

New Orffa CEO to Leverage Firm's Innovative Culture to Address Industry Challenges - INDUSTRY PERSPECTIVES

JUNE 2024

When a business appoints a new CEO to succeed someone who has been in post for 22 years, interest in the appointment is bound to be high. In today's Industry Perspectives, we talk to Haiko Zuidhoff, who became CEO of Orffa last October, succeeding Eddy Ketels who served a 35-year tenure at the business.

Based at Orffa's headquarters at Breda in the Netherlands after 25 years in Asia, Mr Zuidhoff brings feed sector experience and a strong business focus to the role, particularly in achieving organic growth and successful M&A activity.

In this interview, he shares his insights on the market and Orffa's journey so far, as well as how it plans to proactively address current challenges, including sustainability. He also discusses its strategy to accelerate growth and its focus on introducing new technologies and innovations.

[Feedinfo] You joined Orffa as CEO last October, bringing some very relevant experience to the business, including 25 years spent in Asia. Can you talk us through some of the highlights of your career so far, and the perspective your previous roles bring to Orffa?

[Haiko Zuidhoff] When I began my journey with Orffa, I stepped into this new chapter with an open mind. The last eight months have been a fantastic ride. Orffa has a remarkable culture, characterised by creativity, innovation, and teamwork.

One of Orffa's standout features is its flat organisational structure, fostering agility, swift decision-making, and adaptability. Our diverse workforce, representing over 35 nationalities, many with a decade-long tenure, enriches us with varied perspectives and experiences.

In my time here, I've observed Orffa's excellence in innovation and its capacity for change. The



Haiko Zuidhoff
CEO
Orffa

company's proactive approach to addressing industry challenges through innovation is a testament to its commitment to progress. These cultural traits are pivotal in helping Orffa navigate and thrive in the competitive landscape of our industry.

Drawing from my extensive experience with larger companies in biochemicals (Corbion), animal nutrition (Nutreco, Selko), and life science distribution (IMCD), I am well-equipped to lead Orffa into its next growth phase. This includes building customer-centric businesses and fostering externally-focused teams to drive organic growth.

My experience in driving inorganic growth through mergers and acquisitions (M&A) could significantly contribute to Orffa's success in this area. Strategic M&A activities can provide new opportunities for expansion and innovation, complementing our organic growth efforts.

Additionally, the perspectives I have gained over the years working abroad in Asia Pacific have helped me to understand the complexities of emerging markets. This complementary knowledge and network will certainly help Orffa in accelerating growth in these - for us, vital - future regions.

[Feedinfo] There is a lot happening in the global livestock and feed sectors - what are your views of the market at present, and how do you see these sectors changing in future?

[Haiko Zuidhoff] It is clear that the global livestock and feed sectors are at a crossroads. Our industry is undergoing significant transformation which is driven by economic, environmental, and technological factors.

Short-term economic pressures such as volatile feed costs, overcapacity, and supply chain disruptions are impacting our industry. This has led to a strong cost focus, reorganisations or even divestment by some industry peers. Simultaneously, environmental and climate concerns, along with stricter regulations and consumer expectations, particularly in Europe, are prompting a review of current practices.

In the medium- to long-term, we will continue to see an increased demand for animal protein in emerging markets due to population growth and rising middle income levels, especially in Asia Pacific, Latin America and Africa.

At the same time, developed nations will experience a shift towards more flexitarian and plant-based diets and environmental footprint will be part of the equation for animal proteins consumed. Coupled with European environmental regulations, feed production in these regions as a result is expected to stabilise or even decrease.

Looking ahead, I believe our sector will successfully adapt to these challenges that our industry is facing. The industry has proven in the past that it can apply technological improvements,

among others biotechnology and precision feeding, to address these challenges.

While our industry is seen as traditional and conservative, I am confident our sector will make significant strides in sustainability, incorporating circularity principles, adopting Artificial Intelligence, and further digitalising operations.

[Feedinfo] In the last couple of decades, Orffa has developed from a regional business into a global company intent on being a value-adding partner by developing, sourcing and offering feed additives and feed additive concepts for the animal nutrition market. What's your perspective on this journey - and what is your vision and mission for the business?

[Haiko Zuidhoff] Orffa has seen a tremendous transformation in the last 15 years, and evolved from a European Benelux distribution company into a global company with presence in the main feed-producing countries, offering a balanced portfolio of Orffa-branded feed additives. Today, we serve feed producers and integrators on all continents with our feed solutions.

How did Orffa achieve this in a relatively short timeframe? The key to success lies in its innovation capabilities, developing and producing feed additives that set new standards in their respective categories and outperform existing market products. And more importantly, the Orffa additives that were launched in the past strongly resonated with customer needs and were addressing ongoing (unmet) needs in the market.

Examples of successful Orffa innovations include Excellent Energy Plus™, designed based on ideology of similar characteristics and performance of bile salts. These salts are naturally produced by animals (and humans) to facilitate and enhance digestion. As a result, customers applying this Orffa technology are significantly reducing feed costs, and at the

same time contributing to lowering the carbon footprint of their farms/operations.

Another successful Orffa innovation has been Excential™ Selenium, which was the first organic selenium launched that provided higher-than-market bioavailability %. It has also a unique selling proposition in terms of a dust-free preparation, ensuring worker safety, showcasing that Orffa takes a frontrunner responsibility beyond nutritional value alone. These were two key properties that customers are looking for and were not yet available.

In addition to being a feed additive producer, Orffa maintains strong distribution partnerships in Europe, complementing our product portfolio. We have a solid position in Europe, with partnerships in probiotics (Asahi; Calsporin), amino acids (Sumitomo) and immunity-boosting ingredients (BioOrigin) to name a few.

These partnerships, particularly with Japanese producers, align with our full ownership by Marubeni since 2021. Marubeni uses Orffa as a platform to expand its activities in the Livestock and Agrofood segment.

Our journey so far has been great, and we plan to continue and even accelerate the path that we started 15 years ago. Our focus will be on further developing and marketing our proprietary feed additives, leveraging Orffa's innovative and agile culture.

Additionally, we plan to extend our offerings to include services that help customers address key challenges that our industry is facing. We will introduce new technologies and innovations in three key areas: a) Improving feed efficiency to lower costs and carbon footprints; b) Expanding our organic trace mineral range, and; c) Enhancing gut-health and immunity by offering natural alternatives to antibiotics, including phytochemicals.

[Feedinfo] Following on from this, it's always interesting to understand the strategy that a new CEO has put into place. Can you talk us through this and how you plan to deliver it?

[Haiko Zuidhoff] As said, we will continue along the path we embarked 15 years ago, with a focused approach on the three solution areas - feed efficiency, trace minerals and gut health - that we have identified. All new concepts and products will be developed within these areas, with sustainability as a common thread.

In the meantime, we aim to strengthen our presence in the global animal feed industry and continue growing, both organically and through synergies with the Marubeni Corporation and potentially through acquisitions of complementary companies.

Recognising the different stages of development in the regions and countries where Orffa operates, we are implementing a regional structure this year. Each region - Americas, Europe, MEA, Asia Pacific - will operate independently, setting strategies and objectives that reflect the requirements of their own respective markets and countries. At the same time we are strengthening our Marketing & Innovation department by establishing three Global Solution Departments, each tasked with developing new technologies and services for regional rollout.

Marubeni also has strong presence in the aquaculture segment through participation in Danish Salmon and a leading market share in the Japanese aquafeed market through Nisshin Marubeni Feed. This has a nice fit with development of our aquaculture segment within Orffa, in which strategic investments will continue to be made. Orffa has an interesting portfolio in all three selected solution areas, with organic selenium (Excential™ Selenium), phytogenic feed additives (Excential Alliin Plus) and digestibility enhancers (Excential Energy Plus™) having found their way already into the Norwegian salmon industry, Ecuadorian shrimp market and South East Asian freshwater fish production.

[Feedinfo] Orffa achieved an Ecovadis Gold rating in 2023, recognising its ethical, social and environmental performance throughout the supply chain. How did you achieve this, and how do you plan to maintain this progress?

[Haiko Zuidhoff] The Ecovadis Gold rating underscores our commitment to sustainability, which is embedded throughout the Orffa organisation. We align with the United Nations' Sustainable Development Goals across various areas. This not only relates to our own organisation but specifically also in assisting our customers in reducing their emissions. To give you an example; applying one of Orffa's solutions to a livestock or feed mill operation can reduce CO2 emissions, allowing significant contribution to national and global climate agreements and corporate ESG targets. This can be done through the simple addition of one feed additive (Excential Energy Plus).

The fact that Orffa's sustainability strategy is paying off is evident from the fact that the business has been awarded an Ecovadis award for corporate sustainability since 2019. The Ecovadis award in 2023 shows that Orffa is among the 3 percent most sustainable companies in the sector worldwide.

Orffa earned the Ecovadis Gold rating in 2023 by embedding sustainability into every aspect of our operations, focussing on sourcing and production, ethical business practices, such as strong compliance and ethics programmes, and social responsibility by maintaining fair labour practices and engaging with local communities. Environmentally, we implemented resource-efficient measures and sustainable sourcing.

To sustain this momentum, we will continue to innovate through research and development, regularly update our sustainability practices, and actively engage with stakeholders. We will also set ambitious targets and ensure transparency through detailed reporting and third-party audits. This will mean we stay on track and continue to lead in sustainability.

[Feedinfo] Your team has a close focus on delivering complex solutions that aim to overcome and solve the challenges faced by the animal production industry. What we can expect to see from Orffa in future in this respect?

[Haiko Zuidhoff] In addition to the three main solution areas we are focusing on, our innovation team will work on new technologies to help our customers reduce greenhouse gas emissions, particularly methane.

Recognising that addressing these industry challenges requires collaboration, we will develop alliances and partnerships across the value-chain. As we speak, Orffa is anticipating customer interest in reducing methane emissions by forging partnerships with the full supply chain, including feed producers, farmers and dairy co-operatives.

We will also enhance our efforts in adopting and utilising big data, artificial intelligence and digitalisation. To achieve this, we plan to partner with dedicated agri start-ups and innovators, especially those making progress in on-farm and feed analytics (and big data).

Our main areas of focus will include predicting gut health, microbiome quality and animal trace mineral status.

Thinking outside the box is important to keep an open mind for future development and agile anticipation. I enjoy challenging staff and stakeholders by sharing books, articles and news items. Stimulating critical thinking promotes creativity and thought leadership, which will help Orffa to flourish in mid- and long-term perspectives.

Published in association with Orffa