

EcorNaturaSi

Case Study

EcorNaturaSi is Italy's leading organic and biodynamic producer, wholesale and retail grocer. Its business model and steward-ownership structure reflect the founders' deep commitment to its mission: distributing organic, biodynamic, and natural products to contribute to the improvement of the health not only of their consumers, but also of the environment and society.

KEY FACTS

- **Sector:** Production, Distribution & Retail
- **Location:** San Vendemiano (TV), Italy
- **Revenue (2021):** 463 Mio EUR
- **Employees (2021):** over 1600
- **Founded in:** 1985



Provided by: EcorNaturaSi

EXECUTIVE SUMMARY

In its over 30-year corporate development, EcorNaturaSi has become the largest distributor of organic and biodynamic produce in Italy. With its first cooperative store established in the late 1980s, the founding group set the basis for a holistic and sustainable approach to organic agriculture and products in Italy. Throughout the years, what now constitutes EcorNaturaSi developed through a series of horizontal and vertical integration and now encompasses business lines from production to distribution and retail. The steward-ownership structure with the foundation 'Libera Fondazione Antroposofica Rudolf Steiner' at its heart, kept and protected the business' founding values and spirit throughout this development. EcorNaturaSi has adopted a multi-stakeholder approach that incorporates stakeholders such as farmers, workers, and consumers. It thus allows them to participate in the company's wealth-distribution and/or facilitates empowerment for groups such as Terre di Ecor. With a generation shift coming up in the future, EcorNaturaSi ownership structure represents the structural basis to respond to its founders' desire to ensure that the business stays independent and mission-oriented under the stewardship of value-aligned successors. This way, EcorNaturaSi is set up to be a driving force for future and sustainable development in the agriculture and food industry.

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The best possible product for human health is also the best product for the environment around us.

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—Fabio Brescacin, Co-Founder and President of EcorNaturaSi

SOWING THE SEEDS FOR BIODYNAMIC AND ORGANIC AGRICULTURE IN ITALY

In September 1985, sharing a passion in and commitment to anthroposophy and biodynamic agriculture, a group of friends made up of teachers, doctors, and farmers, opened a small cooperative store in Conegliano, Italy. When demands for organic produce increased in the late 1980s, the store's capacity was quickly exceeded and retail alone was not enough to satisfy the increased demand. Buying a van, the group traveled to the first organic biodynamic farmers across Italy – from apple growers in South Tyrol to orange farms in Sicily – formed partnerships and started to distribute biodynamic and organic produce across the country. The purchase and operation of the cooperative biodynamic farm San Michele in 1987 concluded the group's holistic approach to building a system for organic and biodynamic food production and consumption and laid the Foundation for what became Italy's leading company for organic and biodynamic produce.



Some founders of EcorNaturaSi. Provided by: EcorNaturaSi

HEALTHY AGRICULTURE, HEALTHY FOOD, HEALTHY ECONOMY

From the start, the group of founders sought to establish a holistic business model based on the belief that all branches and stakeholders are part of one healthy ecosystem (economic, environmental and social). To not only encompass the needs of the company itself (production and retail), but also those of its community, as well as the environment and society as a whole has been present since the early founding days and shaped the company's vertical and horizontal development.

Today, EcorNaturaSi encompasses the following business sectors:

Production

A network of over 300 organic & biodynamic agricultural and livestock farms

Distribution

A wide array of distributional approaches including B2C (NaturaSi markets) and a widespread logistic network to ensure the delivery of organic products across Italy

Retail

A network of retailers that encompasses more than 300 market locations including an assortment of 800 products of which many are proprietary trademarks of the group

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Since the beginning, for us it was not simply about business, it was about an ideal: we wanted to promote biodynamic agriculture to heal the soil and to give healthy food to people. Always having these ideals within us, firmly established, has truly been and still is the force that has carried us forward.

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–Fabio Brescacin, Co-Founder and President of EcorNaturaSi

BEYOND THE COMPANY NEEDS: BUILDING A MULTI-STAKEHOLDER COMMUNITY

Throughout EcorNaturaSi's development, there was a focus on strengthening not only the company itself, but building and supporting a sound ecosystem that allows all stakeholders involved to develop and benefit. EcorNaturaSi's multi-stakeholder approach allows key stakeholder groups, such as farmers or local independent retailers, to benefit from a close-knit web of community players.

Key stakeholders include:

Farmers

To support and create cooperation amongst producers, EcorNaturaSi initiated Terre di Ecor (TdE) - an association of independent organic and biodynamic farmers with organic certification. With more than 30 farms all over Italy, representing the best practices in the field, TdE not only reflects the diversity in organic and biodynamic products, but also supports their long-term financial sustainability.

Workers

Respect for work and social sustainability are part of NaturaSi's mission. Company and union representatives signed an agreement to grant and exchange time off work and rol (reduced working hours) between colleagues. Hours and leave are available for those in need (serious illnesses, care for family members). There is also a solidarity fund: For every € charged in the paycheck of those who joined the fund, the company puts two times the amount donated. The initiative aims to help employees who are in financial difficulties due to unforeseeable situations. Other corporate welfare activities include free summer camps for employees' children, free tax assistance, a 25 per cent discount on organic groceries in stores, and access to a company garden in which employees have a plot for growing vegetables.

Stores & retail

With a network of more than 300 stores throughout Italy, NaturaSi stores can be direct distributors, participated or franchised.

Consumers

Since the beginning, EcorNaturaSi has involved consumers by always promoting open-door initiatives at its offices and at farms. Currently, the company is setting up consumer bonds: With an investment of a minimum of €2,500, consumers receive an annual interest rate of 3 percent in the form of shopping vouchers for NaturaSi stores. The fund will be used to help farmers improve their facilities, for landscaping and to make medium-term investments. It will also support organic producers to boot their organic production to 100 percent as well as for trainings and research.



Campo della Fattoria Di Vaira a Petacciato (Campobasso, Italia)
Provided by: EcorNaturaSi

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I regard EcorNaturaSi as a true community player - from the start, the idea was to develop from within the community of the company itself to a multi-stakeholder community that includes stores, farmers, and finally also consumers. Only together can we be successful and all benefit from what EcorNaturaSi brings.

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-Fabio Brescacin, Co-Founder and President of EcorNaturaSi

FOUNDATION-CONTROL & GOVERNANCE

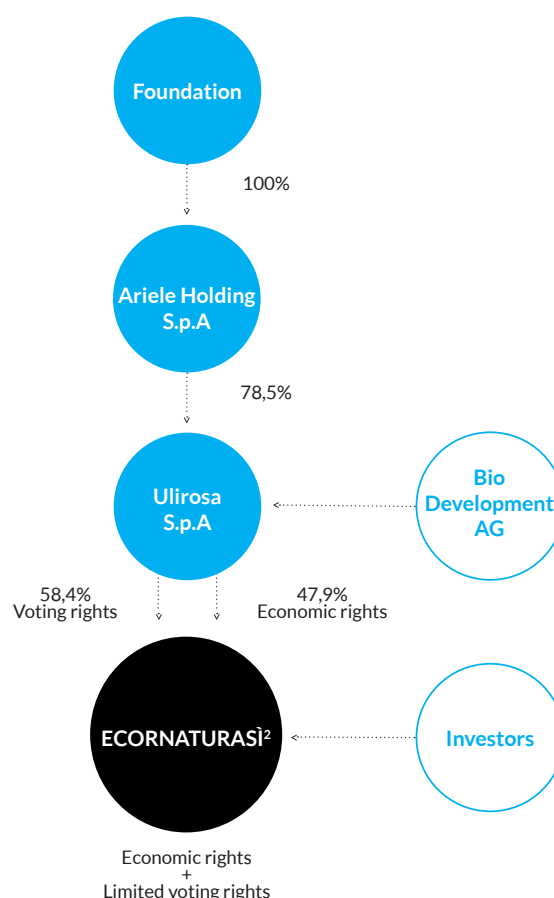
Throughout its history, the company has established a business model that ensures the company's value-alignment for all stages of production, distribution, and retail. Its ownership structure has supported the company group to stay true to its mission throughout. It embodies the values of the founders, who – moved by strong ideals and a desire to contribute to a more sustainable economy – wanted that the ownership did not belong to individuals only, but to the non-profit *Libera Fondazione Antroposofica Rudolf Steiner*, and thereby created a stewardship structure for EcorNaturaSi.

The Foundation *Libera Fondazione Antroposofica Rudolf Steiner* is at the very top of EcorNaturaSi's ownership structure.

The company Ulirosa S.p.A., whose majority shareholder is the *Libera Fondazione*, holds 57,79% of the voting rights in EcorNaturaSi shareholders resolutions and links them back to the Foundation. Moreover, due to a specially created class of differentiated voting rights, Ulirosa S.p.A. is entitled to designate 7 out of 12 Board members including the CEO and the President of the Board. Ultimately, this strengthens the indirect control exercised on EcorNaturaSi by the Foundation, as it has the right to appoint the majority of the Board members.

By partially separating voting and economic rights via different classes of shares¹ EcorNaturaSi was able to balance bringing in investors and maintaining control with the Foundation.

In line with stewardship principles, the ownership structure enables a reinvestment of most of the profits into the company at service of its mission and purpose. Moreover, with dividends being distributed to the Foundation (via its economic-shares), non-profit projects and initiatives of certified training courses for organic farming such as at the Scuola Waldorf Novalis, in San Vendemiano (Treviso, Italy), which recognizes the first diploma in Italy for studies in organic and biodynamic agriculture, and the San Michele farm with its new experimental and educational site in Cortellazzo (Venice, Italy).



¹ According to Italian corporate law it is possible to create different classes of shares, with a variable distribution of voting and economic rights. However, differently from other jurisdictions like the German one, shares without economic rights are prohibited, while non-voting shares are allowed to the maximum of 50% of the share capital (art. 2351.2 Italian Civil Code)

² The shareholder agreement divides the company's capital into different classes of shares, which are distributed among shareholders, namely: a) a class of shares with economic rights, but no voting rights and b) different classes of shares with economic and differentiated voting rights.

RAISING CAPITAL WITHOUT LOSING CONTROL

Throughout the company's development and financing history, it has become apparent that a common cultural basis and shared vision among investors are of great importance. The last financing round in 2020 witnessed impactful changes for the company's financial set-up with one leading investor, previously holding 26% of the EcorNaturaSi being bought out and approximately 20% of the shares being allocated amongst four value-aligned new shareholders, including Purpose Evergreen Capital and Bio Iniziativa S.r.l. Moreover, in the same year, the Swiss holding company, Bio Development AG, sharing a deep commitment to biodynamic farming, increased its investment in Ulirosa S.p.A.

TAKING THE FOUNDING SPIRIT OF THE PAST INTO THE FUTURE

Throughout the company's history and development, the founding team has ensured values-aligned growth and business development. For the future, EcorNaturaSi seeks to further develop structures that protect its mission orientation and independence, where the stewardship role of the Foundation and its governance play an important role to select future leadership and ensure successful development of an organization that puts people in the center.

Building a company as strong as EcorNaturaSi has required – and will continue to do so in the future – a fundamental coherence and cooperation between its founding and living spirit, its structural organization, and community inside and outside of the company.

READ ON

Website:

<https://www.naturasi.it/chi-siamo>

EcorNaturaSi sustainability Report:

<https://www.naturasi.it/chi-siamo/bilancio-di-sostenibilita>

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For us, it is important that the company is able to reinvest in itself and its future. Without speculation, it can compensate for capital invested and honor its founding spirit and values without which it would not exist.

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–Fabio Brescacin, Co-Founder and President of EcorNaturaSi



Orto aziendale presso la sede di San Vendemiano (TV)
Credits: Francesco Galifi

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