



Press information, August 24, 2021

AAK's Kolo Nafaso sustainable shea program supporting ethical chocolate category surge

AAK has extended its Kolo Nafaso shea sourcing program to support the growing demand for ethically produced chocolate confectionery. The program already reaches 320,000 women in West Africa, representing 8 percent of the global shea industry's workforce.

Rising demand for ethical shea

Ethical claims are the fastest-growing types of claims in the chocolate confectionery and chocolate spreads sectors, according to Mintel GNPD (Global New Products Database), having increased by about 70 percent between 2016 and 2020.

There is more than just cocoa and sugar in chocolate and consumers and companies increasingly want all ingredients to be sustainable. Shea is a widely used plant-based fat ingredient in chocolate products, where it delivers excellent quality, texture, and functionality. Demand for sustainably sourced shea is currently higher than ever.

AAK is one of the world's leading shea suppliers. The company directly sources shea kernels from Burkina Faso, Ghana and Ivory Coast where women predominantly collect the kernels. Within Kolo Nafaso, established in 2009, AAK purchases directly from women's groups, ranging from 7 to 400 in size, eliminating the need for middlemen. As a result, the women are empowered to invest back into their own communities. This enables them to build a better livelihood for themselves and their families.

As in many other places, human and labor rights can be major challenges in West Africa, in particular gender inequality. So, there is a need to support these women, many of whom live in rural villages with poverty as an ever-present threat. AAK provides support on a grand scale by having a direct relationship, avoiding the need for intermediaries, and maximizing traceability and transparency – resulting in claims that can be carried through to finished products.

Kolo Nafaso achieves its aims to a significant degree. As a result, the program gives the women's groups a route to, among others, the high-volume mainstream chocolate confectionery sector. Luis Parra, Global Business Director Chocolate & Confectionery Fats, said: "To the best of our knowledge, no other commercial program empowers women on the scale of Kolo Nafaso. Our vision is to continuously improve our collaboration and expand its impact in West Africa. We also hope that our model for sustainable sourcing can be inspirational to many other companies."

Verification landmark

AAK's Kolo Nafaso programs in Burkina Faso and Ghana achieved a major landmark in 2020, as they were fully verified by Proforest, an external, non-profit organization that promotes responsible production and sourcing of agricultural commodities. In 2021, the full scope of Kolo Nafaso has been verified, including Ivory Coast.



Women participating in Kolo Nafaso have access to a pre-financing scheme that ensures a stable income during the leanest period of the year, avoiding a large drop in income when shea is out of season. They can opt to receive interest-free credits during lean periods, helping them to maintain their living standards throughout the year and not just during the shea kernel harvest. Members of the program also benefit, directly or indirectly, in several other ways, including:

- A fully ethical and transparent business relationship
- Training in better processing and business practices
- Tree-planting support and access to clean water
- A segregated and traceable supply chain
- A fully audited and verified sourcing program

Industry partners

Kolo Nafaso is aligned with AAK's corporate purpose, Making Better Happen™. It operates alongside a number of other sustainable shea initiatives taken together with industry partners. For example, AAK recently announced a partnership with global confectionery, food and pet care company Mars, several leading NGOs, and an impact investment fund to establish the ten-year Women in Shea (WISH) initiative. Victoria Mars, Chairman of the Board for Mars Incorporated, said: "We hold firm to the belief that our brands' success must be aligned with the success of the partners and communities we operate with. We are proud to launch together a large-scale shea sourcing initiative in Ghana to bring benefits to women who live in a particularly fragile ecosystem."

AAK has also formed a sustainable shea partnership with Scandinavian/Northern European confectionery company Cloetta. Maria Selling, Sustainability Manager at Cloetta, commented: "The partnership between AAK and Cloetta on responsibly sourced shea is an example of how we can work together to create a long-term positive impact in the shea supply chain. With an improved income, the women are also in a better situation to address poverty, which is so often the root cause of many sustainability problems."

ENDS

For more information, please contact:

Luis Parra, Global Business Director Chocolate & Confectionery Fats
Phone number / email address: +45 2043 7420 / luis.parra@aak.com
www.aak.com

About AAK

Everything AAK does is about **Making Better Happen™**. We specialize in plant-based oils that are the value-adding ingredients in many of the products people love to consume. We make these products better tasting, healthier, and more sustainable. At the heart of AAK's offer is Customer Co-Development, combining our desire to understand what better means for each customer, with the unique flexibility of our production assets, and a deep knowledge of many products and industries, including Chocolate & Confectionery, Bakery, Dairy, Plant-based Foods, Special Nutrition, Foodservice and Personal Care. Our 3,900 employees support our close collaboration with customers through 25 regional sales offices, 15 dedicated Customer Innovation Centers, and with the support of more than



20 production facilities. Listed on Nasdaq Stockholm and with our headquarters in Malmö, Sweden, AAK has been Making Better Happen™ for 150 years.

AAK AB (publ)
Skrivaregatan 9
SE-215 32 Malmö
Sweden

Phone +46 40 627 83 00
info@aac.com
www.aak.com

Registered office: Malmö
Company no. 556669-2850
SE556669285001