

# Sustainable businesses are the companies of the future

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I'm Anthony Francheterre, I'm French and I'm the CEO of Solina.

Solina is a Western Europe business, French by its origin, but as of today we have operations in 17 countries, in Europe, Canada and Africa. We own 27 factories, and we generate a revenue of 500 million euros, and what we do is we design, produce and commercialize custom ingredient solutions for the savoury food industry, food services or butchers. It looks a bit barbaric. So what does it mean? It means seasonings, it means coating systems: batters and breaders, added value sauces, functional mix ingredients, culinary aids and nutritional ingredients. For meat processors, for ready-meals manufacturers, for snacking players and for veggie producers mainly, so that's who we are.

## Chapter 1 - SOLINA'S SUSTAINABILITY JOURNEY

Solina's sustainability journey mainly started in 2016. Solina was a collection of entrepreneurial businesses, very customer-centric but sometimes missing the big picture.

So in 2017 and 2018 we did a bottom-up approach, taking into account each individual country's initiative to identify sustainable projects. We found a lot of small initiatives that lacked structure as well as pace.

I had a wake-up call and stepped back and tried to really understand where Solina could have a real impact. Because that's the challenge. I wanted to avoid any green washing – as we call it – but being really focused where we could make a difference. So with Ardian's help we identified some experts in sustainability. Did some audits, ran interviews with key customers and key suppliers, and we conducted the first employee survey.

So we had a lot of insight, but the challenge was how to identify the meaningful insight, how to really step back and focus on the right things.

So we used PwC, their sustainability team, and we ended up with a clear sustainability strategy that could resonate globally within the company but also outside with stakeholders. More importantly, we identified concrete actions around 15 pillars, vision, governance, business, HR topics, supply chain, environment, product and services linked with nutrition of course. And this allowed us to deliver a three-year roadmap and put sustainability at the heart of the business model.

As a good example, and probably the most important one, we've reset the purpose of the company, which is now: "at Solina we make food matter, for people and the planet. To be the leading partner, constantly rethinking culinary food solutions and products". So that's the new mission and this is really supported by a set of initiatives to make the business much stronger and more sustainable.

## Chapter 2 - 5 PILLARS OF COMMITMENT

The sustainability roadmap came with five pillars. Five commitments. The first one is the Product and the solutions, because this is really what we do. And how do we make our products and our solutions more

sustainable? That of course is at the heart of the model. The second pillar is the Partner. We need to embark our partners, we know we can't go through that journey alone. And partners mean customers, it means suppliers but it also means stakeholders.

The third pillar is also another "P" – the five "P"s – it's the Planet. Earth's CO<sub>2</sub> emissions and the impact we can have on agriculture, because Solina is using more than 11 000 ingredients, so how can we reduce our carbon footprint?

The fourth pillar is the People. So beyond just health and safety, which is of course the starting point, where do we stand on diversity. How do we set the right gender parity, etc.

And the last one, quite essential, is Performance. Performance of the company. So how can you be sustainable and keep buying new business? But also, it's about profit sharing.

The reaction of the staff, the reaction of the customers, all the suppliers and stakeholders has been quite amazing. We were pushed actually, particularly from the young talent of the business, for whom it's no longer a question, it's a no-brainer. A company without a purpose in sustainability is not attractive for them. So I think it's been an energizer.

What we did when we made this journey is stop and think. We also worked with different people in the organization, not only the execs, we did it with the execs plus a bunch of people with different origins in terms of countries, culture, origins, gender, ages, so from the beginning we had a lot of people on board and helping us and giving us some insights. We also kept the leadership team informed along the way, that was very important so they could be part of this new platform.

Then concerning the customer it's the right time because we see more and more customers coming with problems and what we do is to provide solutions. How can you make your packaging more sustainable? How can you make your product better for you? That means reducing salt, reducing fat, get clean labels, or allowing them to have natural claims, like no additives, no preservatives, etc. So we had a warm welcome from the customers as well.

And we are flexible enough and agile enough to respond to those demands which may be different. So for example in Sweden and in France there is a real trend for "made in France" or "made in Sweden". If you think of the UK there is a lot of veggie development at the moment. So that's a few examples of working strongly with the customer to reinforce the link with them.

### Chapter 3 - SUSTAINABLE BUYOUT METHODOLOGY

Working with Ardian on the project and working with the sustainability team at Ardian has been very helpful. First because they give us access to peers, benchmarks and that facilitates the thinking, because there is a lot to digest, a lot to learn before going straight to execution. They also gave us access to a network of experts. Again, that's very helpful to have the right audit. Because data is gold. If you're going to start somewhere you have to really understand where you are so that you can design a relevant and strategic scenario. Ardian is very open-minded, it's a good pairing partner. You can exchange ideas, it doesn't matter if you don't have the solution, so that was a nice teamwork for me, I would say.

We wanted something that was not only top-down, but also bottom-up. We did a lot of workshops on many different themes. For each of the 15 areas that are nourishing the five "Ps", we created small groups so people could provide their insights and their ideas. We also had to decide on the priorities because the danger is that there is so much we should focus on but there's also a lot to be done. How do you focus on the right things? How do you focus on what is relevant to people, relevant to your customers or relevant to your suppliers? So that has been really critical in the process.

And then we put a new governance in place within the organization, so we have a sustainable board and a sustainable committee, we also have sustainability ambassadors in the so that everyone can be part of the journey and knows who to speak to if they have any ideas or problems, to access data, etc.

The benefits of these initiatives and this transformational journey, the first is employee engagement. When we recruit talent we think we are much stronger, we are more attractive. So on the employee side: it's a big tick.

The second one, obviously because we are customer-centric, is how it has resonated with our customers, and how it has opened new doors. For example: Our customer wants to have a snack that is more crunchy or a snack that is more tasty, or a snack that is more healthy. A ready meal that is on the trend of ethnic but at the same time healthier but with the right ingredient origins.

The customers were impressed by the crispiness of our proposition and also, again, it has accelerated the collaboration with them.

This roadmap is forcing us to think more outside the box, to be bolder, to take more risks, and the R&D team has been helpful and is very engaged in that journey.

#### Chapter 4 - MEASURING THE IMPACT

How do we measure ourselves, and what are the KPIs? To give you a couple of examples obviously there is health and safety. We track the number of lost-time accidents, we track the severity index, etc.

Nutrition, for us, is absolutely key. Better-for-you products, but not only on the veggie side but also with clean labels, so the propositions that have a "reduction in" so it can be a reduction in salt, a reduction in fat, or that are positive and "rich in": protein, vitamins, etc.

Other KPIs of course are on the HR side, like the wage parity for each gender, and others need to be in place.

So we know that we're not yet measuring the CO<sub>2</sub> emission of our global supply chain, that's quite a challenge for us because we source ingredients, by definition, all around the world. For example, for pepper, to have a sustainable sourcing strategy, we focus on understanding which farm, no pesticides, etc. So measuring our carbon footprint is a big challenge, and it will take time. The good news is that there are more and more digital solutions that could help us to deliver this KPI, and we are just at the very beginning, but that's really the key ambition.

Consumer eating habits are changing fast. And they are also changing differently across Europe, and across the world. There are common themes but sometimes the execution may be very different. But those changes in the consumers and eating habits are a great opportunity for us, because it's really at the heart of what we do.

We are solving problems for our customers. And mechanically we have the mindset of changing and supporting our customers on a regular basis. 25% of our portfolio is renewed every year. So that's a great opportunity to leverage that turnover to make the product better.

Some countries will focus more on better-for-you products with low salt, low fat, others will focus more on the origin of the ingredients, others will build things around culinary expertise and tradition. That's fascinating because it means a large amount of options and solutions to respond to the challenge.