

Finland: EIB lends EUR 40m to Fazer Group for research and development

- European Investment Bank (EIB) finances Fazer's research and development activities, including the construction of an innovative xylitol manufacturing facility.
- EUR 40m loan for activities to be rolled out in Vantaa, Lahti and partially also in Lidköping.

The EIB and Fazer have signed a EUR 40 million loan agreement to finance Fazer's research, development and innovation (RDI) activities in the coming years. Specifically, Fazer will fund the construction of a new plant, where the sweetener *xylitol* will be extracted from discarded oat hulls. This will be built next to the mill, located in Lahti, Finland. It is expected that the new facility will produce 4 000 tonnes of xylitol per year out of 20 000 tonnes of oat hulls, a by-product of the firm's milling business, thus also reducing waste.

The project will also support RDI activities relating to Fazer's bakery and confectionery products, biscuit and grain products, plant-based meals and non-dairy products, with a focus on developing new ingredients to improve quality and shelf life, as well as new products for the well-being segment. The R&D activities will mostly be carried out at Fazer's Vantaa HQ, and to a lesser extent in Lidköping in neighbouring Sweden.

Christoph Vitzthum, the CEO of Fazer, said: "Fazer sees food as a solution and foodtech makes the food system more productive, affordable, sustainable and healthy. As sustainability is an integral part of Fazer's strategy, innovations supporting the circular economy, such as the production of xylitol from oat hulls, represent a future direction for the food industry. As we have already now seen a huge interest in oat-based xylitol and an increasing demand for xylitol, we have adjusted our original investment plans to build a solid foundation for potential future expansions of the xylitol capacity. Accordingly, we have increased the investment by approximately EUR 10m."

Fazer is transforming itself into a modern sustainable food company in a joint direction, executing its ambitious growth strategy with a focus on innovation across categories. Building on the current strengths of Fazer's research and development capabilities as well as open innovation in collaboration with universities, research networks and start-ups, Fazer aims to strengthen its position as a frontrunner in foodtech.

The new xylitol production factory will valorise by-products of Fazer's milling business and therefore contribute to circular economy goals. The plant will produce the biomass feedstock for an associated, third party CHP plant that will supply renewable heat and power to Fazer's site in Lahti, thus reducing the climate footprint of its operations.

Background information:

Fazer Group

In 1891, the young Karl Fazer opened his first café with a mission to make food with a purpose – and a passion to create moments of joy for all the people around him. It became Northern Magic. Made Real. Today, Fazer is an international family-owned company offering quality bakery, confectionery, biscuit and grain products, plant-based meals, non-dairy products, on-the-go food and drinks as well as food and café services. The Group operates in nine countries and exports to around 40 countries. The success of Fazer has been built on Karl Fazer's vision, values and fearless creativity: the best product and service quality, beloved brands, the passion of skilful people and responsible ways of working. In 2018, Fazer Group had net sales of EUR 1.6 billion and more than 15 000 employees. Fazer's operations comply with ethical principles that are based on the Group's values and the UN Global Compact.