

8th European Family Businesses Summit in Berlin



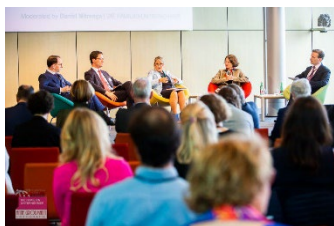
Family Business: Europe's Quest – New Ways to Grow Responsibly in Turbulent Times

The 8th EFB Summit was held in Akademie der Künste, Berlin, from the 13th to the 14th June 2022. **EFB's President Mr Udo J. Vetter** introduced the **President of the European Commission, Ms Ursula von der Leyen**, whose video message to EFB you can see on our corporate website.



The first **panel discussion was moderated by Daniel Mitrenga**, Member of the Management Board of Die Familienunternehmer, on the topic of **International Trade under New Rules – Fine for Everyone?** The discussion was had between **Mateo Ferrero**, World Trade Organisation, **Inmaculada Rodríguez-Piñero**, MEP S&D Group, **Iana Dreyer**, Trade Expert from Borderlex, and **Alexander Bargum**, Group CEO at Algol Oy.

The issues with supply chains from outside the EU which have been impacting the trade for companies in the EU, was explored. It was noted that the design and implementation of correct policies in order to be diversifying the EU's supply and its clients is crucial for Europe going forward. In addition, the evolution of the **WTO's Trade and Trade policy was addressed. Through successful discussions these tariffs were decreased over time. Now discussions need to be had to tackle the next issues Europe are facing.**



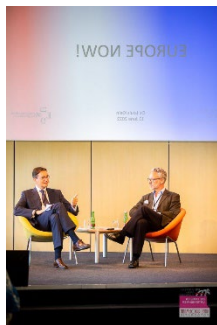
The climate change requirements which are needed to diversify supply chains in Europe were addressed. The EU legislative agenda to mitigate Climate Change will require support to the free trade agreement with South America.

Over the years, trade policy has become more about how products are produced rather than the specificity of trade itself. As such, there needs to be the same level of rules and a level playing field with other countries that

the EU wishes to trade with, or else we will see globalisation fail more than it has done so far.

The need for more diversification to supply chains was also mentioned, especially in the current social-economic backdrop we find ourselves in. The EU needs to find other areas where to procure raw materials. Since China has not been very open to EU investment, Europe needs to safeguard its own interests. This includes by ensuring it is acting more as a big trading block when it comes to talks with China and that it is presenting a more ambitious resilience finance strategy.

Dr Louis Klein's interview with Jesús Casado focused on Europe Now.



By exploring different perspectives of what makes Europe: the continent, the European Union, the EU Customs Union, the Euro Area and the Schengen Area, **Dr Klein** further discussed the European values which are at the centre of Europe: **FREEDOM, EQUALITY** and **SOLIDARITY**. The balance



of these values will continue to prove vital to how Europe seeks to evolve into a leading green circular economy. There is a lot of resilience that comes from the European values. The more diversity, the more resilience.

The third talk of the summit was on **Sustainability as an Avenue for Opportunity and How to Make Sustainability Really Work in Your Family Business**. **Giovanna Gregori**, Executive Director of AIDAF, Italian Association of Family Businesses interviewed **Pascal Riederer**, Fellow at Economics of Mutuality. It was argued that sustainability needs to be seen as an avenue for opportunity because there is no other alternative.



Fortunately for Family Businesses, as argued by Giovanna Gregori, *“Sustainability is inbuilt into the family businesses DNA as achieving the goal of the present generations without compromising the needs for the future generations is a fundamental goal for family businesses.”* This plays a crucial role family businesses' ability to pass on their companies for generations to come.



Following Mr Pascal Riederer's overview and focus of family businesses and their long-term vision, he also pointed out that a high level of trust is crucial when it comes to performance and investing in cooperation. The mutual drive to work towards sustainability within businesses will require Family Business owners to promote into their business a head of sustainability officer whom they trust to have the correct capabilities. This will prove crucial to help the company develop its sustainability strategy.

The summit then continued with **James Zahn** from **UNCTAD** highlighting the **Challenges for the business community during these turbulent times**. Mr Zahn noted that businesses need to respond in real time to challenges and that for *"...family businesses, sustainability and responsible growth are two sides to the same coin"*. Since sustainability is the new norm, intergenerational vision will be required.



The talk on **Responsible Ownership in the age of Transparency** began with a video message from Ms **Saskia Slomp**, of EFRAG, who spoke on the CSRD and how this will apply to family businesses and, more specifically, to SMEs. Regulations for SMEs will not apply for the next three years. **Moderated by Andrew Bryson, Alfonso Líbano, Marlies van Wijhe** and **Christiane Stepanek-Allen** gave an introduction to their companies while addressing the standards each of the companies have and how they seek to ensure their companies continue to be transparent in the age of responsible ownership.

For prosperity across generations to be achieved, there needs to be gender equality in the Boards. Furthermore, the panel recommended ways in which the European institutions can help businesses become more transparent by reducing bureaucracy, working with the EU institutions to ensure that the opinions of family businesses and SMEs are heard at an EU level.

For the last panel of day one, the discussion turned towards how businesses which are **Front Runners of Responsible Growth** have achieved this. The panel included speakers **Sjef Boekenstan, Alvaro de la Haza, Mikel Tammo** as speakers and was moderated by **Rania Labaki**. Each speaker introduced their family company and how they have sought to ensure they



can keep the growth of their company within the sustainable development goals.

In the closing remarks of day one, **President Udo J. Vetter spoke of Europe's search for sustainable funding and introduced Federal Minister of Finance, and Member of the German Bundestag Christian Lindner.**



"Welfare, liberty and peace are not a habit of all time, but we have to work for them and fight for them for every generation. This is why European initiatives such as EFB's summit is needed to strengthen the ties between European Member states of the European Union. Our strength, is that we can jointly react to global challenges and to the threat of the unprovoked Russian war."



"...Stagflation is a possible scenario, and it is dangerous. Not only for the most vulnerable private households to lead their lives, but it's dangerous for confidence of all who intend to invest. The situation of stagflation could cause severe risk to the global financial architecture. Fighting inflation has to be the top priority to avoid stagflation."

Day one of the summit came to an end with Mr Lindner answering questions from those present at the event.

During the second day of the EFB's 8th summit, Jesús Casado interviewed Andrea Illy, Chairman of Illycaffè & Co-Chair of The Regenerative Society Foundation. Initially, the conversation explored the foundation of the Illy business along with their "vision to bring the best coffee in the world to the people."

The reminder that sustainability is crucial to ensure success and vision is achieved without damaging the environment for the future generations. The importance of innovation and responsible sustainability growth and teaching the next generations was also explored. Mr Illy stated that *"...people are at the core value of [Illycaffè...] it becomes a virtuous circle, between a purpose-led organisation, attracting talents and these talents who want to work for [Illycaffè...] because it fills their life with purpose."* From developing new innovative ways to ensure the taste and smell of the coffee bean were long lasting, to ensuring sustainability in growth and cultivation of



the coffee beans, Illycaffè is set to continue to innovate with sustainability and people in mind.

KPMG's Fernando Fenec presented their work on **The Regenerative Power of family Businesses**.

A holistic view of businesses and how they perform was given along with four identified family business profiles. These included the following categories; 1) Families – these are the ideal regenerative powerhouses, 2) Business first families 3) Family first businesses and category 4) Underperforming businesses. The presentation further assessed the opportunities for improvement within each category.



The final panel of the summit explored **The European Agenda: from Scaling Up to Filling the Gap, Challenges and Opportunities** and was moderated by Jesús Casado. This panel saw three different business owners, **Arnaud Vaissié, Anca Vlad** and **Marjo Miettinen**, address the issues that **Mid-size companies in their respective businesses and EU member states face**.

The objective of the panel was to raise awareness of what constitutes a mid-cap and how they are not covered by the Medium Sized companies in the SME definition. In addition, EFB supports the current SME definition and does not seek to change this. Rather, EFB seeks to call for the creation of a Mid-Cap definition either by creating a smaller Mid-Caps and bigger Mid-Caps category within the overarching Mid-Cap definition, or creating a separate category above the SME definition.



The increased bureaucracy that Mid-Caps face and the penalties which are applied on the turnover of the company are likely to damage the companies. Hence, the size of the company and its profit should be taken into account so that fines applied are to scale. This will also ensure that the company can pay fines without becoming bankrupt. This will help to ensure competitiveness in Europe.

As it pertains to research and development and applying for R&D projects there is a gap for medium to large conglomerates.

EFB's President Mr Udo J. Vetter, closed the EFB Summit with a thank you message to all the attendees, speakers and sponsors. EFB will see you in 2023.