

On The Way – Sylvie Borrias, Groupe Bel

Introduction:

Whether it's the IPCC, the FAO, or the UN, the leading experts on these subjects all agree that the first step towards feeding the 9 to 10 billion people on the planet in the future will be to move towards diets that include more plants, and notably more plant protein, as well as more fruits and vegetables.

BNP Paribas Personal Finance invites you to discover On The Way, the podcast that explores the paths to responsible consumption. Entrepreneurs, people from the world of business and researchers. On The Way gives a voice to those who, day after day, are helping to develop more sustainable consumption. Welcome, and I hope you enjoy listening!

Hello On The Way, my name's Sylvie Borrias. I'm the director of social engagement and CSR at Groupe Bel. So initially my studies were fairly traditional, I'd say, at a major business school. I began my career in marketing, in a different field from food. And then, soon after, I joined Groupe Bel, where I developed my career.

I worked in different marketing roles. Initially in France, then more at the European level, and a lot at the international level. And then, after about fifteen years, I of course asked myself what my next step would be, and that led me to take on roles that were more focused on sustainable development and brand responsibility. And that led me to taking on the group's CSR.

Bel is a family group that's been in business for 150 years, so while you may not know the Group, you definitely know our brands, including some of the most international ones: La Vache Qui Rit, Kiri, and Babybel. So we have brands that are distributed in over 120 countries, to some 400 million consumers every year.

And in fact we say that we sell portions of good food. Why? Because our specific model, and what connects these brands I've just mentioned, is the portion format, which is both practical and playful, and allows us to provide just the right nutritional dose while limiting food waste, as portions mean the right amount for consumption.

Currently we manufacture and market these portions in three product territories: milk/cheese, which is our historical territory, our DNA, as well as fruit, with our acquisition a few years ago of the Materne brand (PomPotes), and then, more recently, expanding into the field of vegetable products.

In terms of my awakening to ecological issues, and, more generally, to social and societal issues, I'd say that there was no one big moment.

I'd say it happened gradually and pretty naturally. Because, when you work on international brands that impact millions of people around the world, such as like the

Vache Qui Rit brand - I was international marketing manager for Vache Qui Rit a few years ago - well, you obviously ask questions about the impact of the role of the brand and its products on people's lives.

Vache Qui Rit is a brand that's sold in 120 countries. So I met a wide range of consumers, from all over the world, and I got to see the real impact of these small portions on people's lives. For La Vache Qui Rit, the nutritional recipes are adapted to the needs and realities of local consumers.

Most commonly, for example in Morocco, it's enriched with vitamins and minerals. That's also the case for Asian and Middle Eastern countries. So you get to the heart of the question how essential product and a brand is. And so, little by little, it led me to want to go beyond nutritional issues, into the way our ingredients are sourced, and the way our products are produced, and, more generally, the social and societal role, as well as the environmental impact of our brands.

Because when you're working in the agri-food sector, you're in a sector that's responsible for one third of greenhouse gas emissions worldwide. So the issue of environmental impact also comes up very quickly. We're a pioneering group in terms of CSR and ESG, as in fact we've been working on these topics for 20 years.

We were one of the very first companies in the world to respond to the UN Global Compact 20 years ago. That's when the UN called on businesses to engage with sustainable development issues. And so, over time, our approach has steadily been enriched. Of course we started by addressing our direct impacts, notably at our production sites, by reducing our energy and water consumption.

And then, over time, some years ago, I'd say about seven or eight years ago, we wanted to set out a real engagement process for everything in the value chain. So, really, all the way from agriculture, right up to our impact on consumers. That means embracing the fact that our responsibility, obviously, does not end at our factory doors.

And so, a few years ago, something that was also very decisive, was that we redefined, or reaffirmed, our corporate mission, which is really to provide as many people as possible with healthier and more sustainable food. And that's really the guiding principle for all of our commitments in terms of CSR, of course, as well as more generally being the guiding principle for our overall corporate strategy.

Why? Because in fact our entire project is to build a business model that's based on what we call "our two legs": the economic leg, of course, as we're a business, as well as the other leg, of responsibility and sustainability. And to really orient all of our strategy, our projects, and our activities in terms of these two dimensions, and to make these questions of responsibility and sustainability, not into questions of constraints, or regulatory questions, but really into subjects of positive transformation, and also to the benefit of the company's performance and competitiveness.

Why? Because we're certain, and we know: That the more responsible and sustainable a company is, the more capable it will be now, but even more so in the future, of having a positive impact on the entirety of what we term its ecosystem, and the longer it will survive. And, once again, we're a company that's been in business for 150 years. The obsession of our shareholders and our management committee is to truly assure the sustainability and resilience of our major brands, and of our company.

And what's more, in perfect coherence with this model of managing performance that's as sustainable as it is profitable, we wanted to move from business to mission. So we're very proud. Our general assembly voted on it in mid-May, and for us it's really a coherent path, in terms of this overall path of sustainable and responsible transformation. And, once again, this issue of sustainability and positive impact on our generation and on future generations, it's really anchored, it's truly at the core of the company's statutes, over the long term.

Musical interlude

So why are we seeing at Bel, and not only just at Bel, that the transition of the food system is absolutely crucial when dealing with the climate emergency that we're all experiencing? In fact people are often talking, and quite rightly so, about the impact of the energy sector, and the transport sector.

But you hear much less often about the impact of the food system, from the fields, right up to the consumer, and it's responsible for one third of greenhouse gas emissions on a worldwide scale. The food system also has very heavy impacts in terms of water resources, as 70% of fresh water worldwide is consumed by the food system.

And there are also impacts in terms of deforestation, and in terms of biodiversity. It's estimated that, again, on a global scale, 40% of land is currently degraded. So that's a really serious diagnosis, and so the observation we're making is that this food system has to transition, it has to evolve. Still, it's important to remember that over the last 50 or 70 years, it has allowed us to feed more people.

But currently we really have to get involved, to engage with the food transition. So, the good news, if any, is that experts are pretty unanimous on the main directions to take. Whether it's the IPCC, the FAO, or the UN, the leading experts on these subjects all agree that the first step towards feeding the 9 to 10 billion people on the planet in the future will be to move towards diets that include more plants, and notably more plant protein, as well as more fruits and vegetables.

Currently, the market for plant-based alternatives, notably plant-based alternatives to dairy products, is still very niche, and very new. And there's a study that came out last year, I think, from the BCG, which shows that currently, plant-based proteins consumed worldwide are of the order of 2 to 3%, and by 2030/2035, it should be 10 to 15%.

So clearly, for us this is a axis for engagement and strategy, that we've embraced at Bel over the last several years. And beyond this, our aim is to move towards plant-based

alternatives. So we launched a brand that's now an international brand, and 100% plant-based, which is our Nurrish brand. And so we have this conviction, and we started these programs where our various international core brands can also play their own roles, by providing alternatives to consumers.

For example, we launched a plant-based Boursin in France, which you can find in stores. We've just launched an almond-based Vache Qui Rit in the United States. And so you see that through these brands we're playing our part in helping consumers, in a very accessible way, and for just a few euros, to enjoy plant-based alternatives.

And we know that more and more consumers are aware of these issues, and are calling themselves flexitarians. So these aren't necessarily people who are 100% on a plant-based diet, but are seeking to diversify their diets. And so, faced with these impacts of the current food system, and the challenges of transition, we're committed to the trajectory of reducing our carbon impacts, in line with the Paris agreements.

So how can we reduce our impacts, so as to align with a trajectory that helps keep global warming to no more than one and a half degrees maximum? We know that it's going to be a huge issue, and that it's going to be very challenging. So we're committed to this trajectory, as validated by experts, so science based targets.

And it's very ambitious, as it's a commitment that covers our entire value chain, from agriculture, which represents over 60% of our carbon footprint, all the way to the consumer, by way, of course, of our production sites. However, our production sites only account for a little over 3% of the entire carbon footprint of our business.

And so in fact for us the challenge of the transition is really getting all of our partners and our ecosystem on board. And so, at Bel, to meet our challenge of carbon-free food, we're notably working on three main axes: moving towards a more plant-based portfolio, with a long-term objective of 50% of our product portfolio being dairy, specifically sustainable dairy, and 50% fruits or vegetables.

Musical interlude

And what's interesting is that this same study tells us that if we get to somewhere in the order of 10 to 12% of our global diet being plant-based proteins, then that would amount to a reduction in carbon impact that's the equivalent of over 95% of the impact of air transport. So you can see the leverage effect, if we were able to collectively transition to more plant-based diets. Products made from plant-based ingredients under our brands can incorporate different types of proteins or plant-based ingredients, for example a Vache Qui Rit made out of almonds, or a Boursin that contains bamboo fibres.

And the beauty of the plant-based world, is that it's infinite. So we're still exploring these new horizons.

Musical interlude

The second axis is combatting food waste. So food waste is being talked about more and more, but I'll just give you a figure: currently, food waste accounts for 30 to 40% of all food produced worldwide, that's never consumed, and that is wasted at some point in the food chain.

And as I mentioned, the overall food system is responsible for one third of greenhouse gas emissions, so the maths are simple: food waste accounts for almost 10% of greenhouse gas emissions. So obviously this issue of combatting food waste is totally key. It's at the heart of our model at Bel, as we're working to develop what we call sustainable portions.

So the portion model allows us to avoid one form of waste, as people don't waste a portion of Kiri, a portion of Vache Qui Rit, or PomPotes. It's really the ideal amount for consumption. And of course the issue of sustainable portions goes hand-in-hand with issue of packaging. So we're completely aware of the issues in terms of packaging, even though it's not the largest proportion of our carbon footprint.

It's about 6 to 7% of our carbon footprint. But we still need to work on our packaging. People often say that the best packaging is packaging that doesn't exist. And so we're working on this a lot, on reducing the amount of primary packaging. Over time, we've gradually been reducing the thickness of Vache Qui Rit aluminium foil.

And we're working on responsible sourcing for our packaging, of course, to guarantee that it doesn't contribute to deforestation. We're also working on identifying alternative materials. Over two thirds of our packaging materials are already paper, but one of our dreams at Bel, and we're already working on this, is to one day to have portion packaging made of paper, so one portion of Kiri wrapped in paper.

So these are our major R&D topics, and they're already very promising. And also, of course, for the end of its life, we're working on improving the recyclability of our packaging. We're committed to 100% of our packaging being recyclable by 2030, and we're already at over 80%. And beyond recyclability, we're working to ensure that it's actually recycled, and we know that's a huge challenge.

So, for example, we've been working for several years with Citeo, who manage sorting centres, to make sure that, little by little, those sorting centres are equipped with machines to sort small amounts of aluminium packaging, like our Vache Qui Rit portion packaging. Do do that, we've worked in cooperation with Nespresso, for example. All these issues are things that require working collectively and collaboratively, and which require lots of innovations.

And you also have to bear in mind that these issues are complex, because the first role of packaging is to guarantee the preservation, proper hygiene, and quality of products. And, as I said, our products that are sold worldwide, often in certain regions such as Africa, Asia, and the Middle East, where products are transported at ambient temperature.

That's notably the case for La Vache Qui Rit. And so our first responsibility is guaranteeing hygiene. So of course we're working on the best balance between products and

packaging. Another initiative we're working on is the crucial issue of food waste, by working in partnership with Too Good To Go. I know that you've had their director on your podcast, and we wanted to work with them on the issue of date of minimum durability.

It's important that consumers are aware that there's a difference between the expiration date and the date of minimum durability. And in fact we're adding a notice to our product packaging, as we did for example on Vache Qui Rit, and also on Apéricube, but in different countries: we advise consumers that when after the optimal use date has passed, they can quite simply use their senses and their common sense.

So, if you have any doubts, and it's just after the recommended date, which is still just a recommended date, just look at the product, smell it, taste it, and trust yourself. Very often food producers build-in a sort of margin, so it's a way of helping consumers combat food waste.

Musical interlude

And finally, as our agricultural upstream represents over 60% of our carbon footprint, we're supporting our farmers in the transition towards more sustainable practices. So of course that's a crucial topic. It's a subject where, as with all our commitments, where we're working collectively. We've been working on the issue of a more sustainable dairy sector for ten years, in partnership with the WWF, with whom we have a strategic partnership.

We started by addressing the issue of the impact of deforestation and feeding cows. Remember that when people talk about deforestation in terms of the food chain, it's very much linked to the question of livestock feed: that's no longer the case in France, but unfortunately it can happen in regions such as the Amazon, with soy feed, for example.

And as a result, forests over there are being destroyed to produce soy. And so we started with this issue that we've been addressing for a few years now and we've broadened our scope, our commitments, and our progress plans to cover all of the issues related to the sustainable transition of the dairy sector. And since 2016, we've had a global charter that steers all of our commitments and our progress plans, for all of our dairy sources throughout the world.

Of course we're taking into account the local realities of these different sources. Concretely, in France, for the last seven years, we've been seeking to change our relationship with our farmer partners, who are grouped together in an association called the APBO, the l'Association des Producteurs de Bel Ouest. And so, over the last seven years, we've moved from what I'd call a classic purchasing method to a partnership approach, where we set the price of milk together.

Of course this is based on the farmers' production costs, making sure that it lets them get paid fairly. So we give them visibility about the price of milk all year round. And then this price also includes bonuses for transitioning to more sustainable practices, such as grazing cows in meadows more.

Because remember that cows in meadows, by definition the cows eat more grass, and they also work the soil, which is beneficial for the sequestration of carbon in the soil. Also for more local cow feed, and, once again, local cow feed by definition means feeding cows while not destroying forests. We've also integrated carbon diagnostics of farms into our agreements, because in order to improve farms' carbon footprints, we have to start with measuring and understanding how to decrease our impact.

Today, this approach has allowed us to move to 100% non-GMO livestock feed, and 100% carbon diagnostics on farms. So of course these are steps, they're a process that we measure from year to year, alongside our farmer partners. We couldn't ask our farmer partners to transition to more sustainable practices without addressing the issue of fair remuneration.

So that's fundamental, and there was a really strong desire from our family shareholder chairman to properly address this issue. And these agreements have been renewed for the last seven years. What's also important to remember, because I'm highly aware of it, and I hope that we have a lot of consumers of our brands and our products who are listening to us,

is that today, behind each portion of Mini Babybel, Kiri or even Boursin, there's 100% French milk, with cows that go out to pasture, that feed on local feed, that don't contribute to deforestation, and milk that helps support the well-being and proper remuneration of those people who feed us. And of course, along with this question of food transition, the issue of the fair value of food comes up.

We often say that in fact food is not a commodity. Food is people's health. It's also the well-being of the people who feed us, upstream. It's also about the health of the planet, it's about animal well-being. And we viewed all of this as a great transitional movement, which we embraced.

And I think the challenge we're facing, meaning "we" collectively, is that for decades, when we finally collectively talk about food, we've tended as a sector, to talk a lot about price. And that's not true. In any case, I don't think we should only talk about price, when we talk about food. A rather striking figure from the 1960s, from INSEE sources, is that the share of food in the average household budget was over 30%. Today it's 18%.

At the same time, other elements have got more expensive: housing, of course, and also leisure, platforms. And so, behind the question of the fair value of food, there's a societal question, which, in my opinion, deserves to be asked more widely in the public debate, and amongst consumers, of what the true value of a healthier and more sustainable diet is.

Then of course there's the issue of accessibility, and we have products that are accessible, and we're striving to support the transition whilst guaranteeing affordable prices for our products. But, more widely it's still a societal question. Yes, there are several million French people who suffer from severe food insecurity, and there's certainly a role

for public authorities, and in any case there are issues that are starting to emerge around food security.

And that's certainly one direction. That said, as far as the majority of people are concerned, perhaps the people who are listening to this, maybe they should ask themselves how they set their budgets, and whether they can allocate the few extra cents, the few extra euros, even if, again, that's very difficult. It's clear that the question of the fair value of food is crucial.

Musical interlude

What we're seeing in our studies is that more and more consumers are saying that they're ready to embrace the transition. They increasingly want to access more responsible, more sustainable products. I think many of the speakers in your On The Way podcast have relayed this same message.

That afterwards, in reality, things get complicated. What I can say for us and our products, is that we're working hard, we're always trying to find the best balance between formats and prices, especially with the background of inflation. We've invested a lot in optimisation and productivity, in order to guarantee the best price balance for consumers. After that, I think there are questions that are going to come up.

How will everyone be able to make better informed choices? We have our role to play, as food manufacturers, along with our distributor clients, to raise awareness among consumers, to give them more information about what a more sustainable and more responsible diet might look like. Once again, how can we progressively incorporate more plant-based products into our meals?

How are we looking at lists of ingredients? Well, there are also a whole lot of initiatives related to communications and the carbon footprint of products. All that's starting to shift. This should definitely be a key factor in the success of our collective transition. I was talking about the transition with our dairy farmers.

And of course there's the question of consumers. But between us and consumers, there are distributors. And so it's crucial to involve our distributor clients, who are also often highly engaged with these issues. For example, last year we announced a unique agreement with Carrefour, which, for the first time between a food manufacturer and a retailer, included in our annual agreement not only the traditional clauses about commercial objectives, but also joint objectives for the transition towards more sustainable practices, in support of our agreement with our farmers.

And about issues such as offering more plant-based alternatives to our consumers.

Musical interlude

So the first piece of advice I'd give would be to rethink your shopping list. Every week, look at what you consume, compared to what you throw away. You'll be surprised, and I'm sure

you'll find things you can optimise. The second piece of advice, as we mentioned, is that it's important to gradually include more plant-based products in dishes.

There are pretty simple ways of doing that. For example, for your Bolognese pasta for your kids or your lasagna, replace grated cheese with vegetable-based grated cheese, then that's a pretty simple way of continuing to please everyone in the family, and also gradually reducing your environmental footprint.

Musical interlude

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