

# New opportunities within oils and fats

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# Green is the new black – plant-based is not only about food

A future with new opportunities within oils and fats

Sustainability agendas drive the need for responsibly sourced alternatives to fossil-based ingredients

Innovation allows sidestreams to turn into upcycling opportunities

## Personal Care



## Candles



## Upcycling from sidestreams



# Personal Care

# The cosmetics industry is facing a green transition

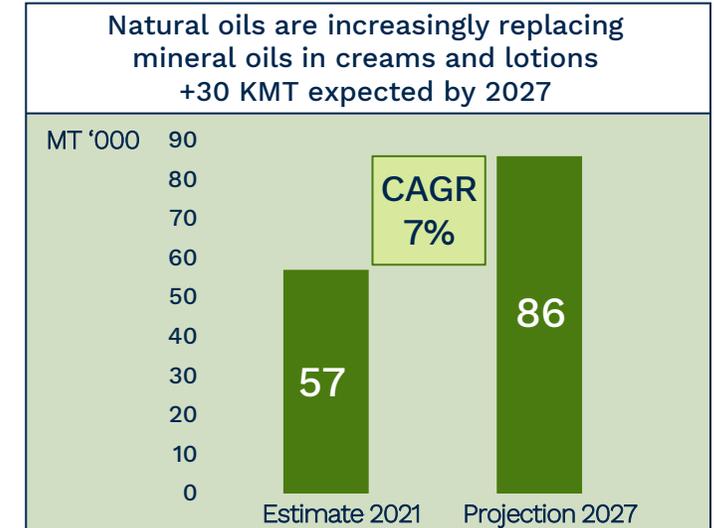
Driven by consumer demand and corporate sustainability commitments

Responsible consumption trend has been headed by Europe, with a global expansion expected

**76%**  
**of consumers**

want brands they buy to help them live a more environmentally-conscious lifestyle

Source: P&G study, hosted on Toluna, surveying 5,371 consumers across USA, UK, France, Germany, Canada (February 2021)

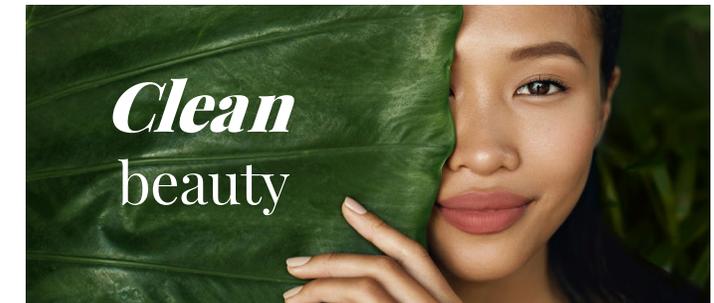


Source volume: Kline data 2015, incl. projected growth rates

Multinationals now employ **'sustainable sourcing'** teams within procurement

*"By 2030, 95% of L'Oréal's ingredients will be derived from renewable plant sources, abundant minerals, or circular processes"*

Source: L'Oréal press release (March 2021)

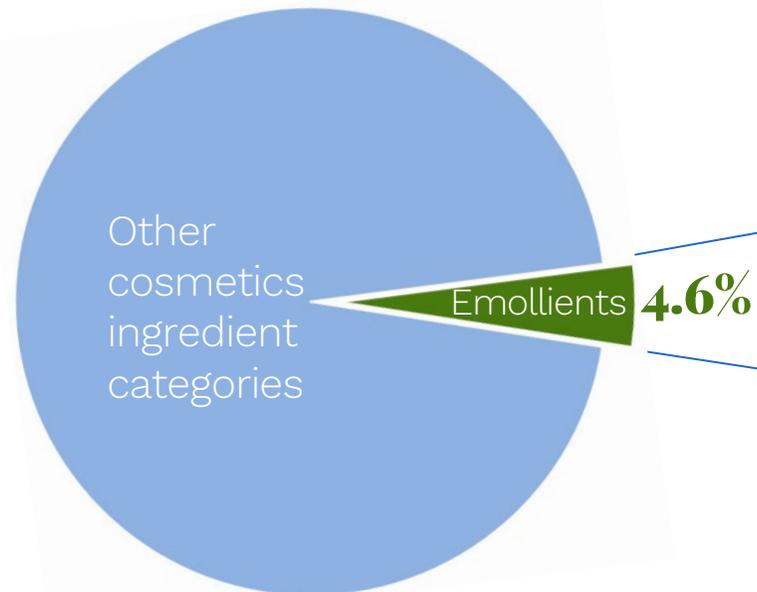


# Replacing all mineral oil and entering the ester space require innovation and new technologies

AAK is well positioned to take its fair share of the growth potential

## Global cosmetics ingredient market

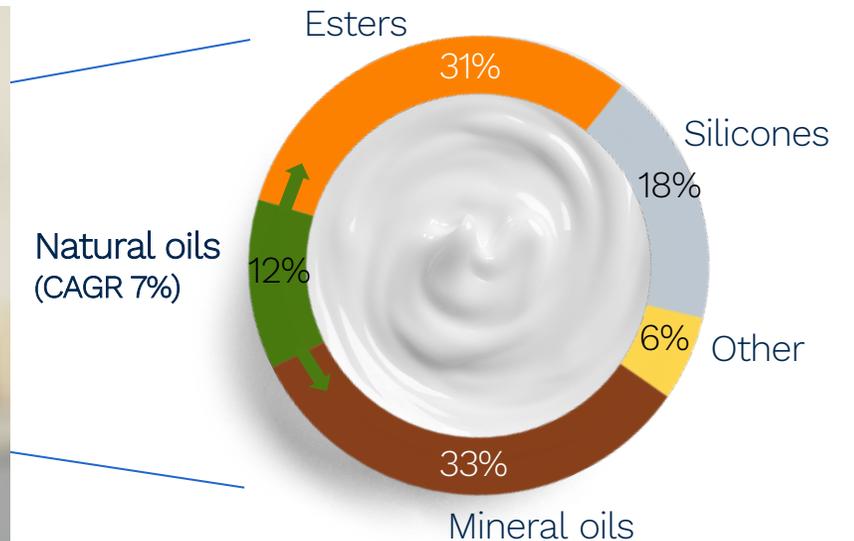
10,000,000 MT (CAGR 3%\*)



*Emollients protect, moisturize, and lubricate the skin*

## Global emollient market

460,000 MT (CAGR 4%\*)



## Cosmetics ingredients

Low volume – High value

Decisive factors when selecting emollients

- Functionality *on the skin*
- Functionality *in the jar*

AAK estimates that **10–20%** of the mineral oil market can be replaced by renewable sources with existing technologies. Further expansion requires cost-effective access to new technologies.

Source: Kline data 2015, incl. projected growth rates

# Candles



# The future of the candle industry is green

Decreased interest for the traditional ingredient paraffin, although the transition takes time

## Paraffin\* in candles today



## Consumer demands

### Growing interest for *sustainable candles*

In a study by AAK, 65% of consumers take sustainability into consideration when buying candles

Source: AAK consumer survey with ~2,000 participants

*“...The [consumer] demand for environmentally-friendly alternatives is great.”*

Viktor Garmiani, CEO of Candles Scandinavia, May 2021

Source: [www.carlsquare.com/selling-candles-for-over-100-million-this-fast-growing-company-is-on-its-way-to-the-stock-exchange/](http://www.carlsquare.com/selling-candles-for-over-100-million-this-fast-growing-company-is-on-its-way-to-the-stock-exchange/)

# Paraffin is replaced through innovation and Co-Development

AAK is well positioned to drive transformation of candle waxes

## Paraffin supply is decreasing



Paraffin is a sidestream of crude oil\* refining. Long term the supply is expected to decrease

- Shift to renewable sources
- New refineries > less sidestreams

\*fossil fuel

## Co-Development is the solution



Three characteristics are critical when replacing paraffin

- Interaction with color and fragrance
- Smooth surface
- Processing

## AAK helps drive the development



AAK WaxWorks Lab™, Louisville, KY, USA

With technical expertise and solid experience, AAK aims to take the lead in the technology transformation

- Co-Development to tailor solutions
- Balancing value, product portfolio and capacity

# Sustainability agendas drive the need for responsibly sourced alternatives to fossil-based ingredients

## Personal Care



## Candles



- ✓ Plant-based
- ✓ Consumer demand
- ✓ Brand commitments
- ✓ Technically challenging



Co-Development and R&D



Selective capacity investments



M&A and JVs



# Upcycling of sidestreams

# Active upcycling of sidestreams

How we adapt to increase value and reduce environmental impact

Why we do it  
and  
what we achieve



Improved **profits** and **increased value** by turning sidestreams into valuable solutions

Focus on **sustainability** by replacing materials (mineral oil, plastics, etc.) and reducing waste

Great **customer appreciation**

High **value** for many stakeholders

How we do it



Applying **focused** and **dedicated resources** throughout AAK

Providing tailored **Co-Development** in our Customer Innovation Centers **around the world**

**Engaging** with universities, advisors and sustainability networks

Thoroughly **documenting CO<sub>2</sub>** impact

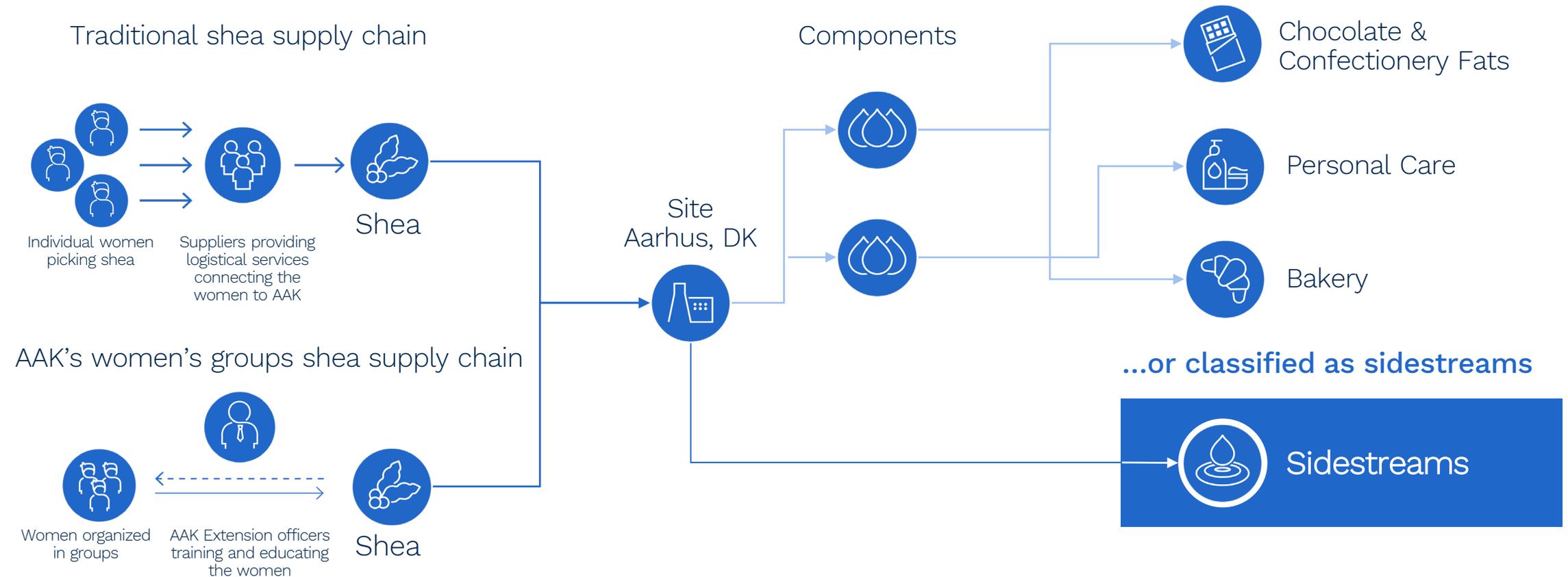
# Maximizing the output from shea kernels

## Upcycling – an illustration

### Sourcing shea from West Africa

### Producing components in Aarhus

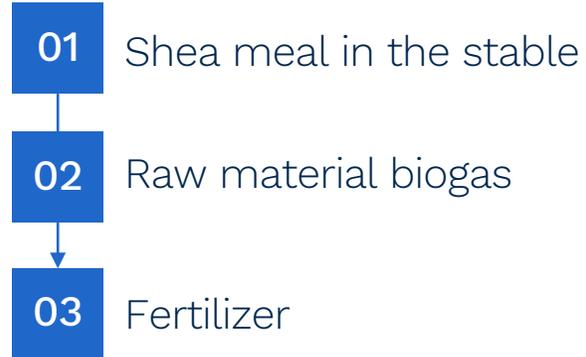
### Blended into final solutions...



# Upcycling examples using shea

## Improved cattle farming and 3D-printed chairs

### Replacing bedding straw with shea meal



- Lower CO<sub>2</sub> emissions
- Better indoor environment
- Easy handling

### Printing 3D-furniture – replacing fossil material in plastics

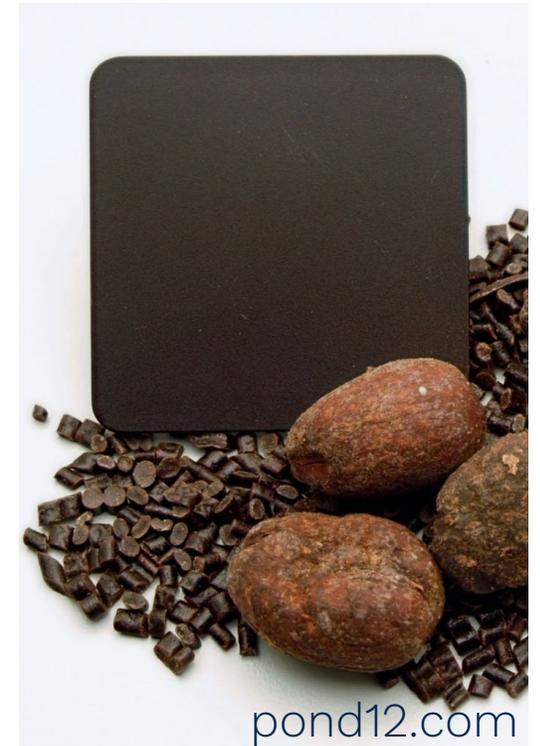
Versatile fossil-free biomaterials

Shea contributing to

- Color
- Texture
- Stability



**pönd 12**  
Fossil Free. Climate Conscious.



pond12.com

The main sector we supply is biofuel and biogas

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## Upcycling from sidestreams



**AAK keeps a close eye on current and emerging shifts to ensure we capture the opportunities of today and tomorrow**

Thank you