



Summary Report

RESILIENCE, SUSTAINABILITY, TRENDS AND INNOVATIONS AS THE MAIN TOPICS OF THE AIBI CONGRESS IN BLED, SLOVENIA

The food supply chain is experiencing a crisis that is felt by all stakeholders. How to manage major changes, ensure food security and at the same time ensure sustainable development? The 37th AIBI congress in Bled provided answers to questions about how international bakery companies strategically tackle these challenges and offered insight into new technologies and the operation of value chains. The main focus of the program was also on sustainability, trends and innovations in bakery industry.

Around 120 delegates from 15 countries participated in the Congress of the International Association of Plant Bakers (AIBI), from 16 to 18 June 2022 in Bled, Slovenia, that was organized by AIBI and Slovenian Chamber of Agricultural and Food Enterprises. Janez Bojc, who chaired AIBI from 2019 to 2022, emphasized at the opening, that after a period of virtual events, this congress was a unique opportunity to meet representatives of the international bakery value chain and to obtain new



contacts, ideas and solutions for the further development of a resilient and sustainable bakery industry. He welcomed the support provided by the Congress sponsors: Puratos, Lesaffre, Macatherm, Philibert Savours, Kempf, Heuft Industry, Rademaker, Chemours, and Ilag.

Since the last AIBI Congress in 2019, the industry has been subjected to many global challenges resulting from climate changes, the Covid crisis and the war in Ukraine. The food supply chain is experiencing shocks that are felt by all stakeholders. The prices of energy, raw materials and packaging are increasing, and delivery times are also being extended. How to manage major changes, ensure food security and at the same time ensure sustainable development? The congress provided answers to questions about how international bakery companies strategically tackle these challenges and offered insight into new technologies and the operation of value chains.

In cooperation with more than 20 prominent lecturers and experts, as well as leading representatives of international baking companies, the congress also focused on sustainability, as the center of global trends and political directions of the European Union, and on innovation, which is a key enabler of the successful development of the baking industry.

Bakery trends and ambitions in a recovery context

What is happening in and around the global food industry? David Hughes (Dr. Food), a British-based international expert in the field of food marketing, warned of the biggest price shocks in the last 50 years, the reduction of global grain stocks and the great shortage of labor. The use of digitization and robotization is increasing in the world throughout the food chain, from agriculture to food processing, food service and trade and all the way to the final consumer. New shopping concepts are gaining ground, such as online purchases and home delivery, as well as stores without cashiers and salespeople. After the pandemic, the delivery services of prepared meals have also been preserved and developed. Food trends are shaped by environmental and health requirements. Various environmental labels and Nutriscore, the color scheme for labeling the nutritional value of foods, are gaining ground. The promotion of foods with a higher fat, salt or sugar content will be limited in the future, to which many food manufacturers are already adapting. Retail chains and the food industry are increasingly committed to protecting the environment and reducing the amount of food waste. With the advent of the pandemic, the share of prepackaged products has increased due to hygiene



requirements. While extending the shelf life of bakery products, packaging producers must also ensure reduced amount of packaging material and circularity. Taste, low price and quality still dominate purchasing decisions compared to the health and environmental aspects of food. The purchasing choice is also dictated by social requirements of what we "must not" eat because it is not produced sustainably.

Anne Fremaux, Girafood, enlightened the audience about the market situation, future challenges and different business models of the bakery chain. The share of bake off products is growing, and flat types of bread are also appearing as an alternative. In the next few years, the distribution of fresh bakery products should increase most in food service and bakery chains. Of all bakery products, bread is the most consumed in the EU, but the share of pastries, savory pastries and confectionery is increasing. There are new bakery products appearing on the market with labels such as vegan, gluten-free, high fiber content, whole grain ingredients, lactose-free, environmentally friendly packaging, etc. There are noticeable differences between the shares of individual business models of chains for the distribution of fresh bakery products between EU countries, but classic bakeries and sandwich shops dominate in the EU 14, followed by cafes, artisan bakeries and food to go, while discount and specialized stores have the smallest share.

Availability, price and quality are critical for resilient supply chains, emphasized Cyrille Filott, Rabobank. The Covid crisis has shown that for the effective sourcing of raw materials, strategic cooperation with various suppliers and joint investment in sustainable solutions is necessary, and

regionalization will also be strengthened. For a resilient bakery industry, locality, stronger cooperation of the entire supply chain, smart and independent procurement of raw materials and reformulation of products according to the sustainability aspect and availability are important. Supply chains will have to adapt, and the question is what the price will be.

In the panel, the directors of leading bakery companies emphasized that for consumer confidence it is necessary to maintain a stable market. They also shared insights on the tense raw materials situation and way forward. Inspiring take-home messages came out of this, including the need for industry to be up to developments, to be agile, and the importance to focus on employees attraction and retention.

Sustainability at the core of political developments and mega trends

There are currently around 3,800 milling companies in Europe, which process 47 million tons of wheat, rye and oats per year. They produce as many as 600 different types of flour, and the total annual quantity is 35 million tons. Various aspects of the sustainable flour supply chain were presented by Bernard Valluis, Honorary President of the European Flour Millers. The production of the basic raw material contributes as much as 89% to the carbon footprint of flour. The new business model of carbon agriculture enables increased carbon removals, additional income for land managers, greater biodiversity and increased climate resilience of farm and forest land. New technologies enable the sustainable use of resources even in the mills themselves. Significant challenges remain regarding the transparency of green labeling of products, as more than 200 environmental labels are used in the EU, and more than 450 globally.

Is the bakery industry ready for the Paris Summit objectives? Human consumption is responsible for 25% of total CO₂ emissions. 1 kg of bread contributes 1 kg of emissions in its supply chain, of which 70% is attributed to the cultivation of raw materials, 20% to bread production and 10% to milling and transport. In the next 30 years, the world's population is expected to grow to 10 billion, and as much as 80% of the world's water consumption is used in agriculture. Bakers need to work more closely with farmers to improve the quality of their products and increase sustainability, emphasized Joseph Serret from Europastry, who presented his company's advanced good practices in sustainable operation at all stages of production.

The company participates in a responsible wheat production scheme, involving the entire value chain. This means reducing the use of fertilizers and water, increasing crop rotation, respecting the farmer labor conditions, protecting biodiversity, using certified seeds, improving quality standards and using local sourcing as much as possible. In bakery plants they reduce emissions by using green energy and investing in solar panels and electric bakery ovens. In the area of packaging, they reduce the use of plastic and other packaging, and 80% of the paper used comes from recycled sources. They also participate in the European Lean&Green initiative to reduce greenhouse gases in the entire logistics chain.

Sophie Blum, Puratos, spoke about our responsibility to the next generations. How can we help the planet together by creating innovative nutritional solutions for the health and well-being of all people? As a global supplier to the bakery industry, Puratos has adopted ambitious goals towards carbon neutrality, responsible water consumption and waste reduction.



In the discussion, leading representatives of the European bakery industry and suppliers pointed out that we still encounter large amounts of food waste in the bakery industry or at least in the value chain. Another challenge in cereal production is how to reduce the use of fertilizers and at the same time maintain the protein level. It came from presentations and discussions that the sustainability path requires coordinated efforts between chain partners and inspiring examples were shared.

Innovation supporting the path to a delightful bakery

In his motivational presentation, Aleš Ugovšek, moderator and podcaster, summarized the key findings and emphasizes on "modern" innovation. It's nice to have a dream, but ideas are only valuable when they are realized. He called brainstorming about innovations as an innovation theater in companies, when no idea is then realized. Key to innovation are people and their open cooperation, and the essence of ideas is their realization. Innovation is a systematic, measurable and never-ending process and much more than just the technical development of a product.

Crises are an opportunity to innovate, emphasized Oliver Sergent, Mecatherm, who highlighted how digital services can support the labor shortage challenges. The right information at the right time improves operational efficiency. In production, we can use sensors and computer algorithms to predict potential disruptions and monitor the quality of processes and products. However, companies face various challenges when adopting new technologies, such as cyber security, data confidentiality and dependence on the technology supplier. The solutions are IT architecture and an individualized level of data sharing and supplier support.

Etienne Maillard, Lesaffre, in his presentation on resilience, adaptation and innovation in the bakery industry, pointed out that the space for testing new products has decreased significantly in the last two years. The trend is to complete the baking process at the point of sale, and the raw materials are increasingly "ready to use". The main directions for innovation in 2022 will be cost optimization, safety and alternative raw materials. Yeast, as a raw material for bread production, was already a strategic commodity in the past. Today, there are many types of yeast for different types of baking dough, and sourdough is also making a comeback.

Innovation is the transfer of a creative idea into a solution with added value, said Roel Van der Meulen, Vandemoortele. Among other things, the company studies the impact of sugar on the properties of the dough and the final product. Taste is still crucial in purchasing decisions. With the help of science, we can define appropriate tastes and at the same time realize sustainable goals. He also introduced the new "BakeUp" technology, in which the products do not need to be defrosted before baking, so both time and storage space could be saved.

The baking industry cooperates mainly with suppliers, customers, researchers, consumers and start-ups, but the challenge and opportunity is also in cooperation with competing companies, was emphasized in the panel. Social media is also a source of ideas for innovation, and special tools for tracking them can help. Due to the constantly changing market, agility is required throughout the innovation process. The right question and listening can bring us the right answer, while we must be patient and at the same time be able to accept defeat.

Global bakery market in times of disruption

During this ABA/AIBI co-organised session, involving US, EU, Africa and Latin America organisations and companies, speakers shared insights and held practical conversation on current challenges and way to address them in respective regions, with focussed attention on prominent policy topics, including energy, packaging and wastes.

The president of the American Bakers Association, Robb MacKie, and the Association's President Cordia Harrington took part in a session together with representatives of Bimbo group, of the Bakery Initiatives Group and, as well as the CEOs of the companies Don Don, Crown Bakeries, La Lorraine Bakery and Novepan.

Covid and the Ukrainian crisis brought global problems to the bakery industry as well. Labor shortages, problems with the supply of raw materials and packaging, and rising energy costs have shaken international markets. In most countries, online trade and the share of prepackaged bakery products have increased. A key concern in Central and Eastern Europe is also the wheat harvest in 2022. Among the main scenarios for the next three years are a crisis with inflation or a recession with long-term stagflation, and mainly financially strong companies will be able to continue investing. Due to affordability, demand for bakery products is expected to remain at a high level. Consumers have reconnected with baked goods due to the pandemic, and the industry should take advantage before the opportunity closes.

Latin America, which was among the hardest hit during the pandemic, has the most mandatory front-of-pack labeling schemes in the world. The trend is towards less processed foods with fewer ingredients, and the label "gluten-free" is gaining ground. In Africa, the demand is growing, and as the population grows, they are also faced with an insufficiently trained workforce. Transport costs are high due to weak infrastructure, and there is also a large fluctuation in flour quality. The baking industry will have another opportunity to connect from September 17 to 21, 2022 at the IBIE International Bakery Exposition in Las Vegas, which will be accompanied by the world's largest educational program in the field of baking.