume growth, we see that premiums paid for PKO certificates rose dramatically during 2013. PKO certificate premiums topped at \$90/certificate.

PKO certificate trades have contributed to significant rewards being returned to RSPO certified growers. At the end of 2013 a total of \$52 million had been paid to growers through GreenPalm versus \$33 million at the end of 2012.



*Bob Norman
General Manager GreenPalm*

AAK sustainable palm oil commitments

AAK's Sustainable palm oil policy has been developed significantly over the past year, with contributions from various stakeholders. In a dynamic environment, commitments from customers and suppliers relating to sustainable palm oil have seen parallel development. AAK's policy is consistent with a wider market move, and puts AAK at the forefront of palm sustainability.

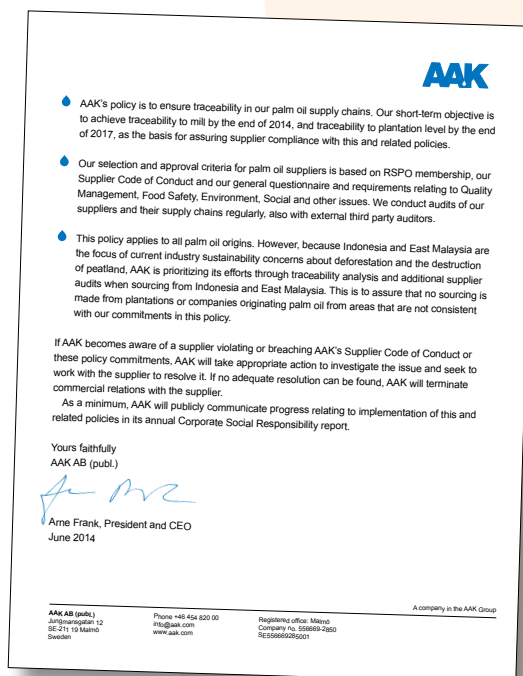
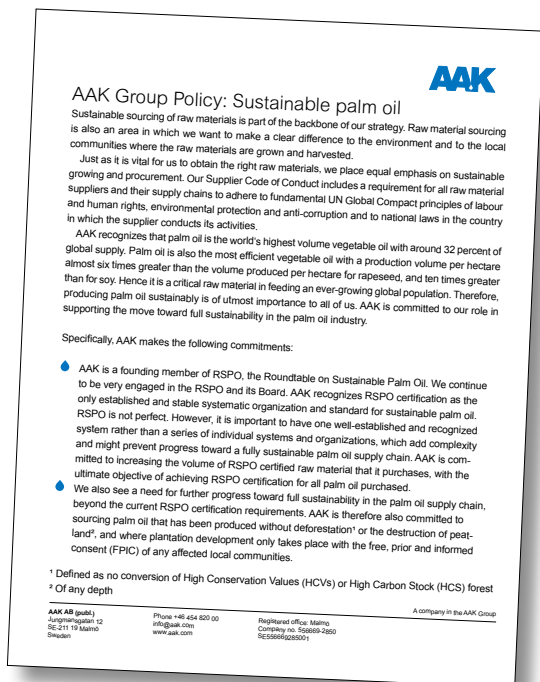
AAK's policy is founded on the following pillars:

- support for the Roundtable on Sustainable Palm Oil (RSPO)
- traceability
- no deforestation
- no development of peatland
- free, prior and informed consent (FPIC)

AAK has clear definitions for traceability, peatland development and FPIC. For deforestation and FPIC we rely on RSPO definitions, supplementing the High Conservation Value (HCV) RSPO definition used for deforestation

with High Carbon Stock (HCS), but mindful that there is as yet no common industry definition of HCS. Until a common framework has been developed, AAK will apply the HCS framework and identification tool that have been developed by Greenpeace and others.

AAK's policy is to communicate progress as a minimum annually in our Corporate Social Responsibility report. We seek constantly to improve our policy as further issues and demands emerge, at the same time being mindful that practical application is at least as important as fine words.



Partner for responsible sourcing of palm oil



Since May 2014, AAK has partnered with Proforest in the implementation of AAK's responsible sourcing objectives for palm oil. Proforest is an internationally recognized, independent organization delivering sustainable natural resource management.

Proforest was established in 2000 and works alongside producers, industry, governments, NGOs and communities to help them understand and address their sustainability challenges, bridge their differences and arrive at effective, integrated solutions. Proforest operates through four regional offices, located in the UK, Malaysia, Brazil and Ghana, and specializes in the agricultural and forestry sectors.



Proforest has been working in the palm oil sector since 2004, focusing on both long-term programs to improve the sustainability of the sector, and working with corporate partners at both producer level and downstream with processors, consumer goods producers and retailers. Proforest has also provided technical support to the RSPO since its inception. More specifically, Proforest's consultancy support in the palm oil sector includes helping with policy development, working with growers and producers to assist them in meeting sustainability requirements, and long-term programs to work toward responsible sourcing objectives.

Implementing the palm oil policy

Proforest's consultancy reputation is built on a combination of technical strength and a practical approach, and these are the factors that will characterize the support for AAK, as they continue their program for the responsible sourcing of palm oil. The scope of the partnership will cover a range of activities to support implementation of the responsible palm oil sourcing policy, including: (1) general strategic and policy-level assistance; (2) helping AAK to ensure that the Group's targets for traceability are achieved, and (3) implementation of a risk-based program of supplier assessments.

Neil Judd
Director Proforest



Sustainability is a dynamic objective

We continue to get an even better understanding of how we can ensure sustainability of our activities, including responsible sourcing of palm oil. To continuously build this understanding, we monitor the development in the global palm oil supply chain from plantation to consumer. To ensure that we are well prepared to meet the needs of our customers, we monitor the situation at our suppliers, our competitors and our customers, as well as the retailers' and the consumers' situation and proactively manage our supply base.

An additional key contribution to our understanding is the continuing engagement with our key stakeholders covering investors, suppliers, customers, partners and NGOs. Their knowledge and opinions have been very valuable in the on-going development of our sustainable palm oil policy and will continue to be an important source for our future development within the area.



Sustainability through teamwork

Developing our policy and putting it into action has been driven through a cross-functional and cross-border cooperation. In 2013 we established a Palm Sustainability Task Force with members of the functions being key to ensure the sustainability of our palm oil. The objective of this task force is to develop our policy, to ensure delivery upon our commitments in our policy and to stay ahead of the market needs. The task force has members from Sourcing & Trading, Operations, Sales & Marketing and CSR and they meet frequently. Recently our external partner Proforest joined the task force.

Our global Sourcing & Trading team is playing a key role in delivery on our policy commitments. The team has been working proactively with our global supply base for palm oil. This is to ensure that all of our suppliers understand

our commitments and the requirements they need to meet in order to continue to be part of our supply chain.

Our global Operations team has ensured that all our sites are RSPO certified and manage our supply on a daily basis according to market needs.

Further in 2013 we established a Sustainable Palm Oil Champions network with the objective to ensure that we track and adjust to trends in the local markets globally, that our sales people everywhere are well aware of our sustainable palm oil solutions for our customers, and that they share best practices from more developed sustainable palm oil markets with less developed ones. The network has members from all of our sales regions around the world and they meet on a monthly basis.



Palm oil traceability progress

Policy into action

To deliver on our sustainable palm oil policy commitments of no deforestation and no development on peatland, we have commenced tracing our palm oil back to the mill where it was produced, and back to the plantation on which it was grown. AAK believes that having traceability to a known source is an important step toward meeting the standards set by ourselves and our customers. Traceability itself is not an objective, but a tool in the process of making a proper risk evaluation of the origin of our palm oil. Our traceability process is well supported by the majority of our current palm oil suppliers, who have submitted required information to AAK. This information includes the name and location of supplying palm oil mills. As stated in AAK's sustainable palm oil policy, the target is to have a palm oil supply chain that is 100 percent traceable to mill by the end of 2014, and to plantation level by 2017.

Our external partner

On our onwards journey to ensure a sustainable supply chain for palm oil, AAK has recognized the need for external expertise. To that end, AAK has chosen Proforest as a partner. Proforest is supporting us in implementing a risk management-based approach to our supply chain assessment to provide assurance on no deforestation and no development on peatland. Initially, Proforest will focus on the information collected by AAK, and support us in identifying areas at potential risk of deforestation and peatland development in our palm oil supply chain.

Traceability progress

Information is being collected from our palm oil suppliers around the world in order to trace our supply base. The majority of AAK's palm oil suppliers have been very cooperative in sharing the location of mills from where their crude oil is sourced, enabling us to achieve strong progress. By August we have achieved traceability to mills of 89 percent for palm oil sourced at origin, 76 percent for palm kernel oil sourced at origin, 13 percent for palm oil and palm kernel oil sourced from outside origin areas (such products are subject to more complex supply chains), and 50 percent for palm oil by-products and residuals. We still see challenges ahead to attaining within 2014 full traceability for oil sourced from outside origin areas, palm kernel oil and palm oil residuals. However, overall we are pleased at this stage to have achieved 78 percent traceable to mills.

Ensuring sustainability

Parallel to our on-going work to establish traceability to palm oil mills, Proforest has developed a risk management assessment methodology for AAK, based on the objective of providing assurance of compliance with AAK's policy commitments. Using the traceability information gathered, Proforest will conduct desk-based risk management assessments of AAK's supply base, in order to define relative risk levels, and identify where there is any significant risk of non-compliance with AAK's policies. Higher risk origins will be identified and prioritized for inclusion in a site assessment programme. The risk assessment involves a three stage process:

- Qualitative risk assessment of palm oil origins based on key factors such as the country of origin. Other factors that will also be taken into consideration are relative volumes of supply, RSPO certification and/or membership status and any specific supplier issues. This methodology is currently being tested and evaluated at selected locations.
- For higher risk origins, a more detailed risk assessment of mill locations based on geospatial data using the Global Forest Watch platform developed and maintained by the World Resources Institute (WRI), will be undertaken.
- Where there are specific and known high risks, a further step will involve customized analysis of geospatial datasets for origins in Indonesia and Malaysia.

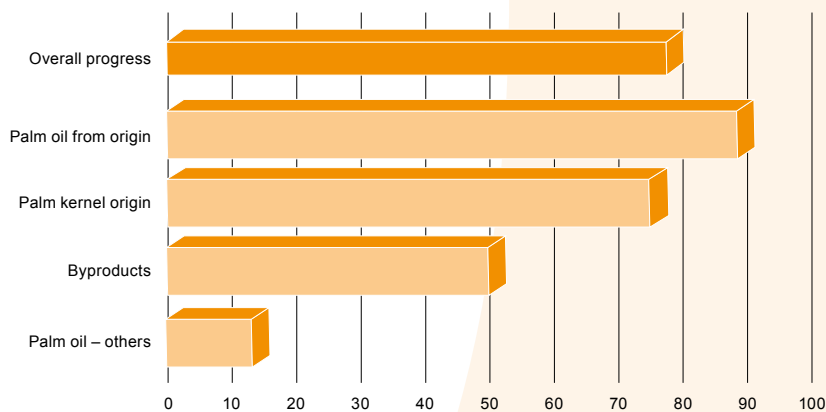
As a result of the risk assessment process, any high risk mills in the supply base will be identified and prioritized for inclusion in a mill site assessment programme, where on-site assessments of policy compliance will take place. These will be integrated with AAK's existing supplier audit programme. The assessment will be summarized in a report including guidance to the supplier regarding corrective action. This report will focus on the key areas of non-compliance identified, and give pragmatic recommendations for continuous improvement and corrective actions that need to be undertaken by the supplier. Where the result of a site assessment indicate critical non-compliance, AAK will take appropriate action and potentially suspend procurement from a specific mill.

Concluding remarks

AAK has set its sustainable palm oil policy into action. We have

- established an AAK global palm oil task force to manage, coordinate, support and drive progress to achieve our sustainable palm oil objectives;
- achieved strong progress tracing palm oil, palm kernel oil and residuals back to mill origin;
- partnered with internationally recognized independent expert Proforest to assist us in implementing our sustainable palm oil policy;
- developed a risk management assessment methodology, currently being pilot-tested and evaluated at selected locations.

Traceability to mill progress



Rapeseed

– sourcing close to home

Rapeseed is an important raw material at AAK. Thanks to local seed suppliers and in-house processing, AAK can offer oils from traditional seeds and a range of speciality variants.

Most of the rapeseed used by AAK's products is grown in Sweden, where farms have increased their output in recent years. Through close cooperation with the farmers, AAK is able to maintain control of the entire value chain, from the production of raw material to finished products. The rapeseed meal that remains after oil extraction is used as animal feed.

With a high oleic acid content, rapeseed oil has the lowest saturated fat content of all vegetable oils and is high in monounsaturated fatty acids. It also contains the essential fatty acids linoleic acid (Omega 6) and alpha-linolenic acid (Omega 3), as well as vitamin E (tocopherol) and vitamin K.

Its nutritional and functional properties mean that rapeseed oil is ideal for use as a cooking oil or ingredient. Food applications range from mayonnaise and salad dressings to baby food. In margarines and bakery products, rapeseed oil ensures the right consistency and an improved nutritional profile.

For high-temperature processes, high-oleic-acid varieties of rapeseed are significantly more suitable. The advantages are a low saturated fat content together with good thermal and storage stability.





Shea

– a strategic raw material

Shea kernels are a very important and unique raw material for AAK. The shea tree is a wild tree growing in a belt across Africa south of Sahara.

Countries with the highest population of shea trees include Mali, Burkina Faso, Nigeria, Ghana, Ivory Coast, Benin and Togo – also some of the least developed countries in the world. Due to a very long maturity period, shea trees are not grown in plantations.



Over more than 60 years, AAK has gained extensive knowledge and experience of this raw material and the local communities in which AAK operates. Selected shea trees are continuously monitored to assess the size of the next harvest, and a number of processes take place to ensure an unbroken supply chain from the collection of shea kernels and early pre-treatment, to transportation to ports and warehouses and then shipment to Northern Europe.

Improved livelihood

AAK works with the women who collect the shea kernels, building capacity in local communities. AAK's work in these areas includes the formation and teaching of women's groups in villages, and by doing direct business with them, the women have been able to markedly improve their livelihood.

Good crop in the 2013/2014 season



Shea is a wild crop, meaning we never experience two similar seasons. The 2013/2014 season produced quite a good crop. For the women in West Africa, it was possible to collect a lot of shea kernels with less effort than the previous year.

AAK continued the pursuit for streamlining and increasing the supply chain from the West African women to the company's factories in Scandinavia. Last year, the construction of a new yard was initiated in Bobo Dioulassou (Burkina Faso), which is scheduled to be ready August 2014. This yard will further improve AAK's influence on the business conduct and working conditions in the West African bush. The yard comprises warehouses, weighing bridges, offices, laboratories, staff quarters and a workshop for trucks.

In all of the entities we operate in West Africa, we put great effort into complying with national

legislation and providing means of health to our staff, such as vaccination programs and mosquito nets.

For all of the companies we work with in West Africa, we put great effort into spreading knowledge, understanding and eventually full compliance with the AAK Supplier Code of Conduct. We do realize that full compliance will only happen gradually and at a steady pace.

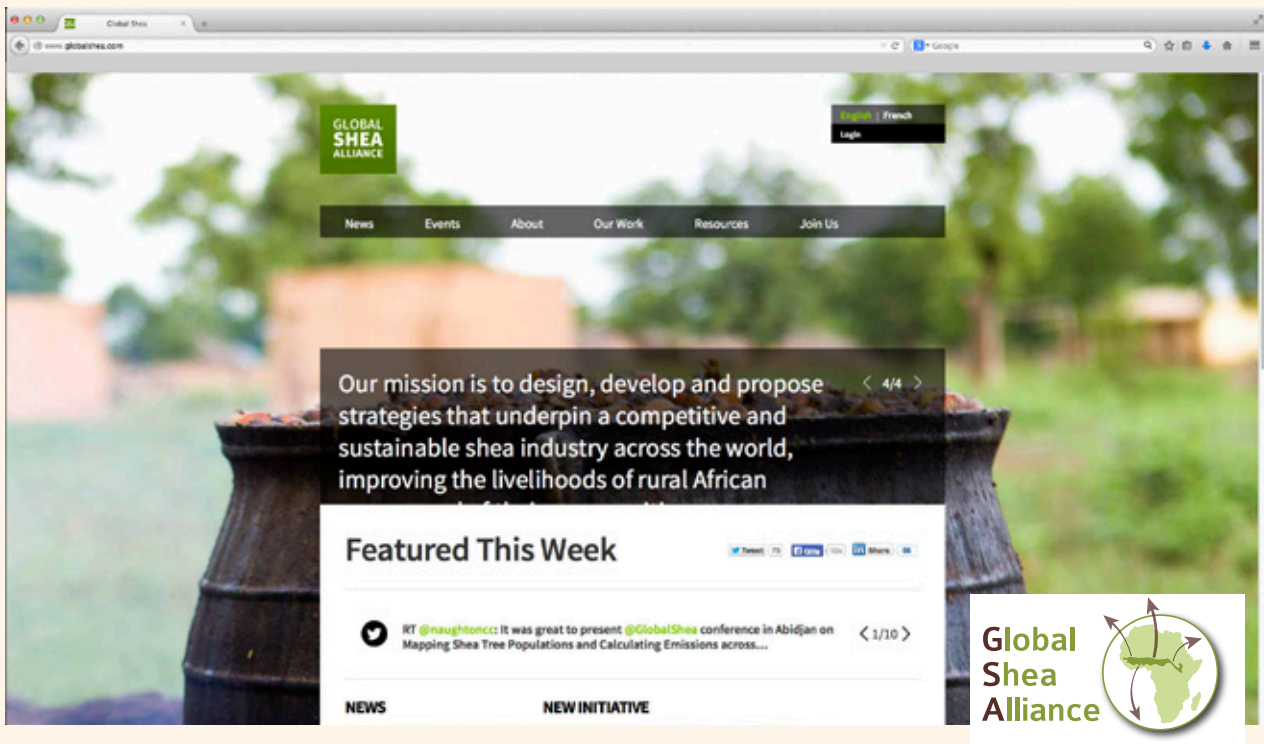
AAK continues its involvement as a founding member of the Global Shea Alliance. AAK has been part of the Quality working group and is a sustainable partner.

In the years to come, we intend to continue this path toward a short, streamlined and transparent supply chain. We will continue to aim for a sustainable value chain and thus also focus on environmental aspects. We are open to cooperation with all stakeholders that share this vision.



Henrik Vingaard
Sourcing & Trading Director

This is Global Shea Alliance



The Global Shea Alliance is a multi-stakeholder non-profit organization established in 2011 with AAK as one of its founding members. Today, the organization has more than 350 members from 25 different countries.

The purpose of the alliance is to drive a competitive and sustainable shea industry worldwide, improving the livelihoods of rural African women and their communities.

More information about the Global Shea Alliance can be found at www.globalshea.com.

New members in Global Shea Alliance



Joseph Funt
Managing Director
Global Shea Alliance

“ 2013 was a year of significant growth for the Global Shea Alliance, and 120 new members were added. The GSA now has 375 members from 25 different countries, including women’s groups, non-profits, US and European food and cosmetic brands, and international oils and fats suppliers.

The GSA launched a sustainability program and members are now undertaking projects related to work streams and guidelines developed through a multi-stakeholder process. The program addresses key sustainability challenges including women’s empowerment, decent working conditions, development of local communities, and the protection of ecosystems across the industry.

First standard for daily trading

To promote quality, the GSA established its first standard for daily trading of kernels and

trained 14,876 women collectors in West Africa in best practices for collection, processing, and storage.

The GSA, that also promotes shea worldwide, held international conferences in Abuja, Nigeria and New York, NY that attracted 500 participants and also presented at WTO’s Aid for Trade initiative in Geneva. More than 20 articles in international publications referenced GSA efforts this year, including the New York Times, Confectionery News, and Cosmopolitan.

The GSA mandate to promote the industry and ensure sustainability and quality is robust and requires collaboration and action by members and stakeholders around the world. In 2014, the GSA needs to continue to expand its initiatives, further engaging women’s groups, food and cosmetic brands, retailers, and governments across Africa.





Kolo Nafaso – women’s groups in Burkina Faso



During the past season, i.e. 2013/2014, we continued our work with women’s groups in Burkina Faso. This project started in 2009, and is now turning into a permanent way of buying shea kernels.

The aim is to develop the trade and AAK is thus educating the women in how to treat the shea kernels in the best possible way, from collection to storing the shea kernels. This work will increase income from the shea trade for the women, generated by higher quality shea kernels.

In the season from June 2013 to May 2014,

AAK increased the number of women involved from 14,000 to 37,000.

Our objective was 30,000 women, but the interest from the women to participate exceeded our expectations. We continue to follow the Fair Trade principles in our work with the women’s groups and give the women full freedom with whom to trade with.

Some of the Fair Trade criteria are pre-financing, education, facilitation in logistical issues and transparency. Transparency of the market is of vital importance for the trade in order to elevate the women’s livelihood.

We have set a new goal for our work in the coming season, which means that we aim to

include 50,000 women in our work with the women’s groups in Burkina Faso.

As in previous seasons, we have also this season conducted a questionnaire among the women and the women’s groups in order to follow up on our initiatives and performance. We thus get feedback giving mutual improvement areas to work on in the coming years. This cooperation is of vital importance for both parties and is leading the way to a more transparent market.



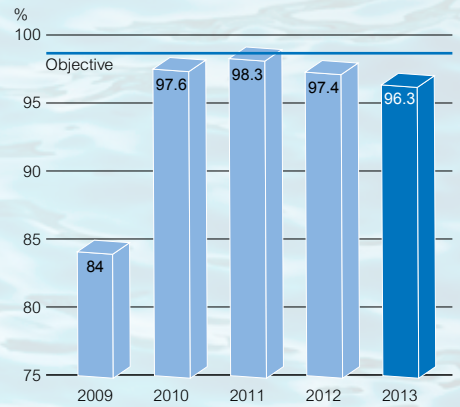
Monika Hjorth
Sourcing & Trading Manager





Key achievements

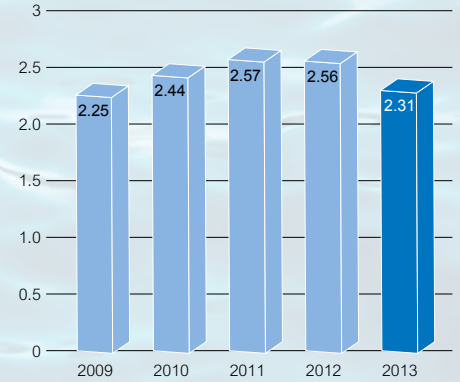
Waste to reuse, recycle or recovery



Key data

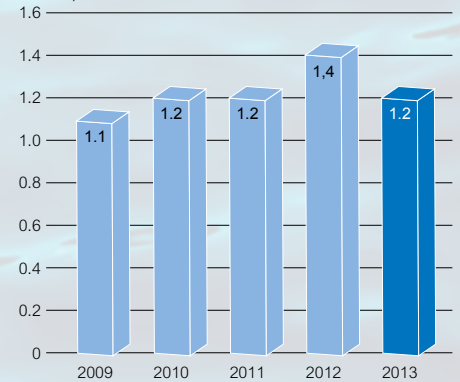
Energy consumption

Per unit processed material



Water consumption

Per unit processed material





Environment

The section on Environment covers AAK's impact on the environment in terms of consumption and emissions from our production plants. To make this section easier to navigate, it has been divided into four sub-sections: Energy, Air, Water and Waste.

AAK's production plants differ in size, capacity and the types of processes used. Processing vegetable oils is both complex and energy-intensive.

AAK is very much aware of the footprint that production plants leave on the environment. Therefore, the company constantly strives to reduce its consumption of energy and water, and to reduce waste and emissions. As part

of the AAKtion program, the aim is to become more environmentally friendly – and improve day by day.

To achieve this, environmental projects are implemented, consumption and emissions are monitored, and best practices are identified by benchmarking production plants against each other and against other players in the industry. A handful of AAK's various environmental pro-

jects are described in this section, presented by the employees who are directly involved in achieving the results.

As a matter of course, we take environmental laws and regulations very seriously and are proud to report that, in 2013, we recorded no incidents of non-compliance.

Environmental objectives

Resource efficiency – results driven by local teams

A common way of measuring resource efficiency is to calculate the amount of resources consumed versus the production output. However, AAK's strategy of producing and selling more specialized, refined products means that, all things being equal, we require more resources per unit of output. This sometimes blurs the results of efficiency initiatives and makes it hard to paint a clear picture and give well-earned credit to the projects.

For this reason, a decision has been taken to focus on local organization, projects, progress and results driven by local resource efficiency teams.

The process will be as follows:

- 2013:** Teams established, monthly meetings and at least one project initiated
- 2014:** Resource efficiency projects at all sites are delivering according to plan
- 2015:** Resource efficiency results documented at all sites

Initially this objective only focused on energy efficiency. However, the objective has now been extended to any resource used in the company's processes – not only energy.

Waste

Sending waste to landfill means not utilizing any of the potential value that may still be present. What's more, in many countries, a landfill tax has been introduced to reduce the amount of waste disposed of in this way.

AAK's objective is that, by the end of 2015, minimum 98.5 percent of the company's waste will go to reuse, recycling or recovery. During 2013, 3.7 percent (equal to 2,700 MT) of the total waste was disposed of in the least

favourable way: landfill. The remaining 96.3 percent of the waste material was disposed for reuse, recycling or recovery. This is a decline of 1.1 percentage points compared to 2012.

The main causes are new acquisitions with less focus on waste and a change in US federal legislation regarding used bleaching earth. In spite of these new challenges, the aim is still to achieve the 2015 target.



The development that we want our waste disposal to follow: going from waste to landfill, over recovery, recycling and reuse, to reduction.

How we create value



David Smith
President European Supply Chain

“ As the leading producer of speciality oils, we know all too well that our future hinges on our ability to create value by doing more with less. Today we focus on providing tailored solutions to our customers, which is what really differentiates our business. Through improvements within our supply chain and by improving functionality and consistency of our product, while at the same time reducing waste throughout, we believe that we are improving performance for our customers as well.

In 2011, initiating a process of change, we launched a new operational strategy with clearly defined targets for improved performance. The year after, we focused on executing that strategy which resulted in performance improvements in all of our facilities. During 2013, we improved productivity within our European Supply Chain by 30 percent with our largest site achieving an exceptional 60 percent.

In this Environment section, we present just a few examples of the improvements that have been made to our business and where we have significantly reduced our consumption of resources, whilst improving productivity and reducing waste.

Our operational mission is to be the leader within our field, and our approach is to focus on a global supply chain organization, where we all can learn from each other and share best practices. In order to do this, we review our supply chains from end to end for sustainability, and every year our global heads of operations meet to share these best practices.

There is clarity in where we want to go and what we want to do. We have set realistic targets and have mapped out a journey to drive value creation which has already begun.



Energy

Energy costs and the link between energy consumption and impact on the climate motivate continued focus on energy issues. Responsible growth is only possible if energy consumption and costs are kept as low as possible.

Due to the industry's relatively high energy consumption, efforts to increase energy efficiency and, where possible, move toward renewable energy sources are important.

The type of energy used at AAK's production plants varies considerably and very much depends on location. In Montevideo, Uruguay,

all direct energy consumed is derived from biomass, while in Louisville, Kentucky, for example, all energy comes from coal. Some production plants have their own power plant and sell energy in the form of steam and electricity externally. The total energy consumption given in this report has been adjusted for this.

In 2013, AAK's production plants had a combined direct energy consumption of 3,756,000 GJ, an increase of 4.5 percent compared to 2012. Direct energy consumption from renewable resources constitutes 26 percent.

During the same period, electricity purchases (indirect energy consumption) decreased by 0.8

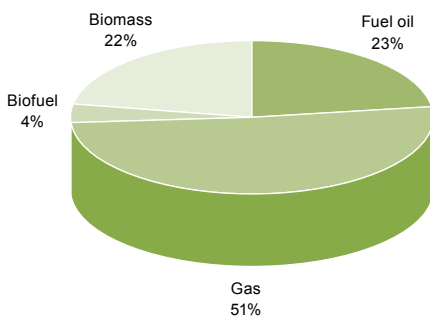
percent to 733,000 GJ. The proportion of green electricity constitutes 39 percent. Several sites are purchasing 100 percent green electricity.

Energy consumption decreased by 9.9 percent

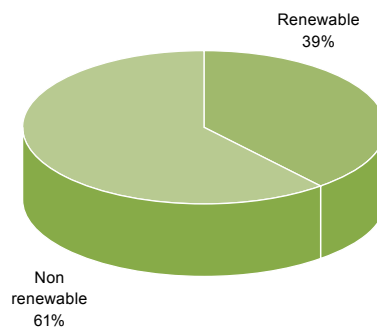
Overall, total energy consumption reached 4,489,000 GJ, an increase of 3.5 percent. Calculated per MT produced, energy consumption has decreased by 9.9 percent despite a strategic decision to increase the production of highly refined products which, all other things being equal, require more energy to process.

Direct energy consumption 2013

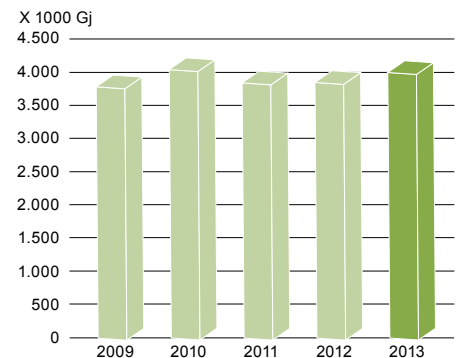
Per energy



Purchased electricity 2013



Total energy consumption





Small percentages can be big improvements and savings



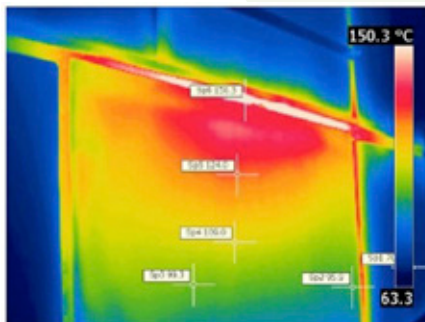
Energy waste from steam production mainly comes from flue gas and energy lost through the outer surface of the boiler, especially if the boiler is old and has poor insulation.

This was the case for the main boilers at our Aarhus site, so we started to measure and calculate where and how much energy was lost, and investigating the risks.

Additional insulation

Many boilers have natural circulation of the water inside the boiler which depend on the right temperature differences in the boiler. If the temperature differences are not correct then the boiler will stop working and most likely be ruined due to overheating. To make sure this was not the case, we bought in external specialists to help us, and they concluded that with an additional 200 mm of insulation there would be no risk.

99 percent of the outer surface had temperatures in the range of 40–110 °C, the last 1 percent of the surface had a temperature of 260 °C. Calculations showed that if this 1 percent of the surface was also insulated, it would increase the energy saving by 10 percent, so that was the measure that was taken.



Heat sensitive photograph of a side panel with poor insulation behind.

The reduction of our energy cost for steam was calculated to be 1.3 percent.

Savings of DKK 1 million

It took approximately four months to expand the insulation with 200 mm for each boiler. More than 100 pipes, valves, instruments and electrical wires had to be moved on each boiler to make room for the new insulation. Today we have a better working environment (not so hot) for the employees in the Power Plant. In addition, we have also reduced our CO₂ emissions by 858 MT per year and our annual energy cost by DKK 1 million.



Henrik Wessman
Engineering Manager, Aarhus

Air

AAK works actively toward eliminating equipment that uses ozone-depleting substances.

Rising average temperatures, more extreme weather and changes in rainfall patterns are all symptoms of the climate change we are experiencing.

Today, legislation and markets aim to mitigate these changes by reducing the greenhouse gas emissions believed to be the driver of global climate change. AAK is playing its part.

In 2013, AAK generated 251,000 MT of

carbon dioxide at the production plants, which is 1.1 percent less than in 2012. 36 percent of direct carbon dioxide emissions stemmed from renewable resources.

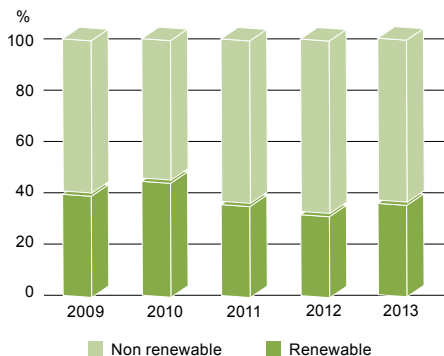
Carbon dioxide emissions from fossil fuel per MT processed decreased 18.1 percent compared to 2012.

The ozone layer protects life on earth by filtering out some of the sun's harmful UV radiation. For that reason, any thinning of the ozone layer is hazardous. AAK works actively toward eliminating all equipment that uses ozone-depleting substances (ODS), which

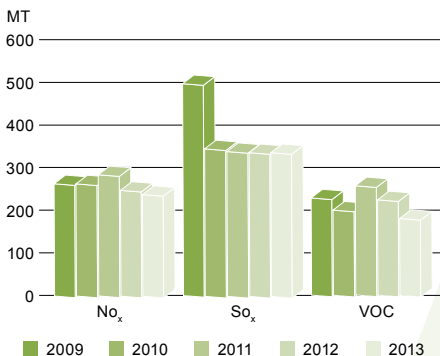
are generally used for cooling. Due to new acquisitions, a significant rise was experienced in 2013, from 27 kg to 3,127 kg of OSD. Plans to bring that down will be established.

Due to the Group's use of fuels, its production plants emit 242 MT NO_x (nitrogen oxide) and 225 MT SO_x (sulphur oxide). 185 MT VOC (Volatile Organic Compounds) are also emitted from plants that run extraction and solvent fractionation processes. Progress is constantly monitored across all production plants and all three gases decreased between 3 and 30 percent.

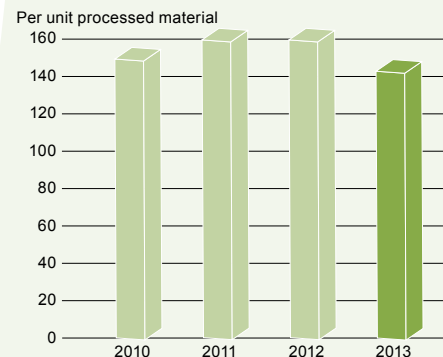
Direct CO₂ emission



Direct emissions



Total direct CO₂ emission



Wood pellets contributes to local community sustainability



AAK's setup in Uruguay takes advantage of the country's rather unique pool of resources in terms of renewable energies (87 percent of the electrical energy generated in the country came from non-fossil sources in 2013).

The steam for AAK's productive processes, which represents 88 percent of all the energy consumption of the plant, is generated by means of a wood pellet boiler. Wood pellets according to IPCC are considered part of the natural carbon balance of the ecosystem.

For AAK in Uruguay, the use of wood pellets as a combustible not only represents an environmental benefit, it is also a valuable contribution to local community sustainability, since increased wood production, encouraged by the forest policy of Uruguay, has had a positive impact on the generation of income and employment for many families.



Maria Soledad
Regional Manager for Applications and Product Quality in Uruguay.



Water

Water consumption

In addition to being energy-intensive, vegetable oil processing requires large amounts of water, mainly for cooling and steam production. Most AAK products do not contain water on leaving the plants.

Combined, the Group's production plants use approximately 41,000,000 m³ of surface water. This water, which is used for cooling, has no contact with products or pollutants and is returned to the source without any change in quality. The discharged water may, however, be slightly warmer than when entering the Group's system. Surface water consumption stayed at the same level as last year.

Ground water and municipal water used in processing totalled 2,100,000 m³, the same level compared to 2012. Calculated as pro-

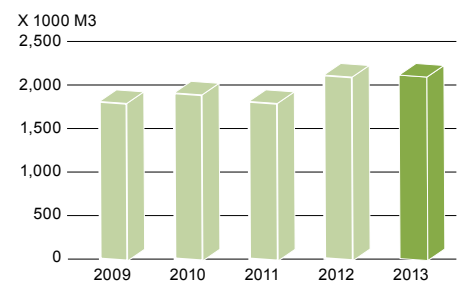
cessing water per MT produced, consumption has decreased by 13 percent, the result of multiple water efficiency projects across the Group's production sites.

Water discharge

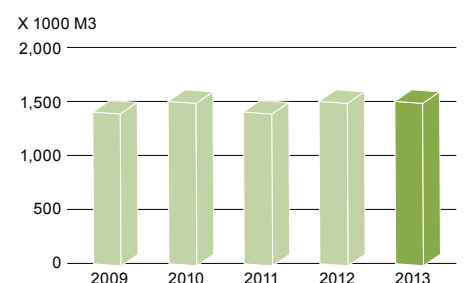
When water is discharged, its quality is measured by two different methods: BOD5 (biochemical oxygen demand) and COD (chemical oxygen demand). This determines the degree of pollution and has to be within stipulated limit values. The method used is defined by the local authorities.

Total BOD5 for sites using this method was 7 MT while COD was 784 MT. Measurements are within the stipulated limits. All discharged water from AAK sites is treated at own or municipal treatment plants.

Water consumption



Water discharge





Water Saving Program at AAK in Mexico reduced consumption by 30 percent



During the first months of 2013, the Optimization Committee of AAK in Mexico made an analysis to find improvement aspects. The analysis showed that water consumption was a critical aspect at that time.

Therefore we established the objective of water saving and programs to be implemented.

The objective was a 10 percent reduction of the total water consumption compared with 2012.

The programs implemented were:

- Recycle program. A key action was the installation and startup of the water recycling plant, which began operating in March 2013. The contribution was 28,000 m³/year.



- Condensate recovery program. Condensate recovery was improved and became more efficient in various areas of the plant.
- Optimization of the cooling tower operation. The following actions were taken:
 - Installation of automatic purges and level controls.

- Improvement of the physical conditions of the cooling towers.
- A program was reinforced to identify and eliminate steam and water leaks.
- Cleaning practices were modified to try to reduce water consumption.

The total water consumption reduction was 30 percent compared to 2012, which represents 113,687 m³/year. This is equivalent to the annual consumption of 577 homes in Mexico.

The challenge now is to continue finding opportunities to contribute to the reduction of water consumption. In 2014, we aim to save an additional 3 percent to the 30 percent we have already reached.



*José Luis Paredes Goche
Safety & Hygiene, AAK Mexico*

Waste

During 2013, AAK's production plants generated 73,000 MT of waste, a 5 percent decrease compared to 2012. 99.7 percent of the total amount of waste was non-hazardous.

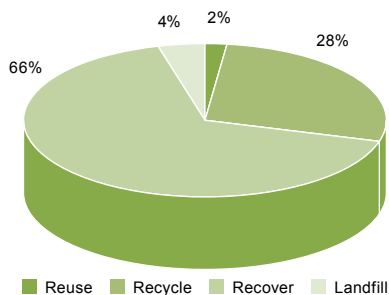
In waste disposal, there is a clear, very determined effort toward reducing waste going to landfill. Nevertheless, new acquisitions joining the AAK Group had previously had a low waste disposal focus and their challenge now is to improve waste management to a level that meets AAK's objective for 2015, which is sending less than 1.5 percent to landfill. Changes to US legislation regarding the use of bleaching earth also presents new challenges. In 2013, 2,700 MT were disposed of as landfill, which is an increase of 700 MT compared to 2012.

A large proportion of the waste is shea meal, which is the residual product when oil is extracted from shea kernels. Shea meal has no

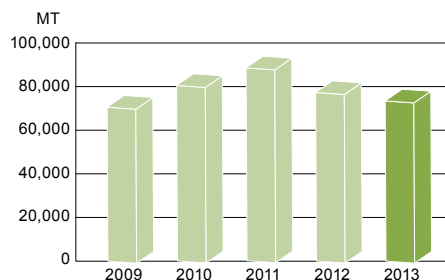
nutritional value and is used as biomass in power plants.

The majority of AAK's finished products are delivered in bulk, defined as more than 0.9 MT per delivery unit, thus including pallet tanks. Delivering products in bulk means a reduction in packaging material. By weight, 57 percent of AAK's products are bulk deliveries, while 43 percent are packed goods.

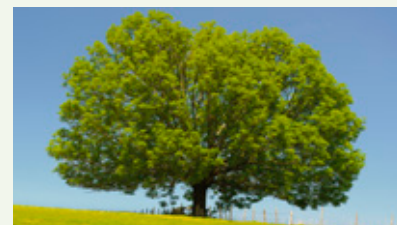
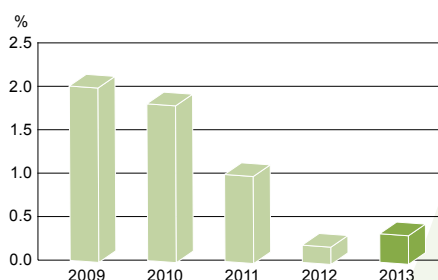
2013 waste disposal



Total waste



Hazardous waste



Ashes to fertilizer



In order to reduce emissions of fossil carbon dioxide, the use of biofuel from the Swedish forest is on the increase.

However, nutrients must be returned to the forest to avoid impoverishing the forest soil. One method to do this is to use the ashes from incineration where clean wood chips or pellets are used. By firing pellets, AAK's factory in Karlshamn, Sweden, obtains 400 MT of ashes per year, which meets the requirements to be spread into the forest. The company Askungen Vital receives the ashes and cures them for at least three months. After that, the ashes are ground and then spread in the growing forest. For AAK in Karlshamn, this means a good, environmentally friendly use of ashes at a cost equal to previous handling, in which the ashes were deposited.

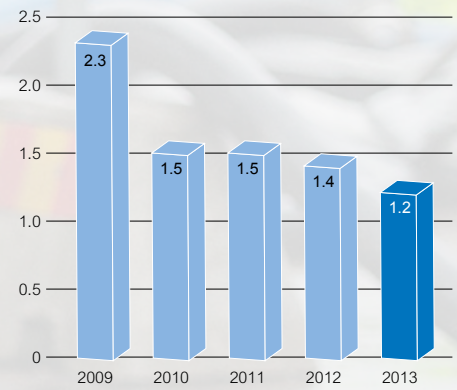


*Jim Broberg
HSE Manager, AAK Karlshamn*

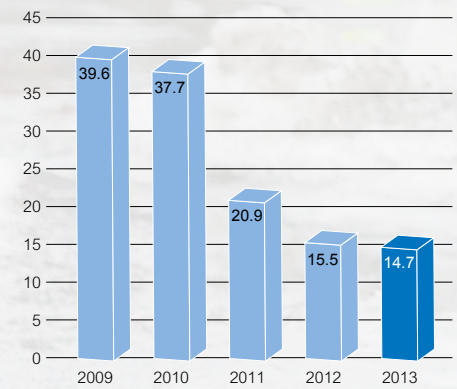


Key achievements

Lost Time Injury Rate



Lost Day Rate



Workplace



This section is about working life at AAK: how to remain an attractive workplace for employees, and to make sure that everybody is healthy and safe. AAK's employees are the company's most important resource. With 2,514 employees at the end of the year and many different locations across the globe – in production plants, sales offices and sourcing operations – AAK is a diverse company with many different job functions. Common to every employee are the company's values and Code of Conduct, which govern the way in which business is conducted, how the AAKtion program is executed, and how employees interact with each other and the company's stakeholders. Combined with the UN Global Compact and the CSR Policy, this provides the framework for AAK as a workplace.



Workplace objectives

Lost Time Injury Rate

Any work-related injury is clearly unacceptable and AAK constantly strives to be a zero injuries workplace. Since 2010, we have aligned definitions and measured injuries across the AAK Group. We have defined Lost Time Injury Rate (LTIR) as the number of work injuries that result in one or more days/shifts of sick leave per 200,000 working hours.

Global LTIR objectives and reporting for previous years have included records for both production sites and sourcing sites in West

Africa. Since 2012 we have broken down LTIR at production sites and West African sourcing sites. The safety challenge in West Africa is very much related to logistics conditions outside AAK premises with lack of traffic control and very poor road conditions. For these reasons we have set up separate 2014 objectives:

- Production sites: Reduce LTIR by at least 10 percent per year (baseline 2012 at 1.4) to or below 1.1
- Sourcing sites in West Africa: Maintain LTIR at or below 2.3

Even though employees' health and safety has the highest priority in most companies, unforeseen events sometimes lead to tragic accidents. In May 2014 AAK suffered the sad loss of two cherished Mexican employees in a car accident occurring during a business trip. This emphasizes that safety issues not only apply to AAK premises but go beyond. We shall continue our efforts to eliminate all accidents.

Health and safety at AAK



David Smith
President European Supply Chain

“ When it comes to working for a better and more effective risk prevention, everyone at AAK is involved and part of the solution. The improvements in AAK’s health and safety performance over the last five or six years are a collective achievement that all employees can take pride in and build upon.

In 2013 we launched a global safety campaign and the benefits from this clearly demonstrate that working together, in an open environment and by sharing best practices whilst learning from our mistakes, not only breaks down barriers, but also makes it possible to achieve significant improvements at an accelerated rate.

During 2014 we have aimed to establish three core operational principles – a relentless focus on Service, Quality and Productivity, whilst achieving our ambitions for our health and safety performance. Together with the mentioned principles, we are further developing our four operational values: Customer focus, Deliver on commitments, Passion for excellence and Winning. Another key development during 2014 was the re-launch of our values and behaviors, which are fully aligned with our strategy.

I’m a firm believer that people make up an organization, and by energizing the company around our key values we ensure that every-one is playing their role in helping AAK to meet our strategic goals and deliver leading performance. To help all of our employees to become familiar with our goals and understand their importance, an extensive roll-out has been taking place, which includes town hall sessions hosted by various local site leaders, including members of our Executive Committee. I have participated in many of these myself and I am very encouraged by the enthusiasm and eagerness of all employees to improve our business result.

There are still further opportunities to improve upon, including safety and sustainability, and a more rigorous approach to talent development and transitioning our culture and behaviors based on a continuous improvement mindset. I’m confident, however, that we are driving forward in the right direction and that our focus on operational excellence will result in the leading performance that we have set out to achieve.



Labour rights

Labour rights issues are governed by AAK’s CSR Policy, which applies to all Group sites. Among other things, the policy states AAK’s view on child labour and young workers, on forced labour, and on freedom of association and the right to collective bargaining.

43 percent of AAK’s employees are covered by collective bargaining agreements. In Montevideo, Uruguay, there were 9 strikes in 2013 that lasted 40 days in total. The strikes were triggered by the three party salary round negotiations that take place every three years. The conflict was solved by the end of the year. The consequences for customers were mitigated by building up stock in advance and, in some cases, by delivery from other AAK sites.

AAK does not have a Group policy that stipulates a common, cross-group notice period for significant operational changes. Instead, we abide by national legislation and local agreements based on collective bargaining, combined with that which is outlined in the CSR Policy:



“We give fair notice to employees of significant changes that could substantially affect them.”

Giving staff equal and fair treatment is another focus area of the CSR Policy. During 2013, there were no recorded complaints of discrimination.

The ratio of basic salary for men relative to women is not reported, since interpretation

of the data would not give a true picture. On average, AAK pays more in salary to male employees than to female employees, not because the basic salary for male employees is higher, but because male employees generally have jobs with a higher salary. For the same job, the salary for male and female employees is the same.



E-learning anti-corruption

AAK has signed the UN Global Compact committing AAK to establish anti-corruption measures, and anti-corruption has also been addressed in the Code of Conduct, the Supplier Code of Conduct and the Code of Conduct for Agents and Distributors.

However, corruption still remains a common risk throughout the world for all companies, and a

decision has been made to internally promote awareness and knowledge of this topic.

To that end, a series of e-learning modules addressing anti-corruption topics has been launched. The modules have a length of approximately 15 minutes and end with a multiple choice test. For employees at increased risk of encountering corruption, these modules are mandatory and must be passed.

The first module, with a general introduction to anti-corruption, was launched in early 2014. The second module, with a focus on competition law, will be launched in late 2014. The purpose of the training modules is to ensure awareness of what is corruption and provide knowledge about how to deal with it.

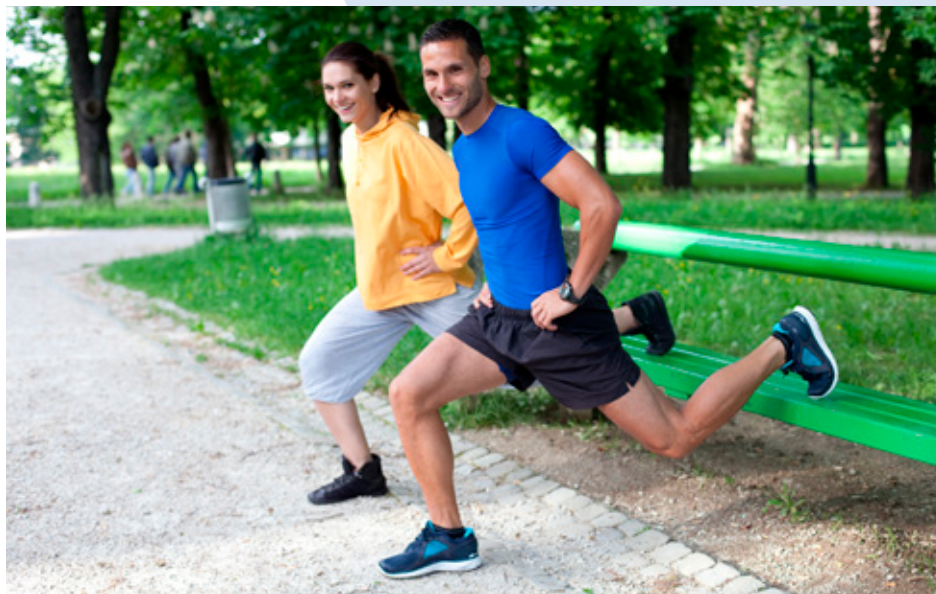
Staying healthy

Safety in the workplace is also about maintaining health. AAK is present in many countries with very different cultures, varying degrees of health awareness and different health initiatives by local or national authorities.

For this reason, there is no uniform approach to maintaining health, activities are instead guided by local decision making, based on a needs assessment. Most initiatives focus on employees. Examples of AAK's health initiatives and offers include:

- ◆ First aid and safety training
- ◆ Widespread protective equipment
- ◆ Computer glasses
- ◆ Health checks and vaccinations
- ◆ Access to sports facilities
- ◆ Company sporting events
- ◆ Healthy food offers

For employees in West Africa, AAK offers free mosquito nets, annual information on risk control, vaccination against yellow fever, meningitis



and cholera, and health insurance – again based on a local needs assessment.

AAK Mexico also operates health facilities

and offers consultation for employees' family members and the local community as a whole.

Efforts pay off for global safety management team



In early 2013, the Global Safety Management Team was formed to address safety at AAK on a global scale.

There had been interaction between the sites, but nothing formal until this group was created. The group held its first meeting in March 2013 at the AAK facility in Port Newark, New Jersey, USA.

Safety is always the first priority at AAK, and the health and well-being of employees, vis-

itors and contractors is paramount. While every safety representative focuses on their specific facilities, interaction between the various sites is a crucial factor in establishing world-class safety standards throughout AAK. Streamlining practices and procedures at a global level allows us to ensure the safest operations at local level.

The Global Safety Management Team has developed procedures for dealing with change management, auditing, incident tracking and process safety management. The procedures

for each facility – while somewhat different due to local laws and regulations – have allowed AAK to grow globally in the safety realm.

2013 saw the efforts pay off as overall safety incidents were reduced and the LTIR objective of a 10 percent reduction was met.



Scott Welsh
Environmental Health & Safety Manager,
AAK US

The AAK workforce in numbers

As of December 31, 2013, AAK had a total of 2,514 employees (an average of 2,207 employees, as stated in the 2013 Annual Report), 1.8 percent more than in 2012.

Among permanent employees, approximately 7 percent left the company.

The average age of employees in Europe is

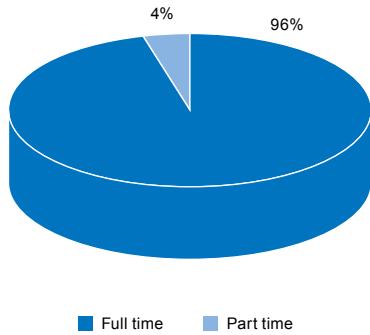
significantly higher than in the rest of the world due to a more mature organization.

21 percent of AAK's permanent employees are female. This is a lower percentage than in many other businesses, and is explained by the fact that working in the production plants typically attracts more men than women.

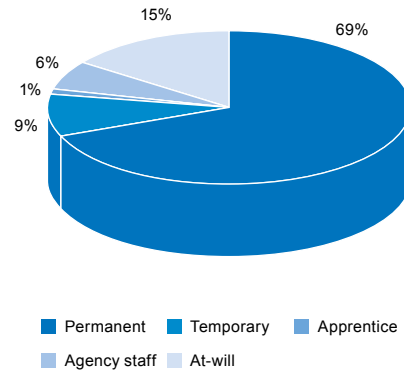
At managerial level, 22 percent of employees are female.

69 percent of AAK's employees are permanently employed, while 9 percent are on temporary contracts. The remaining 22 percent comprise trainees, agency staff and at-will employees. The latter is a doctrine of American law that refers to an employment relationship which can be broken by either party with no liability. 4 percent of our employees work part-time.

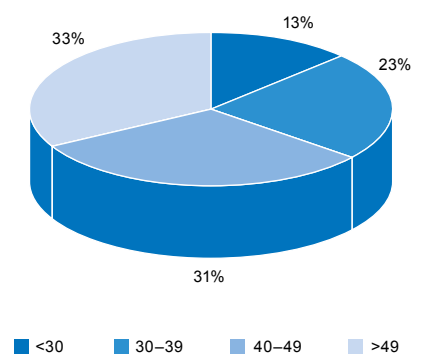
Employment type



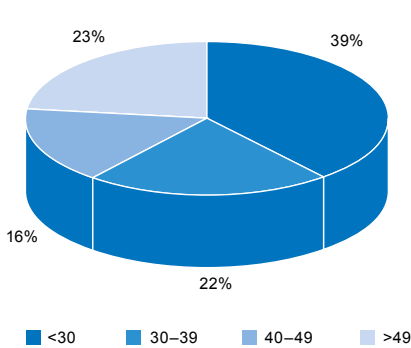
Employment contract type



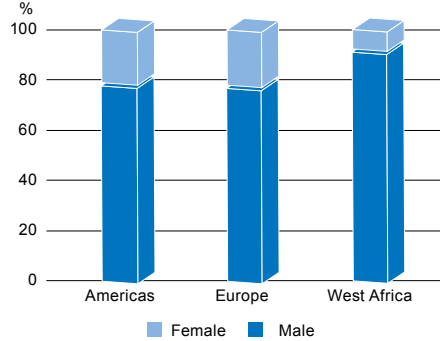
Employee distribution by age



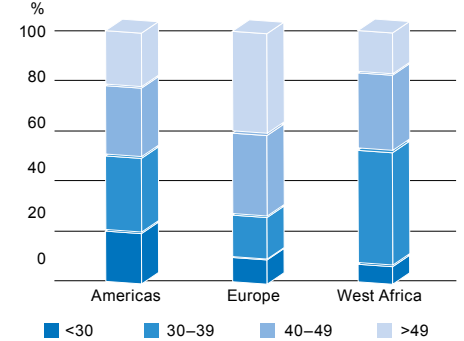
Permanent employees turnover by age



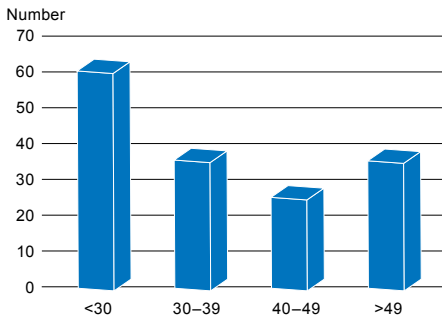
Permanent employees by gender



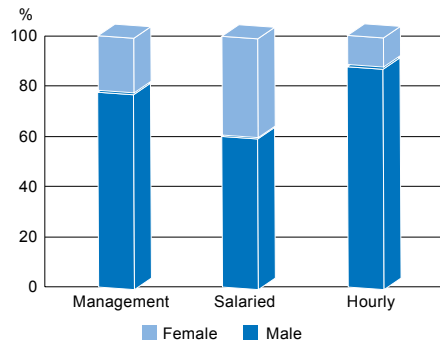
Permanent employees turnover by age



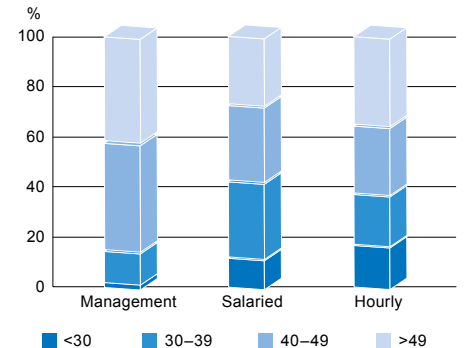
Employee turnover by age



Employee category by gender



Employee category by age





AAK Mexico wins Great Place to Work Award



I remember that day so well. I woke up early and we drove for about three hours to attend a meeting, a meeting to which only the best are invited, those with the best labour practices across the country, those who have proud employees for what they do. It was the Great Place to Work Award ceremony. There were thousands of happy faces waiting for the results. I remember when I saw the name of AAK Mexico, I felt enormous satisfaction and pride for our achievement, which reflected the work of all of us at AAK Mexico.

These are the words of Karla Román Perez, head of Human Resources at AAK Mexico. Here she tells more about how these outstanding results were achieved:

Two years ago we wanted to become one of the best places to work in the region and began to design a strategy to become that place. In our search we found GPTW, an institute that helps organizations transform into the best places to work.

After a long work plan we achieved part of that transformation, we were certified as a great place to work. Today, as responsible for Human Resources, one of our major satisfactions is to see people enjoy their work every day and feel proud of it, to receive a huge amount of applications from candidates who wish to work here, to see how leaders are transformed and celebrate their triumphs with their personnel and



care about their people, to see people focused on their goals, to see how this great team is a big family, supports and is committed to AAK.

This passion, joy and responsibility are hallmarks of a great place to work. We have achieved an important step but the most impor-

tant thing is to follow the search for continuous transformation.



*Karla Román Perez
Personnel Manager, AAK Mexico*

Noise reduction in Hull



AAK UK is committed to providing a safe working environment for all employees. Health and safety policies and practices are regularly scrutinized and adapted to ensure that they comply with industry standards.

As part of this process, in October 2013, we commissioned a noise survey at our Hull site, to review existing policy and practice, and pinpoint any opportunities for improvement.

Over a two-day period, noise levels were monitored in all production areas around the site. The findings informed a series of recommendations for improvement, which included extending the use of hearing protection to bottling, bakery and foodservice areas.

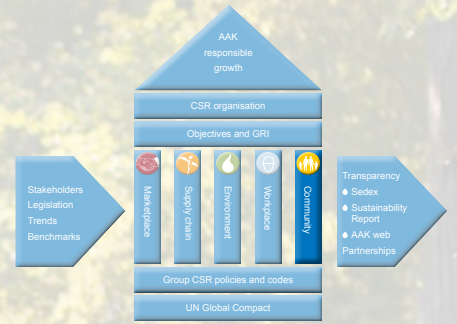


Team members are now required to wear some form of ear protection in these zones, and a choice of ear defenders has been made readily available at all access points to the designated departments. To ensure that everyone understands the importance of hearing protection, we have implemented an education and communication plan. This includes the introduction of new signage across the site, as well as dedicated health and safety training regarding noise.

We are also offering hearing tests as part of our health screening scheme, with employees working in areas of highest risk being tested as a priority.



*Judith Murdoch
Communications & CSR Director, AAK UK*



Benefiting future generations



AAK donated school benches in Benin in West Africa



Sports center contributes to our community





Community

In this section, activities that AAK initiates and engages in, be they local, regional, national or international, in order to play the part and act responsibly in society, are presented. Contributing to, and being part of, the community in which AAK operates is essential for maintaining a positive relationship with neighbours, politicians and authorities. Which community activities the Group engages in is dependent on what is relevant and adds most value to the local community. Through a commitment to community causes, AAK is also instrumental in creating a workplace with highly motivated employees who take pride in working for a company that makes a noticeable difference.

Local community involvement

As a global company, AAK contributes to the development of the local communities in which it operates by creating jobs, paying taxes and doing business with local enterprises. However, it takes more than this to truly become part of the community in which the Group operates.

Community engagement is based on diverse thinking, which leads to initiatives ranging from giving employees time off to engage in local activities and donating products and raw ma-

terials to providing used equipment and giving direct financial support.

AAK is very much aware of the impact the company has on the community when entering, operating in, or leaving an area. During 2013, no operations that required a special community impact assessment were established or terminated.

The impact of existing operations is continuously monitored through dialogue, Open

House events, hosting visitors, participation in local events and councils, giving presentations and participating in interviews. Media monitoring also provides a picture of local attitudes toward AAK.

Overall, AAK's community involvement helps secure a social license to operate, which is essential for AAK as both a company and a player in local business life.

Community objective

AAK has long been an active member of the communities in which it operates through sponsorship, or through direct participation in projects. In 2013, AAK engaged in numerous local activities. AAK will continue to secure integration with its local communities in the future.



Being a good neighbour



Octavio Díaz de León
President AAK North Latin America

“ AAK Mexico is located in the center of the city of Morelia, which helps to increase our focus on respecting the company’s stakeholders. Actions have therefore been designed to become closer and more active.

We have programs and initiatives in our neighbourhood to provide tools for the well-being of the families, especially of the children, who are participating very actively and enjoying the sports and health activities that we offer. We want to be a company that gets involved and contributes to the development of future generations.

It is our sense of belonging that encourages and guides us in our efforts to participate more, and in our various initiatives to include colleagues and their families, customers, suppliers, members of associations and universities, etc.

We get together to participate in various actions to increase awareness, respect and improvement of our environment. At AAK Mexico, we are convinced that by involving people from various sectors, ages and professions with the same purpose of having respect for the environment, we will achieve a greater impact on these relevant and necessary issues.

Listening to people and receiving feedback helps us better understand and actively participate, by keeping a low profile as a company but maintaining a solid, permanent and reliable presence.

AAK Mexico seeks reliable relationships, which allow us to be co-participants in favour of the environment and its development. Our commitment is not with a place, but with the people we are building our future with.



Benefiting future generations



The women of Kolo Nafaso – the AAK women’s groups project in Burkina Faso – are being coached and educated all year round by AAK’s team of extension workers. This season, women will be taught how to use the shells of the shea kernels in their cooking processes.

The shea kernel has a shell and inside that shell is the kernel containing the oil. The women usually de-shell the kernel after boiling in order to dry the kernel properly. The shell then becomes waste when it could actually be used as fuel (wood).

From a questionnaire study conducted in the villages in spring 2014, only 20 percent of the women actually use shells from the shea kernels, and usually not for the best purpose. They use them as fertilizer, and the shell has a very poor fertilizing value. In order to optimize its usage, the shell could be used as fuel since its energy value is higher than wood. Today,



80 percent of the women throw their shells away, when they could be using them as a substitute for wood in cooking processes and thereby reducing deforestation.

One part of this is to investigate whether the women could plant more trees compared to what they do today. From the questionnaire, it is evident that 62 percent of the women already have some kind of experience with tree planting. Culturally, in 76 percent of the families, both men and women are used to planting trees. In 80 percent of cases, the traditions allow the women to plant shea trees. Furthermore, 82 percent of the women say they would be interested in learning about shea tree regeneration techniques. So there could be a basis for starting a successful shea tree regeneration project that would benefit future generations.

Mads Jules Feer
Sustainability & Shea Manager,
West Africa





AAK donated school benches in Benin in West Africa



In early May, AAK delivered 40 school benches to Collège d'Enseignement Général de Komiguéa – located next to AAK's shea procurement center, KNAR-Benin SARL, in northern Benin, West Africa.

The benches were made locally in a typical seating style for two pupils and donated as part of a sponsorship to help the school expand its capacity by 80 seats. The school is facing higher demand since the Benin Government decided that schooling for girls should now be free.

However, the means to provide housing and seating is lacking (and we at AAK feel proud to be giving a helping hand to these local students and helping them build a better future). The new school buildings were built by locals and funded by the actual village.

The students are aged between 11 and 18 and come from Komiguéa – the neighbouring village where many employees at KNAR Benin SARL also live, i.e. some of them will grow up and find work at our yard in a few years' time.

Christer Yxell
Country Manager Benin, Togo



During the short delivery ceremony at the school, both village and school authorities spoke well of AAK's support in short speeches – as did the happy faces of the students!



Sports center contributes to our community



In recent years, 250 neighbours have enjoyed and exercised daily in the different activities offered by the Sports Center Industrialito, in Morelia, Mexico.

We have the case of one neighbour who has improved her general well-being, thanks to the yoga and dance classes she has been taking for six years in the sports center.

“Yoga has been determinant in my life, because I exercise all parts of my body and it has helped me to have a better sense of my life, with more spirituality, while dancing has greatly

benefitted my physical condition,” she says.

“I feel very grateful to the company for making these types of activities available to the community, giving us the opportunity to stay healthy and with great vitality,” she adds.

Just like this lady from the Industrial neighbourhood, many other people also benefit from classes in yoga, dance, karate, jazz and crafts during the year at the Sports Center Industrialito. They are trying to maintain a healthy lifestyle while having fun at the same time.

Ramiro Corona Arevalo
HR Manager, AAK Mexico



AAK US community relations program



All AAK US facilities believe in being good neighbours in the communities where we work and live. Every opportunity we have to enhance those communities is taken and the results have been great.

AAK Port Newark and AAK Louisville participated in separate Making Strides for Breast Cancer walks for the American Cancer Society. Between the two sites, over 85 employees participated and several thousand dollars was raised.

AAK New Jersey sponsored the Edison Township, NJ Earth Day celebration where we talked with residents about the steps we



as a company are taking with regard to local, national and global environmental issues.

AAK also sponsored Heroes on the Water. Heroes on the Water serves America's soldiers by providing healing and rehabilitating kayak fishing outings that are physically and mentally therapeutic through a nationwide community of volunteers and donors. Heroes is open to all branches of the military and family members and this year saw participation from many veterans and active duty military.

AAK US strives to assist our neighbours in need and is active in food drives and other events to help the less fortunate.

Scott Welsh
Environmental Health & Safety Manager,
AAK US



Recycling reception furniture at AAK Runcorn



Last year, we made the decision to redo the reception area at AAK Runcorn. As part of this refurbishment, we replaced the display cabinet and seating. We chose Keeley Travis, based in Manchester, to provide us with a bespoke display cabinet to showcase our products.

One of the reasons we chose Keeley Travis is because they offer a service for recycling used furniture as part of the project.

This is carried out by a third party on behalf of Keeley Travis, who store the furniture until they have accumulated a full container. Once the container is full, it is shipped to Africa and donated free of charge for distribution to various organisations, which then assign the furniture to those who need it.

Mike Pocock
Health, Safety & Environmental Manager,
AAK UK





AAK as a global citizen

The impact of business goes beyond local communities. At a global level, AAK does its best to become involved in areas where the Group can make a difference – by utilizing our sphere of influence.

AAK is naturally a member of various national and international organizations that aim to improve the industry by setting common standards, aligning analytical methods, etc. and, in general, by safeguarding the interests of the vegetable oils and fats industry. Through these organizations, AAK interacts openly with authorities and aims to influence the legislation that governs our business.



Examples of memberships that safeguard the interests of the industry

National associations

- ◆ The Netherlands Oils, Fats and Oilseeds Trade/NOFOTA
- ◆ The Association of Dutch Oil Processing Industries/Vernof
- ◆ The Product Board Margarine, Fats and Oils/MVO
- ◆ The Confederation of Danish Industry/DI
- ◆ The Association of Danish Oil and Oilseed Processors/ADOP
- ◆ Asociación Nacional de Industriales de Aceites y Mantecas Comestibles/ANIAME
- ◆ Confederación Patronal de la República Mexicana/COPARMEX
- ◆ Asociación de Industriales del Estado de Michoacán/AIEMAC
- ◆ The Swedish Food Federation/LI
- ◆ The Swedish Plastics and Chemicals Federation/P&K
- ◆ The Seed Crushers' and Oil Processors' Association/SCOPA
- ◆ The National Edible Oil Distributors Association/NEODA
- ◆ The Association of Bakery Ingredient Manufacturers/ABIM
- ◆ The Swedish-American Chambers of Commerce/SACC
- ◆ The Institute of Shortening and Edible Oils/ISEO
- ◆ The American Fats and Oils Association/AFOA
- ◆ The National Confectioners Association/NCA
- ◆ The Uruguayan Chamber of Industries/CIU

International associations

- ◆ The EU Oil and Proteinmeal Industry/FEDIOL
- ◆ The Federation of Oils, Seeds and Fats Association/FOSFA
- ◆ FoodDrinkEurope
- ◆ The European Oleochemicals and Allied Products Group/APAG
- ◆ The National Institute of Oilseed Products/NIOP

CSR approach

Engaging with stakeholders

Responsible growth is the key objective of the AAKtion strategy and is essential to the Group's vision of being the first choice for value-added vegetable oil solutions. For AAK, responsible growth is about responsibility toward all key stakeholders – the local communities where AAK operates, global customers, employees, investors and suppliers.

AAK's model for responsible growth is a dynamic one, continuously enhanced by new knowledge, changes in the external environment and engagement with key stakeholders for their input.

Input from key stakeholders comes from ongoing dialogue, at both local and corporate levels, about their expectations of the AAK Group now and in the future. What do they expect from AAK as a good neighbour, a preferred supplier, an attractive workplace, a profitable investment and a valued customer? Their input guides us to where, and at what level, AAK should set its next objectives to drive future performance in this area.

An example of input from shareholders is their emphasis that sustainable sourcing is a key element when reviewing new investment options, since this affects the risk profile of their portfolio. This input has reconfirmed strong focus within this area, and has supported and guided AAK to raise the ambition level.

Ongoing dialogue with external stakeholders

AAK values the ongoing input from, and dialogue with, stakeholders in regard to our CSR approach, including their assessments of the Group's efforts. Through this dialogue, we can ensure that AAK continues to be their first choice, also when it comes to CSR.

AAK regularly receives questionnaires, supplier codes of conducts and suchlike from our customers and investors, which we respond to in accordance with our policies. This type of input, combined with sustainability reports, materiality analysis etc. serves as an important guide to priorities on our stakeholders' agendas

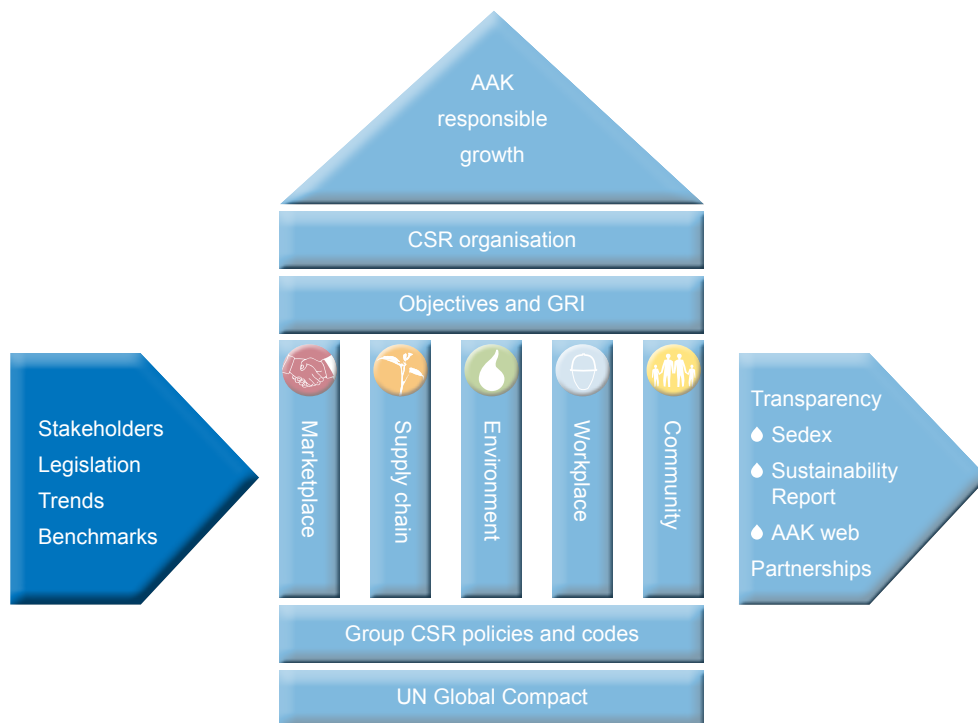
– and supports our continuous, proactive efforts to maintain an up-to-date perception of what may be expected from us in the future.

Contacts

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Global CSR Manager
Email: jesper.korning@aak.com

Anne Mette Olesen
Chief Marketing Officer

Or e-mail
sustainability@aak.com



Investor Relations

Shareholders

AAK endeavours to generate an attractive return on investments for its shareholders. The largest shareholder is Melker Schörling AB, which indirectly owns 34 percent of AAK. In total, approximately 75 percent of AAK's shareholders are Swedish. More information about AAK's ownership structure is available at www.aak.com.

Dialogue with shareholders

Dialogue with shareholders is primarily conducted through AAK's Investor Relations function. Examples of Investor Relations activities include capital market days, road shows for meeting institutional investors, meetings with equity analysts and local meetings with the Swedish Shareholders' Association. The Annual General Meeting is also important for close dialogue with shareholders.

Shareholders activities

- Capital market days
- Road shows
- Meetings with institutional investors
- Meetings with equity analysts
- Local meetings with the Swedish Shareholders' Association
- Annual General Meeting

AAK strives to facilitate current and potential shareholder assessments of our performance through the transparent communication of our financial results, and our work to enhance environmental and social sustainability. During the year, we engaged in dialogues with a number of socially responsible investment analysts and investors. Some investors have a particularly strong focus on CSR, and seek greater insights into how companies manage sustainability and corporate responsibility issues, particularly with

regard to long and short term-risks affecting the business. AAK meets with such investors regularly, and provides information on our strategy and approach, risk management and anti-corruption program, among other issues.

The intention is that the Group's annual Sustainability Report is the most appropriate and efficient channel for providing information about AAK's CSR practices. For this reason, the aim is to answer the most common questions in this report. However, a constructive dialogue on risks, opportunities and strategies related to CSR and sustainability is valued.

AAK – award winning company

IR Nordic Markets organises an annual evaluation of the financial communication of Swedish listed companies. AAK was recognized as "the second best listed Nordic Mid Cap company 2013". IR Nordic Markets is the largest IR study in the Nordic region, and was performed for the sixteenth consecutive year. The study covered feedback from analysts and investors in the Nordic region and Europe, which provided the basis for assigning the different awards.



**IR Nordic
Markets**
2013

Maintaining momentum

An important aspect of the AAK Group's CSR work is maintaining global momentum. To ensure that this happens, the Global CSR Manager visits all production plants annually. These visits have multiple purposes, besides the value of face-to-face meetings. During workshops with the local teams, local materiality analyses are completed, feedback is given on the locally reported GRI data, potential contributions to our Sustainability Report are discussed and objectives, projects and initiatives for the coming period are presented. A special theme on this year's tour was the palm oil supply chain with a focus on AAK's new palm oil policy, various market trends and requirements, new vocabulary and definitions linked to palm oil sustainability – and the challenges ahead.

To promote the continued sharing of information, best practices and progress on CSR objectives on a more regular basis, monthly virtual conferences are held with the participation of all CSR team leaders.

To make CSR even more visible within the organization, an internal CSR award is presented each year to the AAK site or business area that has demonstrated outstanding CSR performance. In 2013, the production site in



Zaandijk in the Netherlands received an award for significantly improved key indicators such as

energy and water consumption, CO₂ emissions, waste to landfill and Lost Time Injury Rates.

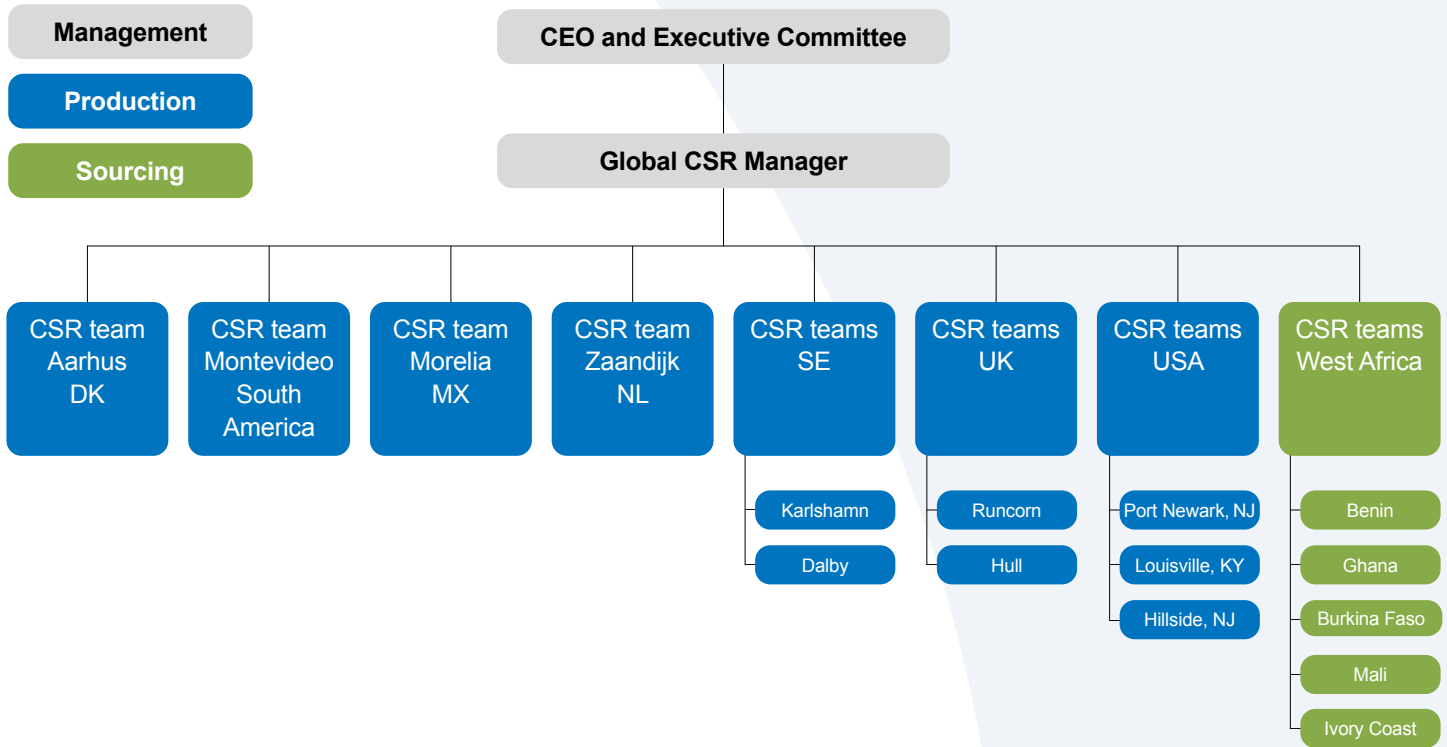
Increasing CSR awareness

The introduction of dashboards is sharpening attention on progress made. These comprise a one-page presentation of data and graphics showing GRI indicators with high priority or under significant development. A global dashboard has been created for AAK's Executive Committee to follow global developments, while local dashboards illustrate and benchmark developments at individual production plants.

The adoption and global implementation of our AAK Code of Conduct is another promoter for the integration of CSR in our business. The Code is fully implemented with all employees, who have read, understood, accepted and signed the Code. Further systems have been established to ensure that our Code is part of the introduction package for new employees.



CSR organisation



Decentralized approach

We believe in the importance of anchoring our CSR efforts in the organization and in incorporating a sustainability mindset into our everyday working life. To that end, we have set up a decentralized global CSR organization responsible for CSR-related initiatives, progress, communication and reporting.

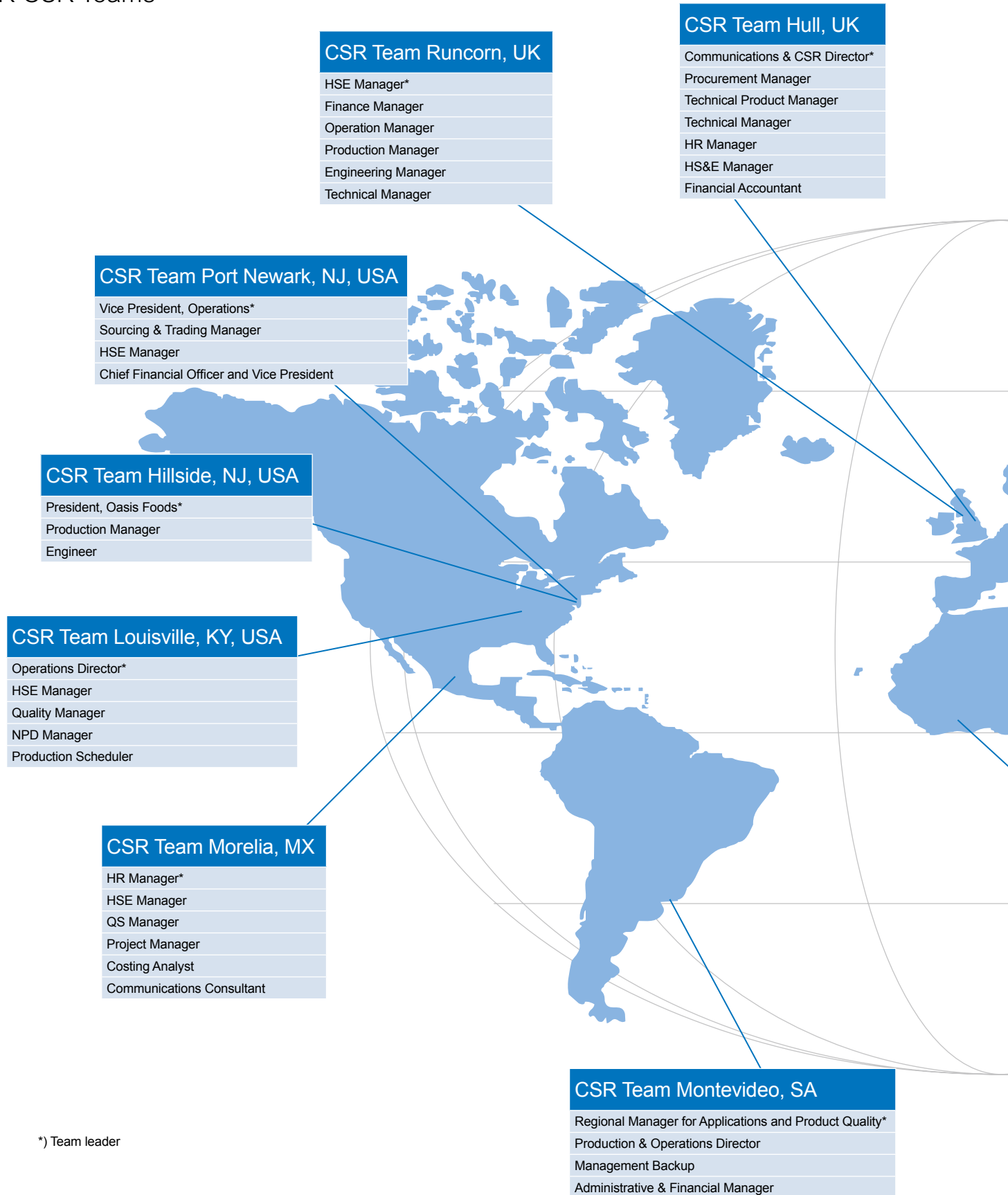
Global CSR organization with local roots

The Global CSR Manager reports to the CMO (Chief Marketing Officer) who is a member of AAK's Executive Committee. The CMO's responsibilities include CSR and Communications.

At Board level, the Audit Committee is responsible for monitoring the follow-up and reporting of CSR topics, codes and policies.

Since the global CSR organization was established in early 2007, its objective has been to ensure breadth and diversity in the local teams, which are fundamental to our CSR work. The teams possess competencies in Human Resources, Health, Safety & Environment, Finance, Sourcing, Operations and Sales. At our production sites, the teams consist of five to ten people led by a CSR Team Leader. The teams at our sourcing operations in West Africa have a different composition, and may draw on competencies from the major sites.

AAK CSR Teams



CSR Team Aarhus, DK

HSE Manager*
HR Manager
Trading Assistant
Controller
Commercial Product Manager

CSR Team Karlshamn, SE

Site and Customer Quality Manager*
Purchasing Manager
ESC Category Manager
Regional Sales Director
Purchasing Manager
HSE Manager
Technical Products & Feed, Binol
Sourcing & Trading Manager
Marketing Manager, Personal Care

CSR Team Dalby, SE

Quality Manager*
Supply Chain Manager
Managing Director

CSR Team Zandijk, NL

Controller*
Logistics and Sourcing & Trading Manager
QA Manager
Site Manager
Area Sales Manager
Maintenance Manager
HR Manager

CSR Team West Africa

Sourcing & Trading Manager*
Sustainability and Shea Manager
Country manager, Benin, Togo
Country manager, Benin, Togo
Country manager, Ghana
Country manager, Burkina Faso, Mali



Global Reporting Initiative (GRI)

GRI is a network-based organization that pioneers the world's most widely used sustainability reporting framework. The reporting framework sets out the principles and performance indicators that organizations can use to measure and report their economic, environmental, and social performance. The framework also addresses the United Nations Global Compact principles and the OECD's Guidelines for Multinational Enterprises.

See www.globalreporting.org for more information.

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Fully reported
 Partly reported
 Not reported

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HR1	Percentage and total number of significant investment agreements that include human rights clauses or that have undergone human rights screening	p. II, 14
HR2	Percentage of significant suppliers and contractors that have undergone screening on human rights and action taken	p. 13, 18
HR4	Total number of incidents of discrimination and actions taken	p. 32
HR5	Operations identified in which the right to exercise freedom of association and collective bargaining may be at significant risk, and actions taken	No risks identified
HR6	Operations identified as having significant risk for incidents of child labor, and measures taken	No risks identified
HR7	Operations identified as having significant risk for incidents of forced or compulsory labor, and measures taken	No risks identified
SO Society Performance Indicators		
SO1	Programs and practices that assess and manage the impacts of operations on communities	p.37
SO2	Percentage and total number of business units analysed for risks related to corruption	pp. 13
SO3	Percentage of employees trained in organisation's anti-corruption policies and procedures	p. 31, 33
SO4	Actions taken in response to incidents of corruption	No incidents occurred
SO5	Public policy positions and participation in public policy development and lobbying	pp. 41
SO8	Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with laws and regulations	No non-compliance incidents SEK 65,000 fine for an incident from 2012
PR Product Responsibility Performance Indicators		
PR1	Life-cycle stages in which health and safety impacts of products and services are assessed for improvement, and percentage of significant products and services categories subject to such procedures	p. 8
PR3	Type of product and service information required by procedures, and percentage of significant products and services subject to such information requirements	p. 10
PR6	Programs for adherence to laws, standards, and voluntary codes related to marketing communications	No reporting
PR9	Monetary value of significant fines for non-compliance with laws and regulations concerning the provision and use of products and services	No non-compliance incidents
FP Food Processing Sector Supplement		
FP3	Percentage of working time lost due to industrial disputes, strikes and lockouts	p. 32
FP5	Percentage of production volume manufactured in sites certified by an independent third party	p. 10

Reporting criteria

Scope and materiality

This is the fifth AAK Sustainability report. The first was published in October 2010 and our aim is still to continue reporting on an annual basis.

Since commencing structured reporting in 2008, we have followed the Global Reporting Initiative's (GRI) G3 Sustainability Reporting Guidelines. As this is the most widely used reporting framework, we believe many readers will already be familiar with its principles and find them helpful when searching for information. We have focused on GRI Core Performance Indicators with a few additions from GRI's Food Processing Sector Supplement.

Because GRI is an all-encompassing format, it is not relevant for us to report on all criteria. In 2010, we initiated an internal process to identify the issues relevant to our business and our stakeholders. This involved discussions with staff at all sites and feedback from other stakeholder groups. In 2013, we began using the materiality analysis tool to map our own priorities against our stakeholder priorities. That has been a very useful tool in identifying important focus areas. Our ambition is to focus on reporting the information requested by stakeholders, or that of internal value.

This Sustainability Report is a supple-

ment to the AAK Annual Report 2013 and the AAK Report 2013 and, therefore, only contains a summary of financial performance figures. Both reports are available on AAK's website.

In general, the data in this report cover our activities from January 1 to December 31, 2013. Updated information for some 2014 events is included, since they are considered to be of material importance to our stakeholders.

Environmental data (GRI abbreviation: EN) relate to the 11 AAK production plants that were fully operational in 2013 and the AAK products produced by our toll production partner Cousa in Montevideo, Uruguay. Other core data also include purchasing sites and sales offices.

Data and calculations

We release the GRI Report internally in the first quarter of every year. The report is based on information received from all sites, and contains both local and compiled global data. A section showing trends from the previous year is also included. Data and information from the GRI Report form the basis of our Sustainability Report, which is published externally.

The majority of data in the Sustainability Report are drawn from measurements. Air

emissions data are based on direct measurements, calculations based on specific data and calculations based on default values. Information concerning purchased electricity from renewable resources is based on national grid information, if not purchased as green electricity. Information about employees, including numbers, gender, composition etc., is calculated per December 31 2013 and based on payroll information.

Some minor data errors were identified and corrected in the 2012 reporting, and will differ from the 2012 reporting. The only relevant to mention being energy consumption and the derived data was caused by miscalculation at one of our sites. From our experience of the reporting process, we expect corrections will also be necessary in future reports. Nevertheless, we believe that the trends and overall picture given are a true reflection of our activities.

The data included comprises data reported to authorities, and information generated specifically for this report. The report has not been reviewed by external auditors. We trust that the requirements of authorities along with their effective scrutiny of the company are a sufficient guarantee of the accuracy of the data reported.

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