



AAK



AAK
Report
2010

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12-13 Business model

AAK's operation is based on processing natural raw materials obtained primarily from West Africa and Asia, but also from Europe and the American continent.

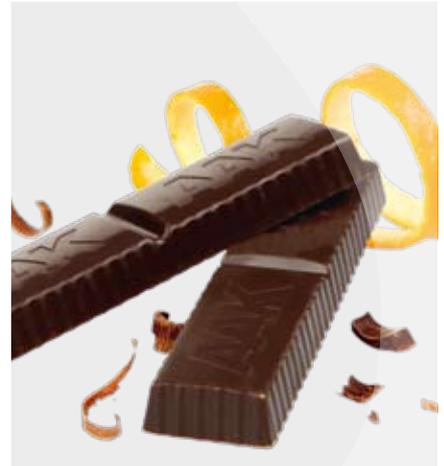
The raw material is processed in ten production plants located throughout the world.

14-21 AAK's three business areas



Food Ingredients

Food Ingredients is AAK's largest business area. There is growing demand from customers, particularly end-consumers, for healthy products. In response, AAK is focusing on trans fat-free alternatives and on sustainable development. The commitment to the Roundtable on Sustainable Palmoil is a good example of this.



Chocolate & Confectionery Fats

AAK is a leading producer of cocoa butter replacement fats, in a world where the growing demand for cocoa-based confectionery is coming up against a limited supply of cocoa beans. West African shea has become a significant raw material, and its unique properties are proving useful in cosmetic products, which are part of the business area.



Technical Products & Feed

The benefits of vegetable oils as lubricants for forestry machinery are clear, when the focus is on sustainability and respect for the natural environment. Vegetable-based lubricating oils do not damage the natural environment from which they originate.

Animal feed is another part of the business area's activities. The greatest advantage is guaranteed salmonella-free fodder for livestock.



22-23 Risks and threats

A business such as AAK's is exposed to a range of risks and threats. The long interval between harvest and production, demands a careful approach to currency exposure. The company relies on reliable transports, and its major involvement with the food sector makes care in all stages of production vital.



24-25 Employees

Personnel issues are handled with care, and are regarded as absolutely crucial by the Group management team. The company can not grow without its personnel and their engagement. Social responsibility with respect for individual rights is an essential base for the company's future progress.



26-31 Corporate Social Responsibility

These issues are becoming increasingly important to business success in an ever-more complex world. In 2010, AAK issued its first separate report based on an international index – GRI, which measured the company's activities from a sustainability perspective against other companies' operations. A separate report will also be issued in 2011.



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AAK in 60 seconds

- AAK has unrivalled experience – more than 100 years – of vegetable oils. On the basis of this experience, the company processes oils for a broad spectrum of applications. AAK's customers are concentrated in the food, confectionery and cosmetics industries, but the company also supplies environmentally low-impact lubricants for a range of applications, including forestry machinery. Rapeseed meal is used as an ingredient in feed for livestock.
- The vast majority of products are used as inputs in the industrial sectors, but an increasing proportion are also sold as own-brand products to consumers.
- New products are developed in close partnership with customers, and AAK's products shall be the first choice for customers, whose production relies on high value-added vegetable fats. The products are used as substitutes for dairy fat and cocoa butter, as trans-free solutions for fillings in chocolate and confectionery products, as well as in the cosmetics industry.
- An example of high value is the company's vegetable fat for infant formula, whose properties closely mirror mother's milk.
- AAK's products come from the vegetable kingdom and are renewable. This means that they have a minimal impact on the environment. A fine example of this is AAK's lubricants, especially for forestry machinery. The waste products discharged by the machinery to the eco-system during the production process have no harmful impact on the environment.
- Raw materials are obtained from areas such as Asia and West Africa. AAK is committed to sustainable development and is one of the founders of RSPO, the Roundtable on Sustainable Palm Oil, and GreenPalm Ltd. Through these initiatives, AAK has contributed to the extraction of palm oil through natural agricultural development, without over-exploitation.



- AAK is organised in three business areas; Chocolate & Confectionery Fats, Food Ingredients and Technical Products & Feed.
- The Group's head office is in Malmö, Sweden, with excellent access to Kastrup International Airport.
- Production plants are located in Denmark, Mexico, the Netherlands, Sweden, the UK, Uruguay and the US.
- AAK has purchasing and sales offices in several key locations around the world.
- The parent company, AarhusKarlshamn AB, is a Swedish-registered joint-stock company based in Malmö. The company's shares are listed on NASDAQ OMX, Stockholm, in the Mid Cap segment, Consumer Commodities sector.

2010 in summary

- ◆ A new corporate programme, “AAK Acceleration”, has been launched. The programme is based on our existing specialisation strategy, but with sharper focus on practical implementation, concentrating on growth and efficiency and people in the medium and long term.
- ◆ Prioritised growth areas on the AAK Acceleration project: Bakery, Dairy, CCF, Infant Nutrition, FoodService, Merger & Acquisition, Fast-growing economies like China and Brazil. Particular emphasis on productivity and efficiency, and on Human Resources.
- ◆ An extraordinary general meeting of the company approved the Board's suggestion on the introduction of an incentive programme for senior executives and key personnel, by issuing up to 1,500,000 stock options entitling the holders to subscribe to the equivalent number of new shares in AarhusKarlshamn AB. Senior executives and key personnel have invested in a stock options programme at market price, involving a total of just over 1,000,000 options to date.
- ◆ Arne Frank took over as President and CEO on 6 April.
- ◆ David Smith was appointed Vice President European Supply Chain.
- ◆ Anne Mette Olesen was appointed Vice President Human Resources, Communications and CSR.
- ◆ Torben Friis Lange was appointed Business Area Manager Chocolate & Confectionery Fats.
- ◆ Bo Svensson took over as Business Area Manager Technical Products & Feed.
- ◆ Karsten Nielsen was appointed Chief Technology Officer (CTO).
- ◆ Edmond Borit, Managing Director AAK South America, Jean-Marc Rotsaert, President AAK USA and Octavio Díaz de León, Managing Director AAK Mexico also joined the executive team.
- ◆ AAK published its first printed Sustainability Report, under the heading AAK in the World.
- ◆ In November, analysts, the media and investors were invited to a capital market day in Stockholm. Over 60 participants were given a detailed review of the Group's administration and future prospects.

Operational key ratios

(SEK million unless otherwise stated)

	2010	2009	2008	2007	2006
Gross contribution	3,625	3,744	3,644	3,134	2,723
Gross contribution per kilo, SEK	2.51	2.61	2.36	2.12	1.90
Operating profit	824	827	851	653	455
Operating profit per kilo, SEK	0.57	0.58	0.55	0.44	0.32
Earnings per share, SEK	14.15	10.14	10.80	8.53	6.32
Return on operating capital, %	13.1	12.6	11.0	10.9	7.8

Financial key ratios, including IAS 39 and non-recurring items

(SEK million unless otherwise stated)

Net sales	14,808	15,884	17,207	13,005	10,929
Operating profit	882	1,475	151	646	342
Investments	335	316	396	712	501
Operating cash flow after investments	426	1,952	-370	-1,083	-325
Net debt	2,634	3,186	5,112	4,273	3,026
Equity/assets ratio, %	34	35	25	28	33
Net debt/equity ratio, multiple	0.83	1.08	2.15	1.75	1.31
Earnings per share, SEK*	15.26	20.19	0.04	7.67	4.18

* Earnings per share have been calculated using a weighted average of the number of outstanding shares during 2010. Definitions, see page 55 of the Annual Report. Annual General Meeting, see page 62 of the Annual Report.

AAK's vision

“The first choice for value-added vegetable oil solutions”

The vision consists of three important parts:

First choice

- ◆ The first choice for our stakeholders: customers, employees, suppliers and shareholders.
- ◆ We aspire to be our customers' preferred choice which requires us to be competitive, have consistent quality standards, and to be an ultra reliable supplier.
- ◆ First choice is also about time. We aim to have a fast time-to-market of new, value-added solutions.

Value-added solutions

- ◆ We sell complete solutions, not just products.
- ◆ Our value-added solutions are based on our expert knowledge of customer needs.
- ◆ A value-added solution is not just a final product but also a complex bundle of services, such as customisation, problem-solving, market advice, delivery systems, technical support and whatever else is required to meet our customers' needs.
- ◆ We continually strive to increase our share of value-added solutions relative to bulk products sales.

Vegetable oils

- ◆ This is our core business.
- ◆ Our business is built around the world of vegetable oils.
- ◆ We offer a wide range of products and services related to vegetable oils.



Strategies and goals

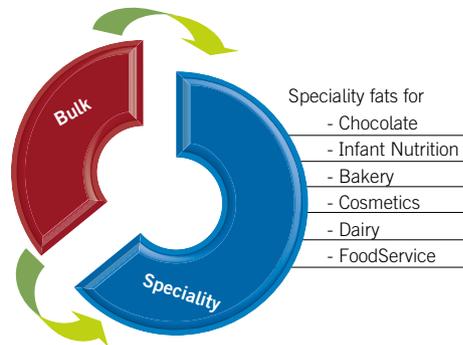
AAK's fundamental business strategy is increasingly to develop products, which meet a growing demand for quality and high-value content, with the aim of reducing dependence on bulk products with relatively low margins.

AAK works in close partnership with its customers. Together, we analyse needs and market potential to ensure that AAK can offer attractive solutions that improve the customers' competitiveness and offer better business opportunities.

This strategy has resulted in a number of new products, which have generated business opportunities in the bakery sector and the confectionery and cosmetics industries.

AAK's products are marketed to consumers only in exceptional cases. A significant part of the company's vision of being the first choice is to offer a strong package of

From bulk to more speciality products



services aimed at meeting customers' needs for marketing, transport and development solutions, where AAK's extensive expertise in the area of vegetable oils can, in partnership with the customers, result in new products and new business opportunities.



Summary by Melker Schörling, Chairman of the Board

Expansion through organic growth and acquisitions

In the past 12 months, AAK has undergone major changes. A flatter organisation and a larger executive team have shortened decision paths, and this has brought a new vitality to the organisation. This is characteristic of Arne Frank's approach. At the same time, there has been a new injection of energy into projects aimed at improving efficiency at the two plants in Karlshamn and Aarhus. It is all about ensuring that the company maintains an appropriate cost level compared with its European competitors. I am pleased to say that this work is progressing according to plan, and that there is a clear understanding at both plants of the need to tackle the competition head-on.

We are extremely fortunate to operate in an industry, which has experienced continuous

growth on a worldwide basis. We, the members of the Board, take an extremely positive view of AAK's expansion plans, which involve organic growth, with coordinated investment in production capacity, and acquisitions. Today, AAK is in an excellent position to undertake additional acquisitions in several geographical markets.

Financially, AAK is in its strongest position in a long time, with excellent cash flow and sound financial agreements in place. But we must remember that the company's cash flow is sensitive to changes in raw materials prices. The higher the prices of raw materials are, the more money we have tied up in inventories and accounts receivable. This means that it is essential for AAK to have a reserve at all times, in the form of available

financing, in case of rapid fluctuations in raw-material prices. It is important to remember that these price fluctuations affect only cash flow, and not results.

Sustainability

Sustainability issues are something the Board is taking extremely seriously. For many years, AAK has been involved in a number excellent sustainability improvement projects. One example of this is the shea we buy from West Africa. We have an on-site presence in the villages, with a large local organisation which purchases the shea nuts gathered by the local population from trees growing wild. This is a first-class example of how we are really contributing to sustainable growth in an extremely poor part of the world.



Management issues

One of the most vital tasks we carry out in the Board is finding the right CEO and management team. If these positions are filled by the right individuals, they will surround themselves with competent people and provide them with the motivation to drive the company forward. I have long held the view that, in addition to offering competitive wages and bonuses, it is a clear advantage if managers also own shares in the company. This ensures that the Board, the shareholders and the management have a shared interest in the company's success. With this in mind, we have recently launched an options programme. I stress that no-one receives anything free of charge. Everyone is expected to buy options at the market price. If AAK performs well, these options will become valuable when the holders, within a five-year period, can exercise the option to purchase shares. If the company performs badly, the options will be worthless.

Continuous growth in the industry

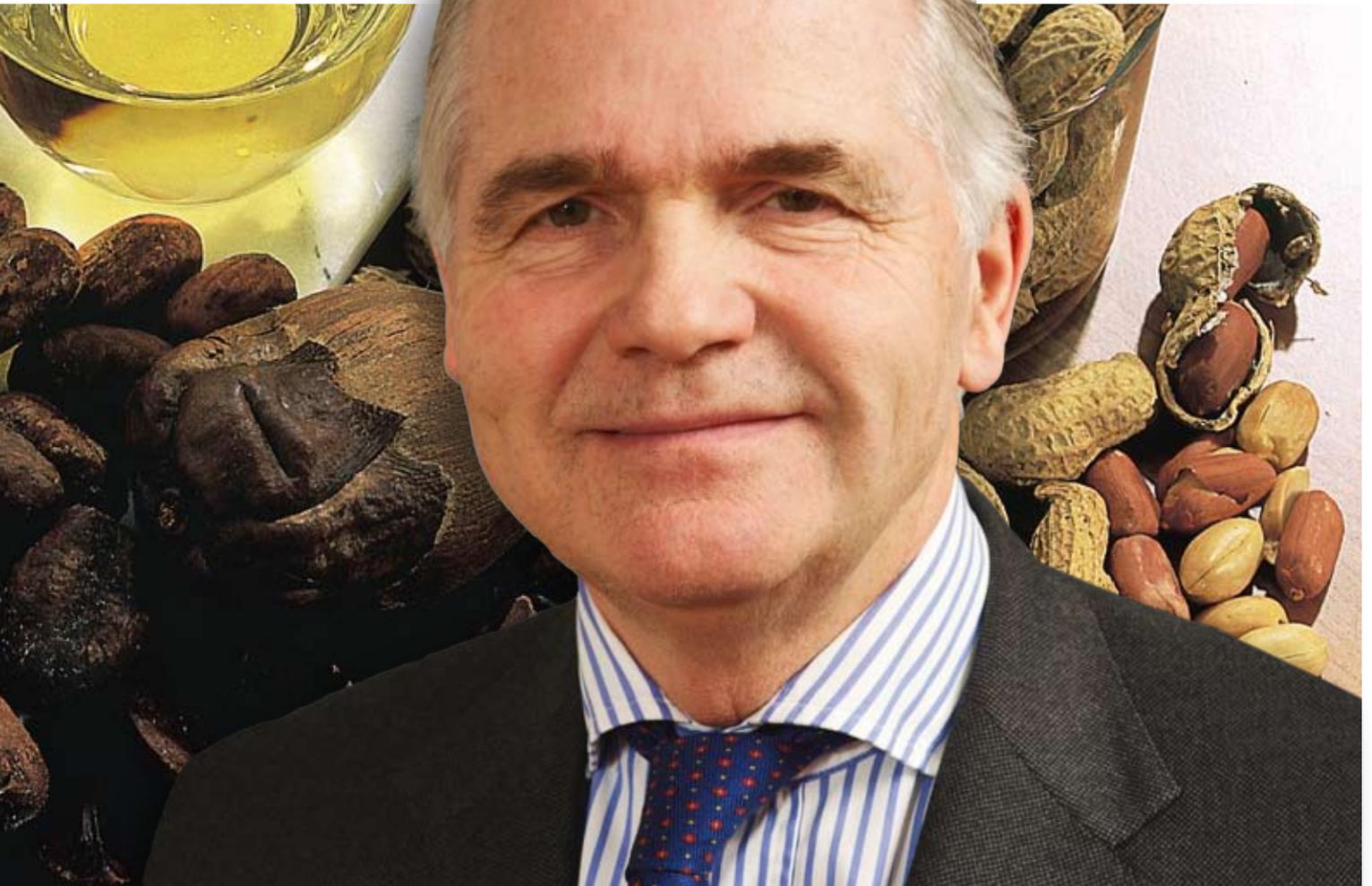
As I mentioned above, AAK is operating in an industry which is experiencing continuous growth. Of course, the customer pattern is always changing, and this is where it is essential that suppliers are able to keep up and perhaps even anticipate future demand. Demand from our customers has, however, also remained stable, something which was clearly evident after the economic disaster we saw a year ago. Many companies in other industries were hit by a dramatic fall in sales, but this was not the case for AAK, even though some markets experienced a slight downturn. What has become clear to me is that the Board has realised just how

stable demand for AAK's products really is. Under Arne Frank's management, the challenge is now to take the company to the next level, with profitable expansion in both the product range and markets.

Finally

Finally, I would like to say a few words about the company's performance in 2010. As the Chairman of the Board and a shareholder, I am, of course, never satisfied with the results. But, on the other hand, I appreciate that the work commenced in 2010 by AAK will, in the long term, create a much more competitive and dynamic company. I would like to take this opportunity to thank all employees for their efforts in 2010 and their enthusiastic commitment to making AAK an even better company.


Melker Schörling



Comments by the CEO, Arne Frank

Financial year 2010 was the year in which we laid the foundations for future expansion

The operating profit in 2010 was in line with our expectations, and was slightly above market expectations. A special mention should be made of the management in the business area Chocolate & Confectionery Fats, who managed to stabilise an operation which came under significant pressure at the start of the year. Other operations showed positive trends in volumes, market shares and profitability.

- ◆ The operating profit for the full year was SEK 824 million (827). Adjusted for disposals and at fixed exchange rates, operating profit improved by 6 percent to SEK 855 million (810).

- ◆ Earnings per share improved by SEK 4.01 or 40 percent, from SEK 10.14 to SEK 14.15.
- ◆ Food Ingredients reported a record high operating profit for the full year.
- ◆ Chocolate & Confectionery Fats did well in coping with increased competition.
- ◆ Technical Products & Feed demonstrated a strong recovery.
- ◆ The rationalisation programme in Scandinavia proceeded according to plan.

- ◆ Senior executives and a number of other key personnel invested at market price in a stock options programme.
- ◆ During Q4, AAK began to use hedge accounting. This means that, with effect from Q1 2011, there will be no IAS 39 effects to report.
- ◆ In addition, during the year, we secured our capital requirements for several years forward, on advantageous terms. We are now well-placed to deal with both high raw material prices and an exciting expansion of our operations.

Customer relations

We continued to work in partnership with all our most significant customers and to identify solutions for them. In doing so, we continued to improve the value content, customer benefit and margins of our products. This is fully in line with our established specialisation strategy.

AAK has years of knowledge of vegetable oils and fats, as well as their applications, and this is what has made the company a world-leader. The development of products with unique properties, in partnership with our customers, continues to generate new business opportunities for them as well as for AAK. Our vision emphasizes that AAK should be the first choice for customers



seeking value-enhancing solutions involving vegetable oils.

Sustainable development

Today, sustainable development has become increasingly important, both to AAK and its customers. They are accountable to end-consumers, and we must be able to guarantee an operation which takes sustainability seriously at all levels. One example of this is our commitment to the Roundtable on Sustainable Palm Oil and the GreenPalm operation. AAK continues to hold a leading position in RSPO and to operate GreenPalm Ltd. The programmes are intended to provide end-consumers with a solid guarantee that the products used have been produced using sustainable and environmentally-appropriate methods. Our customers have provided us with excellent feedback on these efforts, and we intend to continue to involve ourselves in CSR issues to allow AAK to continue this important trend, for the benefit of all.

AAK Acceleration

Special mention should also be made of the efforts during the year aimed at defining more clearly, and with greater focus on action, the best way for AAK to progress, as well as how we can make the most of AAK's unique expertise to exploit fully all the opportunities open to the company.

This work has emanated from an AAK corporate programme, "AAK Acceleration",

which focuses on twelve important initiatives in the area of "Growth-Efficiency-People". On the basis of our existing specialisation strategy, which remains unchanged, and now with AAK Acceleration, we are prepared to take the development of the company to the next level.

Controlling factors will be customer benefit, customer focus, growth, efficiency, our concern for all our skilled employees and issues affecting the world around us. We will concentrate more on organic growth in areas where we can offer unique products or unique expertise. We also aim for expansion in markets relatively new to AAK.

We must also continue to drive forward and focus on issues surrounding efficiency – our competitors are not resting on their laurels. At the same time, we will coordinate operations to ensure greater productivity. Purchasing and product development are two areas of particular importance here.

But none of this will be possible without motivated and committed employees, and for this reason, some of the twelve AAK Acceleration initiatives concentrate on our highly-competent and skilled personnel.

New internationalised organisation

As part of these efforts, we have also carried out an extensive organisational review, to ascertain which global organisation will provide the best support for our strategy and AAK Acceleration. The result is a significantly

more international management team, a much flatter organisation and streamlined decision paths.

The management is working more closely with both our customers and our employees. In my opinion, we have also achieved a much healthier balance of competent and forward-driving leaders promoted from inside the company, a couple of individuals with highly-relevant experience recruited from outside AAK, who have performed extremely well in previous assignments and, finally, some very capable individuals from "the old guard". Together, we are now managing "One AAK" with a high level of agreement on what we should focus on, and how.

With this strong platform as a basis, we will continue to create an outstanding company in the area of speciality oils, with great respect for the demands placed on all of us by a modern society, with the aim of generating greater customer benefit, growth, improved profitability and new opportunities.

Finally

Finally, I would like to thank all our customers who have trusted and worked with us for many years, our highly-competent and committed employees, as well as our shareholders who believe in us and are making this journey possible.



Arne Frank



The business model

AAK's core business is vegetable oil. The principal business idea is to purchase raw materials from around the globe and process them in AAK's ten production units in Europe, North America, Mexico and Uruguay.

Raw materials come exclusively from the plant kingdom, and include well-known products such as rapeseed, palm, soya, shea, sunflower seed and olives. A large proportion of these materials comes from Asia and West Africa.

AAK's business model is based on exploiting the properties of vegetable oils.

Palm oil and shea are important elements of the company's strategy of developing products with a higher value added, primarily for use by the food, confectionery and cosmetics industries.

AAK has a deep and wide-ranging knowledge of fats. This is the result of decades – actually more than a century – of operation in an area essential to human life.

- ◆ We need fat. It is part of all the cells in the body. Our bodies need it to produce hormones and other important substances.
- ◆ Vitamins A, D, E and K are fat-soluble. This means that the body's ability to absorb these vitamins is dependent on the presence of fat.
- ◆ Fat provides us with energy. Every gram of fat contains nine calories. Carbohydrates and proteins contain four calories per gram.
- ◆ One-third of our daily energy requirements has to come in the form of calories from fat. For adults, this means a daily fat intake of 60–90 grams.

Fat is a substance essential to life. There are different types of fats. They are primarily divided into four groups. Saturated fats and trans fats increase a person's cholesterol level, while unsaturated fats lower it.

- ◆ *Saturated fat* is found in animal products such as butter, cream, milk, meat and vegetable oils from tropical plants, such as coconut oil and palm oil. Saturated fats are recognised by the fact that they remain solid at room temperature.

- ◆ *Monounsaturated fat* is found in almonds, olive oil, rapeseed oil and other vegetable oils. Monounsaturated fat is suitable for cooking, since it copes better with heating than polyunsaturated fat.

- ◆ *Polyunsaturated fat* is found in shellfish, oily fish such as salmon, mackerel, herring and sardines, as well as in vegetable oils made from rapeseed, sunflower seed, soya and corn. Omega-3 and Omega-6 are two types of polyunsaturated fat.

- ◆ *Trans fats* are a particular form of unsaturated fats. They occur naturally in milk and fat from ruminants, but are also formed when vegetable fat is hardened.

The development of the properties of fat involves continuous work to offer the market healthier products. Trans fats increase the risk of cardiovascular disease. Opinion is divided over whether natural trans fats have the same negative properties as the industrially-produced equivalents. In most countries, the authorities are promoting reduced consumption of both saturated and trans fat.

AAK uses a wide range of raw materials to develop, in partnership with its customers, types of fats aimed at meeting increasingly diverse requirements.

Raw materials gathered from all over the world

- ◆ Rapeseed from Northern and Central Europe.
- ◆ Palm oil from Asia and Latin America.
- ◆ Olive oil from Southern Europe.
- ◆ Soyabean oil from the US and South America.
- ◆ Sunflower seed from Eastern Europe.
- ◆ Shea from West Africa.
- ◆ Corn primarily grown in America, Eastern and Southern Europe.
- ◆ Coconut from Malaysia and the Philippines.

While we must continue to respect the world around us, there is increasing demand for more sophisticated fats. Much of the raw materials supplied to AAK's refineries is made up of rapeseed, palm and shea.

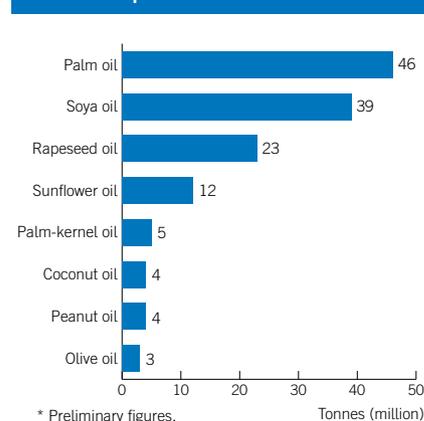
The oil palm is a native of West Africa, but was introduced as an ornamental plant in

Malaysia around 1875. Palm oil production really took off after the Second World War, and each palm tree produces bunches of up to 3,000 fruits. Palm oil is extracted from the pulp, while kernels are used in the production of palm-kernel oil. Today, palm oil is the most common vegetable oil in the world.

Responsibility for the world in which we operate

With the exception of palm oil, most vegetable oils must be hardened to make them sufficiently solid. Palm oil is, consequently, an important raw material for AAK. The positive effects on human health must be weighed against the risk of overexploitation in the growing areas. In partnership with WWF (Worldwide Fund for Nature), AAK is one of the initiators of the Roundtable on Sustainable Palm Oil (RSPO), with representation at committee level. As such, AAK supports sustainable production methods for palm oil. In 2007, AAK formed a subsidiary with the aim of organising trade in RSPO certificates. The company has an exclusive contract with RSPO to manage the trade in certificates.

World-wide production 2010*



From rapeseed field to AAK's factories

Rapeseed fields



Harvest



Storage



AAK



Rapeseed

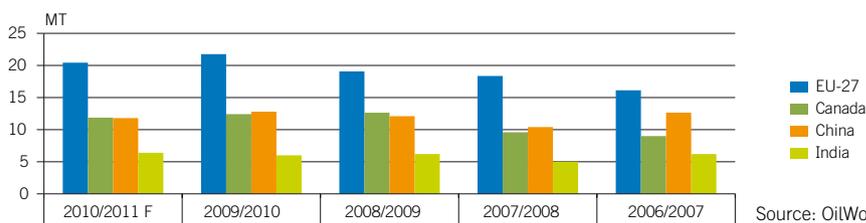
Rapeseed is a plant 750-1,750 mm high, with bright yellow flowers and green leaves shot with blue. The oil is extracted from rapeseed contained in small seed pods.

Rapeseed is one of our oldest oil plants, and has been in use for thousands of years. In India, evidence has been found that it was used a couple of millennia before the birth of Christ. Today, rapeseed is an important source of vegetable oil, and its popularity has increased enormously in the past ten years.

The leading rapeseed producers are Europe, China, India, Canada and Australia. Rapeseed is a profitable crop, since the oil content of the seeds is relatively high, around 40-44 percent. The rapeseeds are crushed to extract as much as possible of the oil. Its low level of saturated fatty acids makes rapeseed oil a healthy product.

Rapeseed meal is a very important by-product, which is used as a source of protein in animal feed.

World-wide production of rapeseed in MT



The past ten years have seen an increase in the use of rapeseed oil in technical applications, but the largest and most dramatic increase has been in the biodiesel industry.

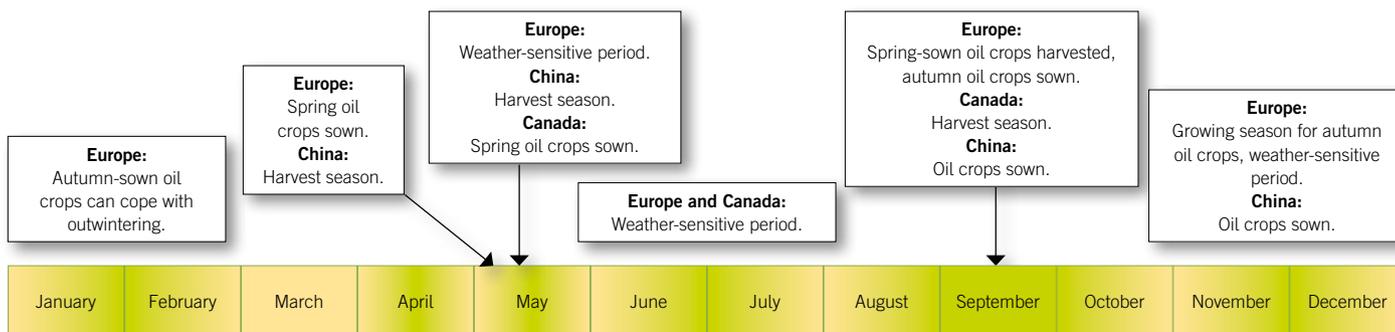
The diagram below illustrates the growing year for rapeseed in Europe, China and Canada.

In Sweden, the growing year starts in August/September, when autumn rapeseed is sown, and in April with the sowing of spring rapeseed. Harvesting starts in July, and in late July/early August, most of the rapeseed harvested is delivered to stores and on to the

processing plants. Since many of our suppliers now have their own rapeseed storage facilities, rapeseed is now sold and delivered almost continuously all year round.

Rapeseed is normally delivered by road or sea. When a delivery reaches AAK's factory, the first step is to analyse the fat, water and waste contents. If the shipment is not approved after these initial tests, it is sent back to the supplier. If it is approved, it is unloaded from the ship or truck. Further analyses are carried out, and the rapeseed is then stored in our silos.

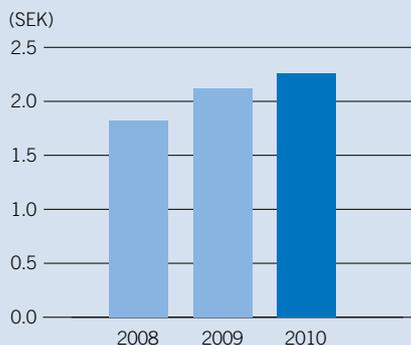
The rapeseed calendar



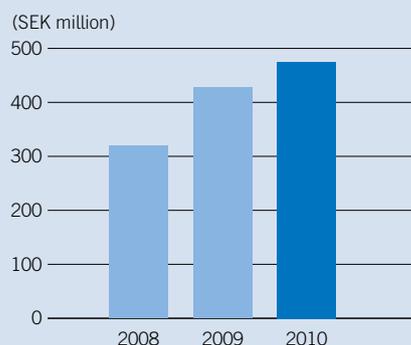
Food Ingredients

(SEK million)	2010	2009	2008
Net sales	8,927	9,702	10,413
Gross contribution	1,952	1,906	1,708
Gross contribution SEK per kilo	2.26	2.12	1.82
Operating profit	475	427	319
Volumes, thousands tonnes	861	898	940

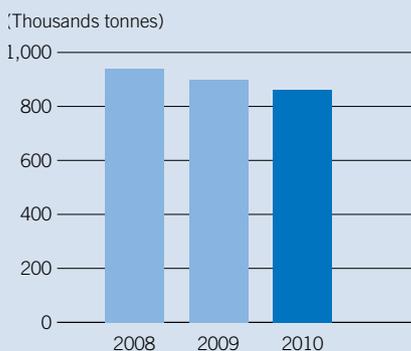
Gross contribution per kilo



Operating profit



Volumes



Food Ingredients

Food Ingredients is AAK's largest business area. 2010 was a highly successful year, despite the global recession. One of the business area's main strengths is its ability to develop customised solutions fast in response to health trends in the industry.

Food Ingredients has continued to defend its position as the natural choice for vegetable oils for a broad customer base in a market which remains volatile, and in the face of extremely tough competition. One of the business area's prime strengths is its ability to respond quickly and adapt to changes and new requirements in the food processing industry. The Group's extensive know-how and constant development work mean that it can respond rapidly to new trends by offering new products quickly. Food Ingredients' ambition is to utilise the constant changes in the market, with the aim of generating continued growth.

Trends in the food processing industry

The trend towards healthy food continues to dominate developments in the food processing industry. Rapeseed is one of the most important raw materials for AAK, and the company buys virtually the whole Swedish rapeseed harvest. The composition of rapeseed oil, with the lowest saturated fatty acid content of any oil and a high level of healthy Omega-3, makes it an increasingly sought-after food ingredient.

The demand for reduced trans fat and saturated fat levels is driving development for products with greater value-added, and this benefits AAK. The company's customers are responding to calls from consumers for trans fat-free alternatives, as well as products containing lower levels of saturated fat. A relatively new trend is functional foods, an area where AAK enjoys an important advantage, since it can offer healthy alternatives based on purely vegetable raw materials.

The fastest-growing market segment in the food processing industry is convenience foods, a product group which includes ready meals and snacks, which require speciality oils in their preparation. More and more meals are consumed outside the home, and this trend is expected to continue over the next few years.

The market is increasingly demanding traceability and long-term sustainable production methods. As one of the founders of RSPO (the Roundtable on Sustainable Palm Oil), AAK is working actively with businesses and voluntary organisations to develop sustainable methods for palm oil production. Through its subsidiary, GreenPalm Ltd, AAK has developed a system for trading in certificates for RSPO-certified, sustainably-produced palm oil. The certificate system is essential if the proportion of certified palm oil is to increase, and the trade in certificates has, to date, been responsible for 75 percent of the total trade in certified palm oil. GreenPalm has an exclusive agreement with RSPO for the trade in certificates.

AAK also offers segregated certified palm oil. AAK's plant in Hull was the first refinery in the world to be approved by RSPO for delivery of segregated certified palm oil. The plant was also the first to offer this to customers at the end of 2008.

The demand for certified palm oil is expected to grow, and several major customers have specified dates by which they aim to switch to certified palm oil.

The company has purchased certificates for palm oil used in own-brand products for catering kitchens.

A tough market

Food Ingredients has several major competitors, some of which are extremely active in both bulk, speciality and niche product segments. The most important of these are ADM, Bunge, Cargill, IOI Lodgers and Fuji Oil. In Europe, there are, in addition, more than 120 local refineries which together have a real impact on the competition in the market. The market as a whole is the subject to fierce competition. In certain segments, AAK does, however, benefit from its cutting-edge position in product development, particularly with reference to dairy fat alternatives, oils and fats for the bakery industry and speciality fats for infant formula.

Customised solutions

The products can be divided into three main categories:

- The most basic consist of bulk oils, and this is where most of the competitors are found.
- The next category consists of more customised solutions, which meet specific customer requirements in respect of function, adaptation to production methods, health and marketing issues.
- The third category consists of speciality products, which are primarily aimed at the following segments;
 - Dairy.
 - Bakery.
 - FoodService (Restaurants and catering kitchens).
 - Infant formula.

AAK aims to offer its customers products with greater added-value, and increase its proportion of speciality products. At present, the spread between bulk and speciality products is relatively even. Since transports are responsible for a relatively large share of overall costs, Food Ingredients is, to a great extent, a regional operation, although the market for speciality products with high added value is more global than that for bulk products.

The flexibility of the business area as a market player starts in the production plant. The complex infrastructure has been designed with careful regard for both efficiency and flexibility. This is something which permeates the whole value chain, including delivery of raw materials, warehousing, refining, packaging and distribution to customers.

AAK's product solutions are aimed at adding value to the customers' end product. Consistent and high quality is, of course, also important, as is a high level of product safety. In both these areas, AAK is well ahead of the industry as a whole. A genuine understanding of applications, an ability to adapt the operation quickly to changes in the market and close collaboration with customers have earned AAK an excellent reputation as a supplier of products with high added value.

In recent years, AAK has developed numerous new products. For all markets, the focus has been on lowering saturated fat levels. The focus on these products is increasing



further. The authorities in, for example, United Kingdom, as well as the potential introduction of a tax in Denmark, are driving a trend for increasing demand for polyunsaturated fats among producers and consumers alike.

New Products

Akomix LS is a fat for the production of ice-cream. It contains less than half the amount of saturated fat of the bulk products. Another is Akotop NH100, a non-hydrogenated fat for vegetable cream.

The concept provides AAK customers with the opportunity to offer their customers healthier products. It is yet another example of how AAK develops new products in close collaboration with its customers. One example is Essence™, which was launched for the US bakery industry.

InFat is an increasingly popular ingredient for the infant foods industry. This product, which was developed in partnership with Enzymotec and is sold through Advanced Lipids, has become a component of growing significance to infant formula. It is a product with an exciting potential for the future.

Knowledge transfer at AAK

In 2008, AAK started utilising the opportunity to combine the skills of employees in different countries in development projects, and using this as a resource as and when needed. The competence transfer has proved successful, and in 2010, knowledge of flaked fat and FoodService was transferred from United Kingdom to Mexico. This contributed to an increase in interest in AAK products among a new group of customers.

Regional markets

Europe

The plants in Denmark and Sweden make AAK a leader in the Nordic market. The company offers the food industry a comprehensive range of products. The acquisition of Rapsona in Sweden in 2008 confirmed AAK's position as a supplier of vegetable oils within the FoodService segment.

AAK's position as one of the leading suppliers of speciality oils to the infant foods industry was confirmed through the investment in a new production unit in 2008. In combination with the Dutch plant, the plant in Sweden is the base for the company's efforts in the infant foods segment.

AAK enjoys a historically strong position as a supplier for the food industry in Central and Eastern Europe. The year was dominated by intensive competition and the effects of the global financial crisis.

In United Kingdom, the focus was on defending existing market shares. The company's principal operation is the plant in Hull, while AAK Bakery Service is based in Oldham and AAK Foods in Runcorn.

One of the most important customer segments is the bakery industry. AAK Bakery Services offers an extended product range to the industry and this has improved AAK's relations with some of the major players on the market.

The Prep brand is a market leader in United Kingdom in the segment dealing with oils for restaurants and catering kitchens. This range includes high-quality vegetable oils for deep-frying, and the sale of Prep products increased as a result of the launch of new products. The Lion brand continued to grow in 2010. AAK Foods' principal success is, however, in the production of own-brand products for customers, which have been very well received.

Mexico

In the Mexican market, AAK is now one of the largest companies in vegetable oils, despite the high level of competition in the country. AAK has an excellent reputation for quality, service level and the ability to develop new products.

Food Ingredients Mexico can look back at yet another successful year, even though consumption within the country remained relatively stable. The trend for Mexico to become a production base for markets in the US continued. The production plant in Morelia has a central location, right in the middle of the major food producers. The health trend, which characterises the global food industry continues to make inroads in Mexico, and multinational producers are encouraging this by using healthier oils and fats in their products.

Food Ingredients offers customers a broad range of products suitable for most food industry operations. The most important production range is oils and fats for the bakery industry, snacks, margarine and dairy products.

USA

In 2010, AAK's products were in great demand in the US market for industrial raw materials.

Based in Port Newark, New Jersey, in the densely populated north-eastern part of the country, AAK enjoys an excellent position in comparison with most of its competitors.

The North American market for vegetable oils remains attractive, with growing health awareness. Demand continues to increase for vegetable oils free from trans and hydrogenated fats. The next challenge is the trend for the lowest possible amounts of saturated fat. Food Ingredients is very well positioned to satisfy this trend. AAK's principal strength lies in its ability to stay one step ahead of modern product trends and customer expectations. Excellent customer service, strong customer relationships, highly-qualified and skilled technicians and flexible production methods are what make AAK USA a market leader which can deliver solutions tailored to customer needs.



Chocolate & Confectionery Fats

Business area Chocolate & Confectionery Fats produces speciality vegetable fats used as cocoa butter replacements in chocolate products and fillings, as well as speciality products for the cosmetics industry. For several consecutive years, the market for chocolate fats experienced strong growth, but this slowed down somewhat in 2009. The market has, however, recovered in 2010.

AAK enjoys a world-leading position. The total production of chocolate-based confectionery products on the world market is around 7 million tonnes.

AAK develops and markets products based on vegetable fats (lipids) for use in the cosmetics industry. The trend towards natural raw materials in the cosmetics industry, in combination with AAK's unique products, has produced significant growth in the segment in recent years.

Speciality products for the chocolate and confectionery industry

CBE (Cocoa Butter Equivalents) is responsible for the greatest growth in the Chocolate & Confectionery Fats area, with an historical annual growth in double digits. For 2009, a slight fall has been noted as a result of the global recession, but the market recovered in 2010. Adding CBE to chocolate improves its properties, such as providing greater heat stability. This has opened a market in which AAK has proved successful.

The increasing CBE production capacity on the world market has had a negative impact on prices, but AAK has been able to offset the effects of falling prices with greater volumes. At the same time, AAK has started a world-wide campaign to encourage greater use of CBE.

Market trends and new products

In addition to growth in the CBE area, AAK has successfully introduced new CBR (Cocoa Butter Replacer) and CBS (Cocoa Butter Substitute) products. AAK has a broad product range of specialised and customised cocoa butter alternatives, which makes this a multifaceted business area.

AAK's products do not just replace cocoa butter. They also add new properties to the end products. Many of AAK's products

guarantee greater stability in fat bloom and temperature, while others provide better consistency and optimised crystallisation properties.

AAK's customer offer includes filling fats, fats for chocolate coatings and moulded chocolate products, as well as speciality fats for spreadable products.

Focus on health and sustainable growth

One of the strongest trends is the increasing importance of health aspects. Consumers are becoming increasingly aware, and this has resulted in increased demand for healthy fats. AAK, with its flexible and, at the same time, targeted product development, is at the forefront of this trend, and can respond well to the new consumer requirements.

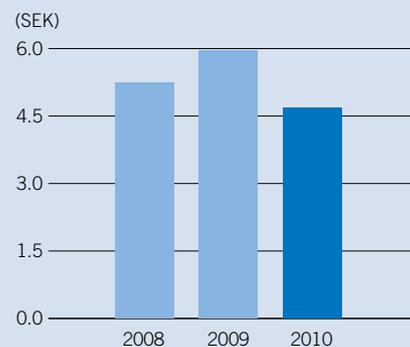
The most important trends are towards trans-free fats and reduced levels of saturated fats. AAK can offer both trans-free CBR and low-saturated and trans-free filling fats, and has also new, improved coating and moulding products which do not require a hardening process and contain lower levels of saturated fat.

In 2010, Frost & Sullivan, a global analysis and consulting company, presented AAK with the "2010 European Product Differentiation Excellence Award" in the "Confectionery Ingredients" category, for the development of Deliair NH. In winning this award, the

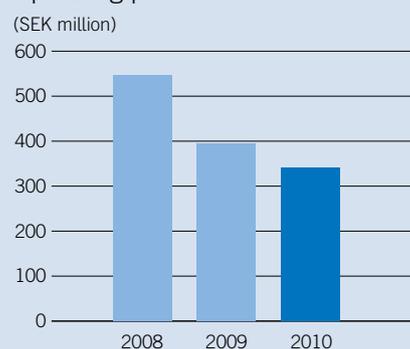
Chocolate & Confectionery Fats

(SEK million)	2010	2009	2008
Net sales	4,474	4,564	4,878
Gross contribution	1,394	1,508	1,653
Gross contribution SEK per kilo	4.68	5.96	5.47
Operating profit	341	394	547
Volumes, thousands tonnes	298	253	302

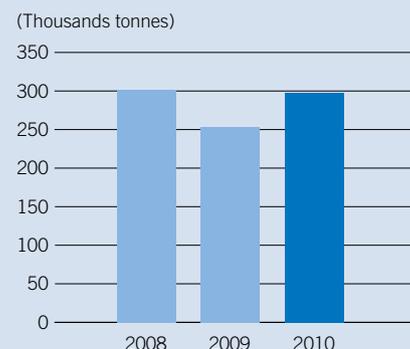
Gross contribution per kilo



Operating profit



Volumes



Speciality products for the chocolate and confectionery industry

properties of AAK's products were compared with those of its main competitors, on the basis of the following criteria:

Unique function/functionality

- ◆ Quality/Complexity.
- ◆ Customisation.
- ◆ Adaptation to market needs.
- ◆ Brand Perception with respect to the unique product.

Since its launch in September 2009, sales of Deliair NH has increased steadily, and AAK is involved in several promising projects in partnership with customers in most of the world's regions.

There is significantly greater customer focus on sustainable palm oil. AAK is monitoring customer needs closely, and has introduced a segregated, sustainable palm oil for the confectionery industry.

AAK's broad product range is the result of years of focused development carried on in the company's own laboratory, as well as close collaboration with customers. Consequently, the development work is closely associated with the market, with the aim of remaining one step ahead at all times. AAK's mission is to deliver innovative solutions which reflect market trends and, therefore, meet customer needs.

AAK Academy invites customers to take part in the work carried out at the laboratories at AAK's plants, to provide them with ideas and understanding of the properties of oils and fats, and to involve them in specific product development projects.

Shea the principal raw material

The production of a broad speciality range of cocoa butter replacement and filling fats requires a large number of exotic raw materials. Shea is the most important of these. Most of AAK's products are based on or contain fat extracted from shea. Other significant raw materials are palm and palm kernel oils, most of which come from South-East Asia.

Shea trees grow wild in West Africa. Shea is harvested by the local population, who collect the fallen fruits. These are purchased locally and are then traded on a market where industrial purchasers meet local sellers.

The estimated total annual quantity of shea in West Africa is 1,800,000 tonnes. Since around two-thirds of the fallen fruit remains unharvested by the local population, and is left to rot on the ground, there is significant growth potential. Around 500,000 tonnes is consumed locally, while a further 200,000 tonnes reaches the export market.

Actions taken by AAK in West Africa, including the establishment of the company's own representatives, has resulted in a stable situation, which allows AAK to respond well to the rapidly increasing demand for CBE.

excellent contacts it has already established in the German market.

The company's position in the rapidly-growing Latin American market has improved further, since AAK are now able to supply the market with products from the local plant in Montevideo (Uruguay).

An increasing demand for cocoa butter alternatives in the US will be met from the production plant in Port Newark (USA).

Closer to the customer

During the year, AAK's worldwide sales and product organisation expanded further, with greater representation closer to customers. This was supported by a strong vision aimed at improving AAK's world-leading position in vegetable fats for the chocolate and confectionery industry.

In this process, the comprehensive global network plays an important role in AAK's contact with the market. It not only acts as a link to the different geographical markets, but also guarantees that the company can monitor global trends and changes.

AAK is constantly expanding its global presence through its market activities, while, at the same time, increasing the value-added of its product portfolio. The chocolate and confectionery market is largely dominated by global manufacturers. Five producers – Mars, Nestlé, Kraft/Cadbury, Ferrero and Hershey – have 60 percent of the market in total.

Every stage of the value chain requires specialist expertise – from the purchasing raw materials to marketing and sales.

AAK has unique expertise, and its ambition is to work in close partnership with customers to expand competence in this area.

Chocolate & Confectionery Fats products are produced in and delivered by all AAK factories worldwide. This global presence, including the company's own plants, distribution centres and partnerships, allows AAK to deliver its highly-consistent product range to its customers in the most efficient way possible anywhere in the world.



Geographical expansion

While focusing on geographical expansion with the aim of covering all parts of the world, AAK continues to work closely with its customers and to offer improved services and shorter lead times. Distributions centres around the world form an important part of this expansion strategy. The plan is to open new offices in more countries, and AAK will, in particular, focus even more on the Asian market.

The recently-opened office in Düsseldorf is an example of AAK's European expansion and clearly demonstrates how AAK is improving its ability to deliver products to existing and potential customers specialising in oil and fat solutions by further developing the

Speciality products for the cosmetics industry



Under the Lipex® brand, AAK develops and sells vegetable fat-based products for use in skin and hair care products, make-up and various types of hygiene products for washing, showering and bathing. The Lipex® family includes everything from softening products to products with biological effects. In addition, there are products for parenteral nutrition.

AAK has worked with lipids for the cosmetics industry for many years, and possesses a level of experience, which makes the company one

of the world's foremost specialists in the area. All AAK products are based exclusively on vegetable oils, unlike the synthetic, animal or mineral oil-based products commonly used in cosmetic and skincare products.

Global market

The products are global, and are sold all over the world. The main competitors are global companies such as Cognis and Croda. Half of the cosmetic products market is represented by ten global players with brands such as L'Oréal, Proctor & Gamble, Unilever, Beiersdorf (Nivea) and Estée Lauder.

Market trends

The number of consumers is increasing as the skin care and hair care products market broadens. At the same time, there is a growing interest among male customers. New geographical markets are gradually opening up in the emerging economies, and this means that the potential customer base will also increase over time.

Speciality products for the cosmetics industry

In parallel with this, there is a continued strong trend of health and environmental awareness, with a larger number of customers increasingly demanding healthy and safe products. These customers are looking for new products free from synthetic, animal and mineral oil-based ingredients.

Natural raw materials

The range is based on various natural and renewable raw materials. The beneficial properties of shea butter have made it the most sought-after raw material in the cosmetics industry. The softening and moisture-retaining properties of shea butter provide an attractive skin sensation, while its anti-inflammatory function adds valuable bioactivity.

Other exotic raw materials include mango, illipe, almond, sesame, apricot and coconut. The rapeseed grown in Sweden also contains high levels of valuable bioactive lipids, which are excellent for sensitive skin products and baby care.

Product development and the future

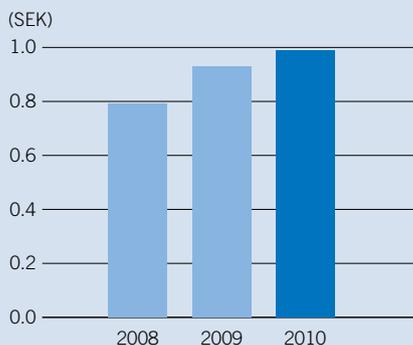
The product range is undergoing constant development. A significant proportion of the development work is carried out in close consultation with the company's customers. This consultation covers both technical and commercial aspects, and provides AAK with a thorough understanding of each customer's individual needs and wishes.

At present, much of the product development is focused on producing products with certain specific functions and active substances. The aim is to create new ingredients which combine basic functions, e.g. moisturising or cleansing properties, with more advanced functions, such as protection against UV-rays and environmental contaminants.

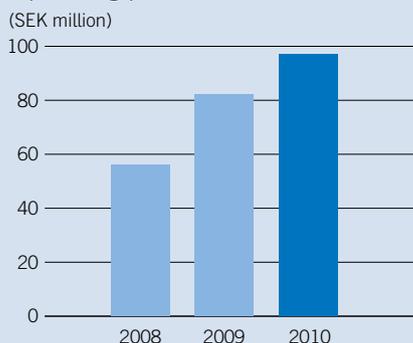
Technical Products & Feed

(SEK million)	2010	2009	2008
Net sales	1,407	1,295	1,578
Gross contribution	279	261	238
Gross contribution SEK per kilo	0.99	0.93	0.79
Operating profit	97	82	56
Volumes, thousands tonnes	282	282	301

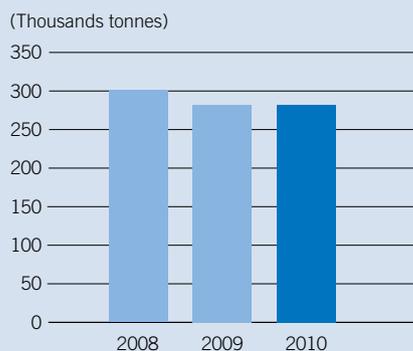
Gross contribution per kilo



Operating profit



Volumes



Technical Products & Feed

Business area Technical Products & Feed is an excellent example of the role that vegetable oils play in society with respect to the environment and health. The business area covers lubricating products for logging machinery, where vegetable oils minimise the problem of discharge to the natural environment, to animal feed ingredients.

Candles made from renewable fatty acids have lower carbon dioxide emissions than paraffin candles. Vegetable lubricating oil spilled from a chainsaw is biodegradable. Dairy cattle can be fed guaranteed salmonella-free, vegetable-based feed.

Fatty acids – glycerol

AAK produces fatty acids sold under the Tefacid brand, as well as glycerol. Both types of products are extracted by splitting the fat molecule.

Fatty acids are primarily used by the chemical engineering industry, where they are turned into a number of products, including amines and esters. These are used as inputs in many application areas, e.g. paper chemicals, soap, detergents, rubber and plastics.

One example of products, which exclusively consists of fatty acids is stearine candles.

Glycerol is used in such diverse products as cosmetics, explosives, paint and food. The majority of AAK's customers operate in the chemical engineering industry.

Oleon, KLK Oleo Europe and Emery are AAK's main competitors in the European market in fatty acids and glycerol. The structure of the market is continuing to change, a process which will result in fewer but larger players.

Environmental-friendly technical oils

AAK develops, produces and markets environmental-friendly technical oils, such as metal processing fluids and lubricating oils for the metalworking industry, as well as hydraulic and chainsaw oils for the forestry and contracting industries, under the Binol and BioSafe brands.

Increased environmental awareness in society and in the market has had a positive impact on sales. The replacement of mineral oil with Binol products by the metalworking industry has generated many benefits, including improved lubrication performance, reduced overall cost and, not least, a significantly better working environment.

The fact that the products in the Binol range are also based on renewable raw materials further reduces their environmental impact. Even though the total market for lubricants is shrinking, the bio alternatives are gaining increasing market share.

Feed

The customer offer consists primarily of various product groups in the protein and feed fats areas. When rapeseeds are pressed, rapeseed oil and rapeseed meal are extracted. The rapeseed meal is processed in the Karlshamn plant, and is marketed under the ExPro brand, a product which improves the effectiveness of the feed protein and increases the milk yield from dairy cattle. This product is sold mainly to the Nordic feed industry, where the Feed business sector enjoys a leading position in the market for bypass proteins.

The Feed's range also includes both solid bypass fats and liquid feed fats. Most of the feed fats are used as ingredients in cattle feed and, to some extent, in pig and poultry feeds.

AAK is able to provide guaranteed salmonella-free products – a guarantee which makes the company unique in the industry.

AAK's prime rivals are ADM, Bunge, Cargill, Berg & Schmidt, as well as small, regional producers.

The market

The business area utilises some of the residual products from the production of food oils carried on by AAK's other operations. These are products with low margins, which cannot carry high transport costs. The market is, therefore, regional, primarily in Northern Europe.

Tefac

In the fatty acids and glycerol area, AAK is the leader in the Nordic market, where most of the products are sold. The company has continued to secure its strong logistics position in the Nordic region. Other important markets are Germany, Poland and Russia. Fatty acids make up around 85 percent of sales, with glycerol representing the remaining 15 percent.

Binol

The majority of products are sold straight to end-users in the Nordic market under the Binol and BioSafe brands. In other markets, AAK collaborates with various partners and the products are sold under their own respective brands.

Feed

98 percent of feed raw material sales take place in the Nordic region, where AAK is the market leader.

Despite the steady fall in the number of dairy farms, the market for feed raw material has remained largely static for many years. In 2010, the dramatic drop in profitability for dairy farmers was felt strongly, and the total market for cattle feed fell by 10-15 percent. The drop in some types of feed for high-yield dairy cattle was even greater. AAK's volumes fell less than those of the total market, and could also be offset by a cut in costs.

Bypass proteins are proteins which are not digested in the rumen of dairy cattle. The body can, therefore, absorb this protein, resulting in significantly lower feed costs during rearing.



Risks and threats

AAK's operations are constantly exposed to risks, threats and external factors which impact on the company. The company has adopted a proactive approach to business intelligence, with the aim of anticipating changes in the factors which affect the company's operations. Plans and policies are adjusted continuously to counteract any negative effects on the company. AAK uses active risk management, such as hedging raw material prices and currencies, to reduce the risks the company faces.

Raw materials

Harvests are weather-dependent. A year of poor harvests drives up prices, while a year of successful harvests reduces them. Most of the raw materials are traded on the international world market, and raw materials are purchased in foreign currencies. Essentially, this means that AAK has significant currency and raw materials price exposure. AAK has adopted a strategy of active risk management, which means that as soon as a sales contract has been signed, AAK will hedge the equivalent currency and raw material price

exposure. This safeguards the company's margins and AAK's results are, therefore, not dependent on currency and raw materials price risks on signed sales contracts.

Since many of the raw materials are produced at considerable distance from production plants and markets, transport costs are an important factor, not least through the potential impact on margins of the growing demand for environmentally-acceptable transport methods. Competition is fierce.

The processing industry

AAK operates as part of the processing industry. The company is not primarily driven by volumes, but improvements in results are achieved through an increase in the proportion of speciality products with higher margins than the relatively low-margin bulk products.

Capacity expansion aimed at increasing total volumes and meeting growing demand has a relatively long planning horizon. AAK must analyse potential growth well in time, but can, in the meantime, balance production among its ten plants, with the aim of achieving greater proximity to markets for specific products, as well as covering swings in supply and demand. Important speciality products are produced by the individual

plants, and problems with machinery can have a major impact. AAK has taken out insurance to cover a loss in margins.

Political instability

Operating globally always carries risks, but it can also be a stabilising factor. Although AAK largely operates in mature markets in the US and Europe, a significant proportion of the company's growth is generated in developing markets, which are vulnerable to political instability. AAK also operates in Eastern Europe and Asia – regions which are, to some extent, characterised by instability. On the other hand, AAK is a well-established operator in these areas, with plenty of experience of handling the relevant issues. In addition, AAK has adopted a strategy of deliberate risk management. Political instability can impact on currencies and, to some extent, on exchange rates.

Global operations also involve a number of other risks, including:

- ◆ Trade barriers.
- ◆ Inflation.
- ◆ Changes in national or regional legislation, e.g. the introduction of protective tariffs and taxes, which prevent AAK from operating in a free market.



◆ Environmental and health-related legislation.

Changes in the competitive situation

The sector in which AAK operates is undergoing structural changes. At the same time, these structural changes provided the opportunity for the merger between Aarhus United A/S and Karlshamns AB. It is a sector which has existed for just over a century, and which, fundamentally, is dependent on natural products. There is great pressure for more intensive development, including demands for sustainable, ethical production, with producers accepting responsibility for social issues and the impact of their operations on the environment in general. AAK operates on the basis of both an organic growth strategy and a selective acquisition strategy. A strong balance sheet has laid the financial foundations for future acquisitions. There is tough competition in the industry. Several competitors operate in the global market, and deliver large volumes of bulk products with limited margins. AAK is responding to the competition by focusing more on products with better margins and greater value added.

These include confectionery products and cosmetics, as well as products for the food processing sector, such as the bakery industry, which generate higher margins.

The health debate

There is an ongoing debate on healthy alternative foods. For example, the debate on trans fats has been quite heated on occasion. AAK's product base is made up of vegetable oils taken straight from the natural world. The problem of trans fats has, among other things, resulted in a greater use of raw materials such as palm oil. Palm oil is hugely significant to AAK. It has a broad application area – from chocolate to foods and cosmetics. It is a great alternative to hardened fat. It is semi-solid at room temperature, which makes it an attractive alternative in the production of many different foods. By using palm oil, trans fats can be eliminated from many food products.

AAK has a great ability to adapt its product range quickly, to reflect the latest trends in the health debate. This is largely due to the fact the company works with all types of vegetable oils and can reformulate its products fairly easily to meet customer needs.

Political measures also pose a risk. Active involvement in issues relating to CSR, Corporate Social Responsibility, is, therefore, becoming increasingly important to the industry as a whole, to forestall legislation on issues which are a natural development of human requirements.

High level of competence among management and employees

The business operation is affected by raw material prices, transport costs, energy prices, interest rates and exchange rates. AAK has adopted policies and rules as to the risks which may be taken and, as explained above, has adopted a comprehensive risk management strategy. The company's management and employees have long and sound experience of reacting quickly to changes in external factors, and of adapting the operation and the company's range of products and services to the customers' needs.

During the year, management has been strengthened by the injection of new resources into Human Resources, Communications and Investor Relations. At the same time, the Group management team has been expanded to achieve shorter decision paths.



AAK has employees all over the world

AAK is a global operation. In addition to ten plants in seven countries, AAK employees can be found working in sales organisations covering multiple markets. The company also has local employees involved in the purchasing of raw materials in many countries and continents, including Africa. They are playing an increasingly important role in the implementation of AAK's

specialisation strategy, which is essential for the company to achieve its business targets.

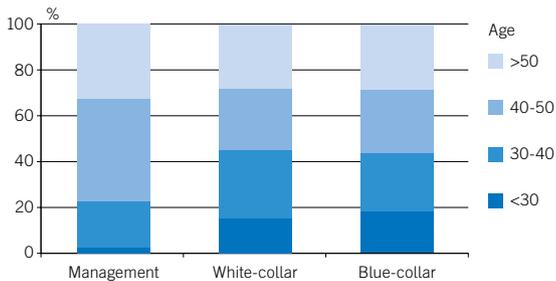
At the start of 2010, AAK had 2,137 employees. The majority, 96 percent, were employed on permanent contracts, and 76 percent had fixed contracts, depending on agreements signed in different countries. The remainder were temporary employees and trainees. During the year, the number of employees fell

to 2,101. Most of the reduction has been at our European units, while the number of employees at our non-European units has increased.

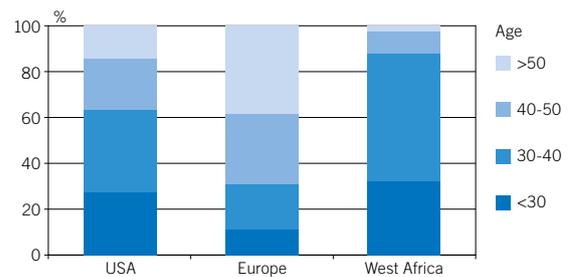
Ongoing employees training is essential to our operation. In 2010, there were 39,000 training days, which represents, on average, 17.3 days per employee.

A safe workplace is something which AAK takes extremely seriously. For this reason, the company carries out continuous safety

Employee category by age distribution



Permanent employees by age



checks at plants across the world, and works hard to eliminate potential risks. AAK's efforts in the health and safety area are based on national legislation, international regulations, comparisons with the standards for the industry and AAK's own requirements.

103 accidents at work were registered by the Group last year, and these resulted in a loss of 740 working days in total. Days of absence for other reasons totalled 14,259.

The majority of employees were offered swine flu vaccination.

AAK has adopted working environment and safety management systems.

At the plants, the management systems involve extensive safety awareness training, adoption of targets, identification of risks and continuous following up of results.

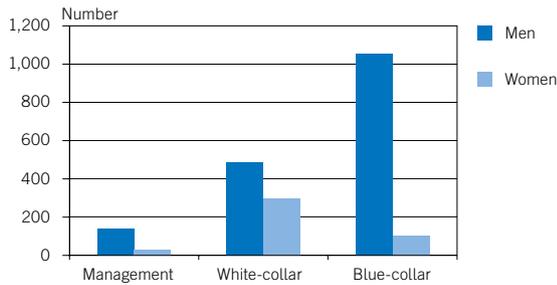
The management systems at AAK's plants provide a framework for the identification and active elimination of health and safety risks, reduction in accident risks, compliance with health and safety targets and a better approach to safety issues.

New employees and temporary summer employees attend a safety course, and every year, personnel at all AAK production plants receive first-aid and fire response training.

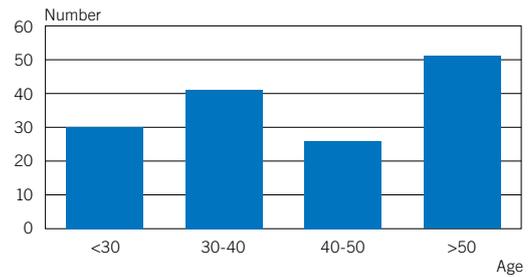
Internal communication

Internal communication is essential to the operation, since it is the key to ensuring that all AAK employees understand the objectives of the company. This is important for employee motivation and for their ability to contribute to the operation. There are many channels for internal communication, but the most important ones are managers, our global intranet, general employee meetings etc. Time and the message to be communicated determine the best channel. Internal communication is also a project within AAK Acceleration.

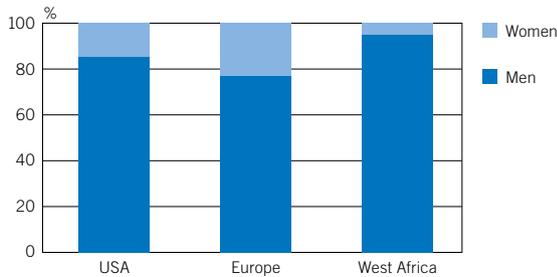
Employee category by gender



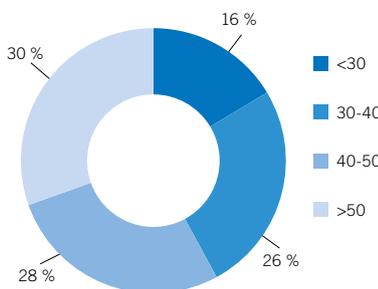
Permanent employees turnover by age



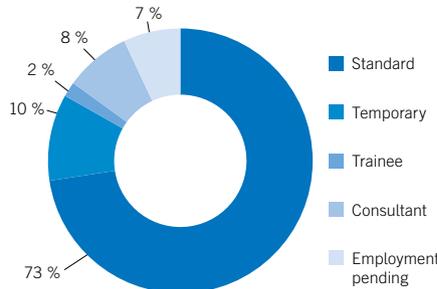
Employee gender distribution



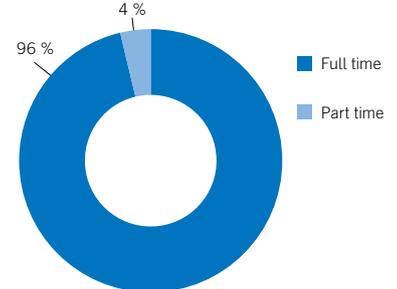
Employee distribution by age



Employment contract type

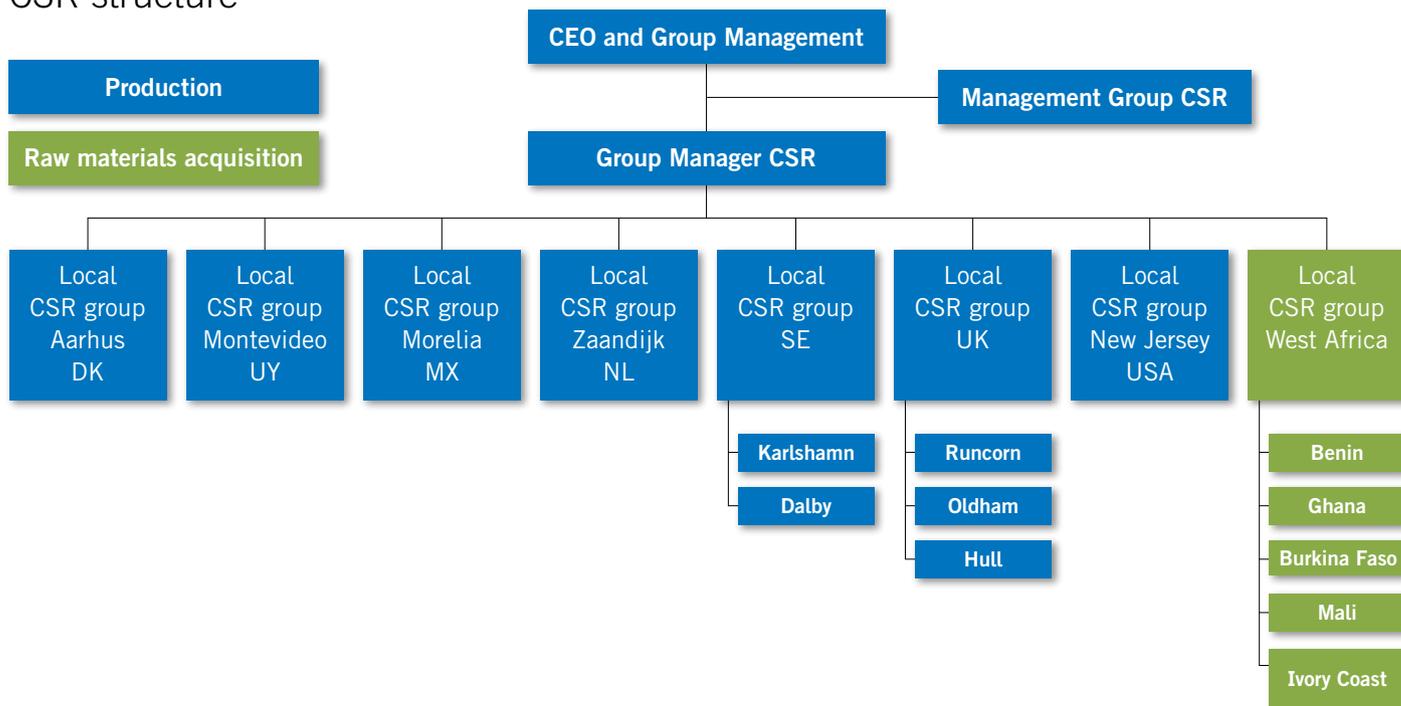


Employment type



CSR – AAK in the world

CSR structure



Economic development and growth demands respect for the world around us

AAK has been a market player for more than a century. During all these years, the company has extracted vegetable oils from natural sources. To ensure long-term success, financial, environmental and social issues must be managed responsibly and through cooperation, and in harmony with the world in which we operate. This is a central policy in AAK's operation, to ensure continued success of the strategy of organic growth and selective acquisitions. Every company must earn the respect of the world in which it operates, and, for AAK, this means making an active contribution to a long-term sustainable society.

Code of Conduct

AAK's policies and guidelines make up the company's Code of Conduct, with emphasis on sustainable development. Along with the legislation of individual countries, they provide the framework and govern AAK's actions in various areas.

The Code must be observed by all employees, managers and members of the Board of AAK, in all markets, at all times and without exception.

AAK's Code of Conduct is based on in-

ternationally-recognised conventions and guidelines, including the UN's Convention on Human Rights, the ILO's conventions, OECD guidelines and the UN's Global Compact.

It is a guide to AAK's social responsibility and includes the following points.

- ◆ Support and respect for human rights.
- ◆ No complicity in human rights abuses.
- ◆ Freedom of association and recognise the right to collective bargaining.
- ◆ Elimination all forms of forced or compulsory labour.
- ◆ Effective elimination of child labour.
- ◆ Effective elimination of discrimination in respect of employment and occupation.
- ◆ Support for a precautionary approach to environmental challenges.
- ◆ Initiatives to promote greater environmental responsibility.
- ◆ Encourage the development and diffusion of environmentally-friendly technologies.
- ◆ Work against corruption in all its forms, including extortion and bribery.

The organisation

At Board level, the task of monitoring follow-up and reporting of issues relating to Corporate Social Responsibility falls to the Audit Committee. Corporate Communications is responsible for reporting on the CSR-related work carried out by the Group.

The collection of data, processing and compilation of CSR-related communications is handed by a group made up of representatives from the Communications, Finance, Legal, Environment, HR and Purchasing units.

Global Reporting Initiative

The AAK Group accepts responsibility for issues concerning the working environment, environmental impact, energy consumption, business ethics and social respect, and reports on sustainability issues using the international Global Reporting Initiative as a basis.

The CSR cycle at AAK – dialogue, data collection, examination, analysis and publication

AAK's CSR reporting follows an annual cycle, during which a highly-comprehensive updating of information obtained during the previous calendar year is produced, examined, analysed and compiled from the New Year, to be ready for publication in May-June. This is followed by a period until September



during which the company collects feedback through planned consultation with selected stakeholders (e.g. employees, managers, independent organisations, ethical foundations and authorities) covering the CSR core areas of the environment, energy, supply of raw materials, human rights etc. The fact that the reporting process is inspired by GRI's guidelines facilitates discussions. Views expressed during the consultation with stakeholders are used to improve preparations and data collection, and to improve the work carried out the following year.

The reporting process follows the Global Reporting Initiative's framework. GRI is a network-based organisation, which is paving the way for the development of the world's most sustainable reporting framework. To ensure the high technical quality, credibility and relevance of reports, the system has been

developed in partnership with the business sector, public institutions and academia.

GRI creates a basis for improvements and makes it possible to measure these. The sustainability reporting guidelines form the cornerstones of the system, which is already used by thousands of organisations all over the world.

AAK's implementation of GRI

Sustainability reporting involves measuring, presenting and accepting responsibility towards stakeholders, both inside and outside the organisation, for what the organisation has achieved in its work to ensure sustainable development. Our sustainability reports provide a balanced and reasonable picture of the results achieved by AAK on sustainability-related issues.

The cornerstones of the regulatory frame-

work are the guidelines for sustainability reports which were published for the first time in 2006. GRI sustainability reports permit a comparison of the company's sustainability reporting organisation with that of other organisations, the capacity available to them and changes over time.

AAK's organisation for managing GRI reports is described in the diagram of the work structure. Eight local groups, which in some countries include sub-groups for smaller production plants, are responsible for the collection of data. A Group Manager responsible for CSR issues compiles the data and reports to the senior management of the Group.

The first report was attempted in 2008. Some aspects of the GRI system were used and, in 2009, AAK progressed to producing an almost complete report.

The Group's CSR Manager visited the seven largest production plants to discuss issues with the local CSR teams. The material is complex and represents a new aspect of the operation. The 2008 review was not complete and, for this reason, AAK does not carry out a comparison of the two years. The procedures for the work were soon established, and in 2010, AAK drew up the standards which will govern CSR work for the next few years.

GRI is also based on a Group-wide network for cross-communication of experiences and measures at local level, which can be disseminated throughout the Group to ensure broad improvement in the presentation of many sustainability issues.

The report is divided into categories:

- EN – Environmental performance indicators.
- FPSS – Food processing sector supplement.
- LA – Labour practices and decent work.
- HR – Human rights.
- SO – Society performance.
- PR – Product responsibility.
- EC – Economic impact.

In 2010, this work was published in a report separate from the annual report. The same method will be used for 2010, and the report will be published in autumn 2011.

Global Compact – a guide to social responsibility

AAK supports the United Nation's programme for social responsibility. The programme is summed up in the following ten principles:

1. Support and respect for human rights
2. No complicity in human rights abuses
3. Freedom of association and effective recognition to the right to collective bargaining
4. Elimination of all forms of forced and compulsory labour
5. Effective elimination of child labour
6. Effective elimination of discrimination in respect of employment and occupation
7. Support for a precautionary approach to environmental challenges
8. Initiatives to promote greater environmental responsibility
9. Encourage the development and diffusion of environmentally-friendly technologies
10. Work against corruption in all its forms, including extortion and bribery.



April 2010

AAK Group Policy:

Corporate Social Responsibility

AAK supports in its actions the ten principles of United Nations Global Compact in the areas of human and labour rights, environment and anti-corruption, and we perceive the principles as a powerful platform for our activities within sustainability.

AAK will integrate social and environmental concerns into our business operations and in our interaction with our stakeholders. We will use our resources in order of priority based on risk assessment and sphere of influence.

Human rights

We support and respect the protection of internationally proclaimed human rights and constantly supervise within our sphere of influence that we are not complicit in human rights abuse.

Freedom of association

We respect the freedom of association and the right to collective bargaining.

Forced labour

We do not accept any form of forced labour such as bonded labour, prison labour, slavery, human trafficking or retention of important personal documents of employees.

Child labour and young workers

We cannot accept the employment of children. The minimum age of employment shall not be less than the age of completion of compulsory schooling and in any case not less than 15 years (14 years in some developing countries).

Where national law permits it, children between the age of 12 and 15 may perform a few hours of light work per day. The work must not interfere with the children's education.

For young workers below the age of 18 special precautions are taken to protect them against accidents and damage to their health.

Discrimination

We will not engage in or support any form of discrimination in hiring and employment practices.

Employment related decisions shall be based on relevant and objective criteria.

Working hours

We comply with all applicable local and national standards on working hours and overtime.

Remuneration

We comply at least with local and international legal minimum standards concerning wages and benefits including compensation for overtime. The size of wages enables workers to meet basic needs.

Notification

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

Working environment

We strive to offer a safe working environment for all employees. Adequate health and safety procedures are implemented. As a minimum, we comply with all local and national health and safety legislation in the countries in which we operate.

Workplace violence

We protect employees in the working place against physical, verbal, sexual or psychological harassment, abuse or threats.

Environment

We strive to minimise the environmental impact of our activities through responsible management, widespread environmental awareness and the use of technologies with low environmental impact. We recognise that prevention rather than cure is a more cost-effective approach to avoid environmental damage.

Corruption

Our businesses should work against corruption in all its forms, including extortion and bribery.

Yours faithfully

AarhusKarlshamn AB (publ)

Arne Frank, President and CEO

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Company no. 556669-2850
SE556669285001

A company in the AAK Group



RSPO – Sustainable supply of raw material

The calls for major corporations to deal with CSR issues have never been stronger. To a company such as AAK, which uses palm oil in its operation, financially-sustainable production with responsibility for the environment is of the utmost importance. In 2003, AAK was involved in the creation of the Roundtable on Sustainable Palm Oil (RSPO), which aims to support the growing and use of certified sustainable palm oil (CSPO).

AAK has noticed a sharp increase in interest in CSPO from users of palm oil, including food manufacturers, and one of the major challenges has been how to separate this particular oil and distribute it throughout the world, transporting it from the certificated plantation to the manufacturer's own production line. For this purpose, AAK developed a method called "book and claim". The programme, GreenPalm, is administered by a British subsidiary of AAK, Book & Claim Ltd, and has proven the most successful of all the RSPO alternatives to supplier chains. Organisations, which have signed up include WWF (Worldwide Fund for Nature), Oxfam, Conservation International, Unilever, Tesco, Marks & Spencer's, Cadbury and Carrefour. After promoting the idea for several years, GreenPalm is now very much up and running



and able to meet the demand for CSPO in a straightforward and cost-effective way. The internet-based platform can be viewed on www.greenpalm.org.

Objectives

The objective of GreenPalm is to;

- Increase awareness of sustainably-produced palm oil.
- Prevent the destruction of rain forest.
- Support the Roundtable on Sustainable Palm Oil (RSPO).

A green pioneer

GreenPalm is the answer to the problems which arise in a complex international industry. It is a simple, flexible system which is easy to install, and has already made a difference.

GreenPalm offers financial incentives to producers, who can prove that they accept environmental and social responsibility, who do not destroy important forests, and who can demonstrate that they constantly try to improve their methods. Since GreenPalm operates in an existing chain of suppliers, the scheme also serves to save millions of jobs in the palm oil industry in some of the poorest regions of the world.

CSR – AAK in the world

In autumn 2010, the media focused on the use of the weed killer, Paraquat, by one of AAK's suppliers. AAK immediately raised the issue within the company, sent out a press release and appointed external auditors to examine the case on site at the supplier in Malaysia. By responding to the issue instantly, AAK was able to inform its customers that the identified supplier had acted in accordance with current legislation and completely in line with AAK's environmental policy.

AAK discusses environmental issues with suppliers

The issue of weed control in palm plantations has been brought to the fore. The use of Paraquat as a weed killer has been included in the agenda.

As a major player in the industry, AAK buys large quantities of palm oil, which is refined into a broad spectrum of products at ten AAK plants located around the world.

"We buy palm oil from several different suppliers, including UP (United Plantations). UP's owner is also a major shareholder in a company with substantial shareholdings in AAK", says Arne Frank. "But AAK treats UP like any other supplier."

AAK is one of the initiators behind RSPO, the Roundtable on Sustainable Palm Oil, and the company is still represented on the Board of Directors. The organisation takes issues involving weed killers seriously, and is demanding that the use of Paraquat is phased out. Paraquat has been used as a weed killer on areas of newly-planted palms.

"We concern ourselves deeply with environmental issues involving our suppliers", says Arne Frank. "We are very pleased that an increasing number of growers are signing up for membership and are actively involved in RSPO. This ensures that they run their operations in accordance with the standards laid down. It is clear that UP, which is another driving force behind RSPO and which was the first company to gain RSPO approval as a producer of sustainably-produced palm oil, will cease to use Paraquat by the end of the year."

For several decades, AAK has bought palm oil from UP's plantations in Malaysia.

Consumers throughout the world are increasingly demanding that companies accept responsibility for their total environment.





AarhusKarlshamn AB (publ) – Board of Directors

Melker Schörling Chairman of the Board of Directors.

Elected in: AAK 2005
(Karlshamns AB 2001).

Born: 1947.

Nationality: Swedish.

Main occupation: Founder and owner
of Melker Schörling AB (MSAB).

Qualifications: MBA.

Professional background: CEO of a
number of companies, including
Securitas AB 1987-1992 and
Skanska 1993-1997.

Other directorships: Chairman of the
Board of Directors of MSAB, Hexagon
AB, Securitas AB and HEXPOL AB
and member of the Board of Directors
of Hennes & Mauritz AB.

Number of shares: Via MSAB, Melker
Schörling holds 58.5 % of the shares
in BNS Holding AB. In turn, BNS
Holding AB holds 16,511,756 shares
(40.4 %) in AAK.

Carl Bek-Nielsen Vice Chairman.

Elected in: 2005.

Born: 1973.

Nationality: Danish.

Main occupation: Executive Director
(Corporate Affairs), United Plantations
Berhad.

Qualifications: Bachelor of Science.
Professional background: Executive
director, director-in-charge.

Other directorships: Chairman of the
Board of Directors of United Interna-
tional Enterprises Ltd. Vice Chairman
of the Board of Directors of United
Plantations Berhad. Member of the
Board of Directors of Danfoss A/S
(Bitten and Mads Clausens Fond).
Number of shares: Via UIE Ltd, Carl
Bek-Nielsen holds 41.5 % of the
shares in BNS Holding AB. In turn,
BNS Holding AB holds 16,511,756
shares (40.4 %) in AAK.

Martin Bek-Nielsen

Elected in: 2005.

Born: 1975.

Nationality: Danish.

Main occupation: Executive Director
(Finance & Marketing) United Planta-
tions Berhad.

Qualifications: Agricultural Economics.
Professional background: Executive
Director (Finance & Marketing).

Other directorships: Member of
the Board of Directors of United
Plantations Berhad, Vice Chairman
of the Board of Directors of United
International Enterprises Ltd.

Number of shares: Via UIE Ltd,
Martin Bek-Nielsen holds 41.5 %
of the shares in BNS Holding AB.
In turn, BNS Holding AB holds
16,511,756 shares (40.4 %) in AAK.



Märít Beckeman

Elected in: 2006.

Born: 1943.

Nationality: Swedish.

Main occupation: PhD Candidate
and research.

Qualifications: Master of Science
and Licentiate in Engineering.

Professional background: Project
Manager, consultant, business
development and product/packaging
development.

Other directorships: Member of the
Board of Directors of Beckeman
Consulting AB.

Number of shares: 0.

Anders Davidsson

Elected in: 2007.

Born: 1970.

Nationality: Swedish.

Main occupation: President and CEO,
Bong AB.

Professional background: Management
Consultant with McKinsey & Co.

Other directorships: Member of the
Board of Directors of Bong AB.

Number of shares: 1,200.

Mikael Ekdahl

Elected in: 2005.

Born: 1951.

Nationality: Swedish.

Main occupation: Lawyer and partner
in Mannheimer Swartling Advokatbyrå.

Qualifications: Swedish equivalents of
MBA and LLB. Kand.

Professional background: Lawyer
and partner.

Other directorships: Chairman of the
Board of Directors of Bong AB, Marco
AB, Absolent AB and EM Holding AB.

Vice Chairman of the Board of
Directors of Melker Schörling AB,
Member of the Board of Directors of
KonstruktionsBakelit AB.

Number of shares: 8,000.

Arne Frank

Elected in: 2010.

Born: 1958.

Nationality: Swedish.

Main occupation: President and CEO,
AAK AB.

Qualifications: MSc. Industrial
Engineering and Management.

Other directorships: Chairman of the
Board of Contex Holding A/S and
Member of the Board of Directors of
Alfa Laval AB (publ.).

Number of shares: 2,000.

Share options: 264,500.

Stock options: 80,000.

John Goodwin

Elected in: 2005.

Born: 1944.

Nationality: British.

Main occupation: Financial
Consultant.

Qualifications: Chartered Accountant;
Bachelor of Commerce.

Professional background: Chief
Executive, Managing Director, and
President.

Other directorships: Member of the
Board of Directors of United
International Enterprises Ltd.

Number of shares: 0.



Standing: Mikael Ekdahl, Leif Håkansson, Märit Beckeman, Martin Bek-Nielsen, Annika Westerlund and Ulrik Svensson. Seated: Melker Schörling, Carl Bek-Nielsen, Anders Davidsson, Harald Sauthoff, John Goodwin and Arne Frank.

Harald Sauthoff

Elected in: 2010.
Born: 1955.
Nationality: German.
Main occupation: Vice President, Cognis GmbH – now part of BASF, The Chemical Company.
Qualifications: Industrial Business Management.
Professional background: Risk Management Agricultural Commodities, General Business Management in the Chemical Industry.
Number of shares: 0.

Ulrik Svensson

Elected in: 2007.
Born: 1961.
Nationality: Swedish.
Main occupation: President and CEO Melker Schörling AB.
Qualifications: MBA.
Professional background: CFO of several listed companies, including Swiss International Airlines and Esselte.
Other directorships: Member of the Board of Directors of Assa Abloy AB, HEXPOL AB, Niscayah Group AB, Loomis AB, Hexagon and Flughafen Zürich AG.
Number of shares: 0.

Members of the Board of Directors appointed by the employees

Leif Håkansson

AarhusKarlshamn Sweden AB.
 Appointed by IF-Metall.
Elected in: 2005.
Born: 1957.
Nationality: Swedish.
Main occupation: Senior positions in trade unions and local and regional government and Board work.
Qualifications: Electrical engineering.
Number of shares: 0.

Annika Westerlund

AarhusKarlshamn Sweden AB.
 Appointed by PTK-L.
Elected in: 2005.
Born: 1956.
Nationality: Swedish.
Main occupation: Laboratory Assistant.
Qualifications: Technical College.
Number of shares: 0.

Deputy members

Ulf Friberg

AarhusKarlshamn Sweden AB.
 Appointed by PTK-L.
Elected in: 2008.
Born: 1954.
Nationality: Swedish.
Main occupation: Maintenance engineer. Responsible for preventive maintenance.
Qualifications: Automation engineer.
Number of shares: 0.

Christer Svantesson

AarhusKarlshamn Sweden AB.
 Appointed by IF-Metall.
Elected in: 2006.
Born: 1951.
Nationality: Swedish.
Main occupation: Repairer.
Qualifications: Engineering.
Number of shares: 679.

Auditors

PricewaterhouseCoopers AB

Anders Lundin

Born: 1956.
 Authorised public accountant.
 Principle auditor.
 The company's auditor since 2005.



AarhusKarlshamn AB (publ) – Group Management



Arne Frank

Employed: 2010.

Born: 1958.

Nationality: Swedish.

Main occupation: President and CEO, AAK AB.

Qualifications: MSc. Industrial Engineering and Management.

Directorships: Chairman of the Board of Contex Holding A/S and member of the Board of Directors of Alfa Laval AB (publ.).

Number of shares: 2,000.

Share options: 264,500.

Stock options: 80,000.

Anders Byström

Employed: 2006.

Born: 1951.

Nationality: Swedish.

Main occupation: CFO (Chief Financial Officer) and Vice President, AAK AB.

Qualifications: MBA.

Number of shares: 0.

Stock options: 70,000.

Renald Mackintosh

Employed: 2002.

Born: 1951.

Nationality: Dutch.

Main occupation: Vice President, AAK AB, President Business Area Food Ingredients Continental Europe.

Qualifications: MSc Food Technology.

Number of shares: 300.

Stock options: 40,000.

Torben Friis Lange

Employed: 2010.

Born: 1963.

Nationality: Danish.

Main occupation: Vice President, AAK AB and President, Business Area Chocolate & Confectionery Fats.

Qualifications: BSc. Dairy Technology, Graduate Diploma in Business Administration.

Number of shares: 0.

Stock options: 100,000.

Bo Svensson

Employed: 1974.

Born: 1951.

Nationality: Swedish.

Main occupation: Vice President, AAK AB, President, Business Area Technical Products & Feed.

Qualifications: Graduate Diploma in Food Engineering.

Number of shares: 210.

Stock options: 10,000.

Jean-Marc Rotsaert

Employed: 2009.

Born: 1969.

Nationality: American.

Main occupation: Vice President, AAK AB and President, AAK USA.

Qualifications: MSc. Electrical Engineering.

Number of shares: 0.

Stock options: 65,000.



Octavio Díaz de León, David Smith, Torben Friis Lange, Anne Mette Olesen, Renald Mackintosh, Anders Byström, Arne Frank, Karsten Nielsen, Bo Svensson, Edmond Borit and Jean-Marc Rotsaert.

Octavio Díaz de León

Employed: 2007.
Born: 1967.
Nationality: Mexican.
Main occupation: Vice President, AAK AB and Managing Director, AarhusKarlshamn Mexico.
Qualifications: MBA, BSc. Mechanical & Electrical Engineering.
Number of shares: 0.
Stock options: 40,000.

Edmond Borit

Employed: 2001.
Born: 1969.
Nationality: Peruvian and French.
Main occupation: Vice President, AAK AB and Managing Director, AAK Latin America.
Qualifications: MBA, BSc. Food Engineering.
Number of shares: 0.
Stock options: 50,000.

David Smith

Employed: 2001.
Born: 1960.
Nationality: British.
Main occupation: Vice President, AAK AB and President, European Supply Chain.
Qualifications: MBA, Graduate Diploma in Business Management.
Number of shares: 0.
Stock options: 40,000.

Karsten Nielsen

Employed: 1988.
Born: 1963.
Nationality: Danish.
Main occupation: Vice President, AAK AB, CTO.
Qualifications: Graduate Diploma in Food Technology.
Number of shares: 264.
Stock options: 15,000.

Anne Mette Olesen

Employed: 2010.
Born: 1964.
Nationality: Danish.
Main occupation: Vice President, Human Resources and Communications.
Qualifications: MBA, BSc. Chemical Engineering.
Number of shares: 0.
Stock options: 60,000.

AAK's Glossary

Amines – Products made of fatty acids with surface-active properties. Used as inputs in a wide range of industries.

Bypass fats – Fats that have been tailored to bypass the rumen of ruminants, which means that a larger amount of fat and energy is left intact for high-yielding dairy cows.

Bypass rapeseed meal – Rapeseed meal treated in a special process to make it bypass the rumen of ruminants. Nutritionally superior to standard rapeseed meal.

CBA (Cocoa Butter Alternatives) – Fats with properties similar to those of cocoa butter, i.e., solid at room temperature and with very rapid melt-off in the mouth.

CBE (Cocoa Butter Equivalents) – A type of CBA which is identical to cocoa butter, and which may be used in chocolate up to 5 percent according to EU legislation. Manufactured from exotic raw materials, including shea oil.

CBR (Cocoa Butter Replacer) – CBA with properties similar to those of cocoa butter. Is used in such things as chocolate coatings for cookies and biscuits. More user-friendly than CBE as no tempering is required.

CBS (Cocoa Butter Substitutes) – CBA with properties and application areas similar to those of CBR. Made from palm-kernel oil.

Cocoa butter – Fat extracted by crushing cocoa beans. Its composition lends chocolate its unique properties.

Dairy solutions – Fats intended for use in dairy products such as cheese, cream, cooking fat, ice-cream etc. Replace butter fat and contribute positive properties to the end product.

DHA – Omega-3 fatty acid present in fish oil.

EPA – Omega-3 fatty acid present in fish oil.

Essential fatty acids – Two different types of polyunsaturated fatty acids, Omega-3 and Omega-6, which are necessary for good health. Cannot be produced by the human body, but must be acquired in food. Rapeseed oil is one of the few vegetable oils that contain both types of essential fatty acids.

Esters – Chemical components of fatty acids and alcohols. Triglycerides, which are the main constituent of fat, consist of alcohol, glycerol and fatty acids, and are thus a type of ester.

Fatty acids – Consist of carbon and hydrogen in long chains. At one end of the carbon chain is a so-called carboxylic group. The commonest fatty acids in vegetable oils contain between 12 and 18 carbon atoms.

Fatty sterols – Sterols from the plant kingdom. Reduce blood cholesterol.

Flaked fats – Fats with a high melting point supplied in the form of little solid “flakes”, which simplifies handling for certain customer groups.

Fractionation – Multiple-stage crystallisation process used in the manufacture of CBA.

Glycerol – An alcohol that is one of the constituents of the fat molecule.

InFat – A speciality fat for infant formulas.

IPPC – An EU Directive on environmental audits of industrial plants. The Directive comprises the aggregate environmental impact of the plant, such as emissions into the air, effluents into water, waste production, raw material consumption and energy efficiency.

Lipids – A collective name for a wide range of natural products, which include fats.

Mould releasers – Fat-based products which are applied to the inside of casting moulds. Make it easier to remove the mould when the concrete has set without damaging the surface.

Nutrition – Food, the process of taking in and absorbing nourishment.

Omega-3 – Essential polyunsaturated fatty acids in which the first double bond is located three carbon atoms from the end of the carbon chain.

Omega-6 – Essential polyunsaturated fatty acids in which the first double bond is located six carbon atoms from the end of the carbon chain.

Parenteral Nutrition – the process by which a person receives fluids and nutrition intravenously.

PCR – A method used to identify genetically modified seeds (GMO). The abbreviation stands for Polymerase Chain Reaction.

Polyunsaturated fatty acids – The carbon chain contains two or more double bonds, which are of considerable importance for the biological function of the fats in question.

Pumpable fats – Products consisting of fat crystals dispersed in liquid oil delivered by tanker lorry. Mainly used by bakeries where they replace solid fats in 10-kg packages.

Saturated fats – Fats with no double bonds along the carbon chain.

Shortening – fat used in the bakery industry.

Trans content – The proportion of trans fatty acids in a fat.

Trans fatty acids – Unsaturated fatty acids with a different kind of double bond than those naturally occurring in vegetable oils.

Unsaturated fats – Fats with one or more double bonds along the carbon chain.

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This document is a translation of the Swedish language version. In the event of any discrepancies between the translation and the original Swedish AAK report 2010, the latter shall prevail.

The first choice for value-added vegetable oil solutions

– The vision consists of three important elements, which govern what we want to achieve:

- first choice
- value-added solutions
- vegetable oils