

The Industrialist

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“We can create a competitive advantage by being pioneers in sustainability.”

Yann Brillat-Savarin
Chief Strategy &
Sustainability Officer
FORVIA

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Driving change: FORVIA's sustainability strategy

Each month, we speak to a different industry leader about their approach to innovation and emerging trends impacting the industrial sector. For this edition, we talked with Yann Brillat-Savarin, Chief Strategy & Sustainability Officer at FORVIA about his take on the state of play in the automotive supplier industry, and his predictions of the game changers that lie ahead:



[Addressing the changing automotive industry](#)



[FORVIA's vision for a sustainable hydrogen future](#)



[Role of partnerships in sustainability efforts](#)

In conversation with Yann Brillat-Savarin, Chief Strategy & Sustainability Officer at FORVIA



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Chief Strategy & Sustainability Officer at FORVIA

FORVIA wants to change the world. And as the first automotive company with a net zero target approved by the [Science Based Targets Initiative](#), the power player is on the path to fulfilling those ambitions.

“Companies must have a positive impact on society. That’s why we launched our ambitious CO₂ neutrality and ESG roadmaps two and a half years ago,” says Yann Brillat-Savarin, FORVIA’s Chief Strategy and Sustainability Officer. We believe that we have to contribute actively to the sustainability of our world.”

Launched in 2022 after French company Faurecia and German company HELLA came together, FORVIA is the seventh largest automotive supplier in the world, with

150,000 employees working across 80 R&D centers and 300 sites in 42 countries. The company has pledged to reach net zero by 2045, and with one in two vehicles equipped with FORVIA products, it stands to make a huge impact if successful.

We spoke to Yann about the megatrends impacting FORVIA’s strategy, its ambitious partnerships and the business case for a sustainable future.

What one word describes you best?

Chameleon. I’ve developed the ability to adjust to changing environments. I worked in operations and strategy in large companies, smaller companies, publicly listed companies and privately owned. I developed the ability to adapt to the person in front of me, whether it was the CEO or a worker on the shop floor. That agility is pretty useful in the current context, where resilience and agility are must-haves.



Can you tell us about your journey to becoming Chief Strategy and Sustainability Officer at FORVIA?

My journey has been a mix of operations and strategy.

I graduated from an engineering school, then a business school. I started on the shop floor at Michelin before moving to BCG as a strategy consultant. Then I joined Faurecia's Clean Mobility Business Group and moved into my current position four years ago. It includes corporate strategy, M&A and sustainable transformation, overseeing

India and R&D efficiency. It's a broad scope, which is very stimulating. It was particularly exciting to be in charge of M&A for the acquisition of German company HELLA last year. It's been a journey, from when I joined Faurecia, to now being FORVIA. There were three business groups – now we have six. We were under the control of Groupe PSA, now we're independent. And CO₂ was not even mentioned in our capital market day at that time. Now, it's at the center of our strategy.

Can you tell us what HELLA and Faurecia together as FORVIA will bring to the market?

The acquisition of HELLA is a major step forward in our ambition to become a global technology leader in the automotive field.

We wanted to be better positioned when it comes to all the megatrends - including electrification and automated driving - and we wanted to reach critical size. We believe that the transformation we are undergoing relies on us being able to scale, to be able to invest. With this move, we've created the world's seventh largest automotive supplier and a combined group that is well positioned to be a global leader in technology and sustainable mobility. We recently unveiled our mission statement, which is to "pioneer technology for mobility experiences that matter to people". And I think the strength of our portfolio is perfectly aligned with our mission. We have announced the ambitions of our [FORVIA Power25 plan](#), which focuses on three strategic priorities with clear targets:



Increased sales

We want to drive sales growth through innovation and sustainability. We want to move from \$22 billion in sales last year to \$30 billion in 2025.



Enhanced profitability

We want to lower our break-even point to 61 million vehicles by 2025, which represents a reduction of our fixed cost of €300 million. We will achieve that through inflation pass-through, operational efficiency, R&D and SG&A efficiency, as well as synergies between Faurecia and HELLA.



Cash conversion

We have a significant level of debt due to our recent acquisition. So now we're focusing on cash flow generation, partly through divestments and partly through better cash conversion. We want to get €1 billion cash out of our divestitures.

In parallel to our three priorities, we have an ambition to be a sustainability pioneer. We're the first automotive company with a net zero target approved by the Science Based Targets Initiative. Faurecia and HELLA, operating together as FORVIA, want to reach net zero emissions by 2045. This is a very ambitious roadmap that we want to deploy in the coming years.



What is the business-grounded rationale behind ESG for FORVIA and how does it advance your business model?

Environmental issues pose a serious challenge for humanity, and short-term thinking jeopardizes future generations.

Companies must have a positive impact on society. That's why we launched our ambitious CO₂ neutrality and ESG roadmaps two and a half years ago. We believe that we must contribute actively to the sustainability of our world. FORVIA represents 1,000th of the world's total CO₂ emissions, including both indirect and direct emissions. We can clearly have a real, material impact on our planet and that's why we set ourselves an ambitious target to be net zero by 2045. We've grouped strategy and sustainability

under the same role because we believe that sustainability is a strategic driver. We believe that we can create a competitive advantage by being pioneers in sustainability. Our customers are expecting us to provide solutions to reduce the carbon footprint of cars. And we believe that we have to be leaders from that point of view. That's not necessarily contradictory with margins and profits – there are clear business cases around sustainability. The energy efficiency measures that we launched two years ago, for example, proved very relevant in the current context of energy inflation. And if you use recycled materials or less materials for the same product, it's not more expensive. It's a win-win.



What is FORVIA doing to adjust its product and service portfolio to reduce Scope 1 to 3 GHG emissions, and thus help clients become more sustainable?

Our recipe is very simple in terms of principles. It relies on three pillars:

- 1 Use less**
Including less energy and less raw materials – more frugality and more software.
- 2 Use better**
Including green energy and low or even negative CO₂ materials.
- 3 Use longer**
We want to promote a circular economy where products have multiple lives, and that requires a lot of technology.

We are already operating according to those three pillars. For example, switching off our machines when they are not operating represents, on average at Faurecia, 14% of savings and up to 24% at certain sites. That's an easy one, along with reducing heating by one degree, which cuts 7% of CO₂ emissions. There are more sophisticated measures that rely on the digital transformation of our plants and digitizing energy-as-a-service.

Overall, we want to reduce our energy consumption by 30%. To reach new directions for Scope 1 and 2 emissions, we need to use greener energy. We are currently installing solar panels with onsite power purchase agreements to produce in-house green energy, and we're planning to install 1.3 million sqm of solar panels by the end of 2023. That's an impressive number and would represent more than 7% of our energy consumption. We are also investing and partnering with wind farms, with wind turbines producing 650 gigawatt hours per year, representing 65% of our consumption in Europe.

For scope 3 GHG emissions (indirect emissions, accounting for products and services across the value chain), it's a bit more complex because we don't have all the solutions yet. We will need to rethink the design of our products and use different or less materials for the same function. We strongly believe that will bring a competitive edge. We have created a subsidiary called MATERI'ACT dedicated to sustainable materials, because we want to accelerate that work. The range of products includes recycled, bio-based and carbon-capturing compounds, bio-based foils, low CO₂ carbon fibers, and green steel for the automotive industry and beyond.

What role do partnerships play in your sustainability efforts?

Partnerships are key. We couldn't move fast if we were not working with the right partners.

When necessary, we choose the specialist in a sector that can help us to accelerate. Accenture is one of them. We are also working with Engie on energy savings solutions as well as with EDP to support our solar panel projects. Our objective is to equip 150 sites in 22 countries with solar panels by the end of 2023. It's such an ambitious program, we couldn't do that alone. We are also working with Schneider Electric to equip our production sites with energy saving devices and implement off-site renewable electricity supply. We've invested in a start-up called GravitHy, because we want to stimulate the production of 'green' steel. And we have invested in another startup that is developing an alternative to natural leather, which is based on pineapple leaves. We have a lot of partnerships, and we believe that we have to build those types of ecosystems with the best players. It's a win-win because we are all learning. As I said, we don't have all the solutions yet. But we are learning together, and we are stronger together.



What are the biggest challenges for FORVIA and the industry in managing this transition towards a more environmentally friendly products and services portfolio, and net zero?

One big challenge is having access to resources to go at the speed we want.

When we want to develop a global plan across all sites at the same speed, we find the bottleneck is usually the availability of external resources and equipment. There may also be a bottleneck for the availability of recycled materials. So even if we know how to integrate them into our products, that slows progress. And many companies want to get access to green energy, but there is not enough capacity to allow everybody to go at the same speed. That's why for us, speed is of the essence. We must go fast, and we want to be a pioneer, because we believe that there will be several bottlenecks in this race towards carbon neutrality.

What is FORVIA's vision for a sustainable hydrogen future and what will it take to get there?

Our vision for zero emission mobility is that there will be a mix between battery electric vehicles and fuel-cell electric vehicles.

There is a tipping point, at roughly 350 kilometers, where we believe that hydrogen could be a better solution for autonomy when choosing between battery electric vehicles and combustion vehicles. The speed of refueling and the weight of the vehicle are other factors, because hydrogen can be lighter compared to batteries. In many use cases, hydrogen will be indispensable. We don't believe that batteries will be the solution for all use cases. And as far as I know, hydrogen is the only credible alternative to batterification today.

For instance, for heavy duty or light commercial vehicles and pick up trucks in the US, we believe that hydrogen will be a better tradeoff than battery electric vehicles. Another dimension is sovereignty. Battery technology is increasingly dominated by companies in Asia, while hydrogen is an area where the European industry is well-equipped to excel. The answer could be to build a competitive offer worldwide in this field. FORVIA is well positioned across both battery and hydrogen. We want to be agnostic to the powertrain mix. With HELLA we are now present in the electrification and energy management field, and with FORVIA and Symbio we are well-positioned on the hydrogen side.

The mobility industry is experiencing changes not seen in over a century. What's your perspective of the future of suppliers in this vortex of change?

I like the word vortex – that's exactly what we're experiencing.

We're in the eye of the hurricane, both with short term headwinds – inflation, energy crises, chip shortages, rising interest rates – but also long-term transformation trends. In automotive, that includes electrification and connectivity. Global megatrends such as climate change also impact us. So, we have to transform ourselves. FORVIA is well-positioned to address these challenges, with a technology portfolio that offers significant growth potential in electronic software and new materials. FORVIA also has the critical size to invest in and to remain at the forefront of technology.

Having said that, I believe that the vortex of change may be different for our Original Equipment Manufacturer (OEM) customers, because they will have to switch from traditional IC (internal combustion) engines

to electrification. They would have to increase the software side to address new mobility trends. It's a significant change. At the same time, they will face new competition from start-ups and from Chinese players looking to develop their business outside China.

This means we will all have to deal with major changes and we should not forget any player in the value chain. We're currently suffering from high inflation, and we're working with our teams on a daily basis to get support and compensation from our customers. If we can't do that, we'll have difficulties helping our tier 2 suppliers. The overall value chain should work collectively to ensure there is not one step of the value chain capturing profit while others struggle – especially for small size or mid-sized suppliers. We're very cautious about making sure they also continue to transform in this environment.





What inspires you the most?

People inspire me more than ideas.

Helping make the world a better place through energy use is also key for me. I described our CO₂ roadmap – now we have to walk the talk. So far, we're on track and that's really motivating. When I see my work and my team's work have a positive impact on the world and society, that's very inspiring for me.

In closing

2023 has kicked off. And I have started the year full of hope for impact, change and scale. This is especially true when it comes to the goals of sustainability for the industrial sector: corporate commitments to reach net-zero have accelerated despite major headwinds and the most serious challenges in at least a generation such as surging inflation, war in Europe, energy insecurity, and fear of a global recession.

How industrial companies are getting on track with net zero?

Businesses including many industrial companies are more engaged than ever in the race to zero, with the number of companies publicly setting goals having grown over the last two years. And as a recent [Accenture study](#) shows, the targets work. Reaching net-zero by 2050 – let alone sooner – will be feasible, but only if businesses take swift, decisive action now. Industrial companies need to manage the road to net-zero as any strategic business priority: set clear objectives to drive the entire organization to the same direction and monitor progress to correct the trajectory as appropriate. Making targets public also helps create the required collective momentum, as industrial companies can't solve it alone.

The insights provided by FORVIA's Yann Brillat-Savarin in this edition of *The Industrialist* underpin that there is a shift from commitment to action underway. From advancing new climate technologies such as hydrogen to collaborating in new ways across the value chain to move faster and achieve more, it becomes clear that getting to net-zero requires all industrial businesses to make reinvention the norm, driven by technological innovation, ecosystem mindset, new business models and supportive regulation.

Best regards,



Thomas Rinn

Senior Managing Director,
Global Industrial Lead, Accenture



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The Industrialist is our monthly digital magazine that puts game-changing perspectives in the spotlight. It combines thought-provoking content and insights, to keep you on top of what's new in the industrial industry.

Featuring different CXOs and diverse views, you can be inspired by leading innovators, explore the latest trends, tools, technologies, and innovations, and ignite your industry interest with transformational thought leadership.

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