

AAK Smallholder Certification Support in Sabah, East Malaysia

AAK has identified the innovative jurisdictional approach to palm certification in Sabah as a highly effective means to support sustainable palm oil development for independent smallholders, a key objective in AAK's sustainable palm oil policy. As a founder member of the RSPO, AAK is the first palm oil supply chain contributor to this pioneering approach in East Malaysia relating to independent smallholders.

Sabah, which is situated in the northeastern part of Borneo, is responsible for 12 percent of global palm oil production, of which an estimated 30–40 percent is produced by tens of thousands of smallholders. Partnering with Forever Sabah, the initial proponent for the Sabah commitment and now facilitator of the smallholder certification process, AAK seeks to help the state reach its ambitious target of RSPO certification of all its palm oil production by 2025. The current stage of this project for independent smallholders comprises four pilot districts with a sampling of 20 villages and an estimated 2,000 independent smallholders, to develop and design the process template for Sabah's 25 districts.

"Responsible sourcing of our raw materials is fundamental to AAK and is one of our five focus areas in our Sustainable growth model as well as a cornerstone to our new company program The AAK Way", says Anne Mette Olesen, AAK's Chief Marketing Officer responsible for CSR. "We want to make a clear difference to both the environment and to local communities."

The complex process of the Sabah jurisdictional project has been broken down into three key goals – zero deforestation, zero conflict, and smallholder livelihoods, and the project will require the cooperation of many partners. Involving smallholders who are operating in rural and frequently high-poverty areas is a key focus of AAK. The number of independent smallholders is yet unknown (mapping is a critical part of the project) but is very significant, indicating the scale of the challenges that lie ahead.

"Forever Sabah is very happy that AAK has made a significant commitment to support the Sabah jurisdictional project and looks forward to a long and beneficial relationship with AAK in supporting independent smallholders", says Cynthia Ong, Chair of Forever Sabah and Executive Director of Land Empowerment Animals People ("LEAP").

"AAK is very proud to be one of the early supporters of this project and we look forward to support the steering committee in order to make ambitions a reality", says Anne Mette Olesen.

*AAK is a leading provider of value-adding vegetable oils & fats. Our expertise in lipid technology within foods and special nutrition applications, our wide range of raw materials and our broad process capabilities enable us to develop innovative and value-adding solutions across many industries – Chocolate & Confectionery, Bakery, Dairy, Special Nutrition, Foodservice, Personal Care, and more. AAK's proven expertise is based on more than 140 years of experience within oils & fats. Our unique co-development approach brings our customers' skills and know-how together with our own capabilities and mindset for lasting results. Listed on the NASDAQ OMX Stockholm and with our headquarters in Malmö, Sweden, AAK has 20 different production facilities, sales offices in more than 25 countries and more than 3,000 employees. **We are AAK – The Co-Development Company.***