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Experts in Animal Nutrition

EU Agricultural Outlook Conference 17 December 2020

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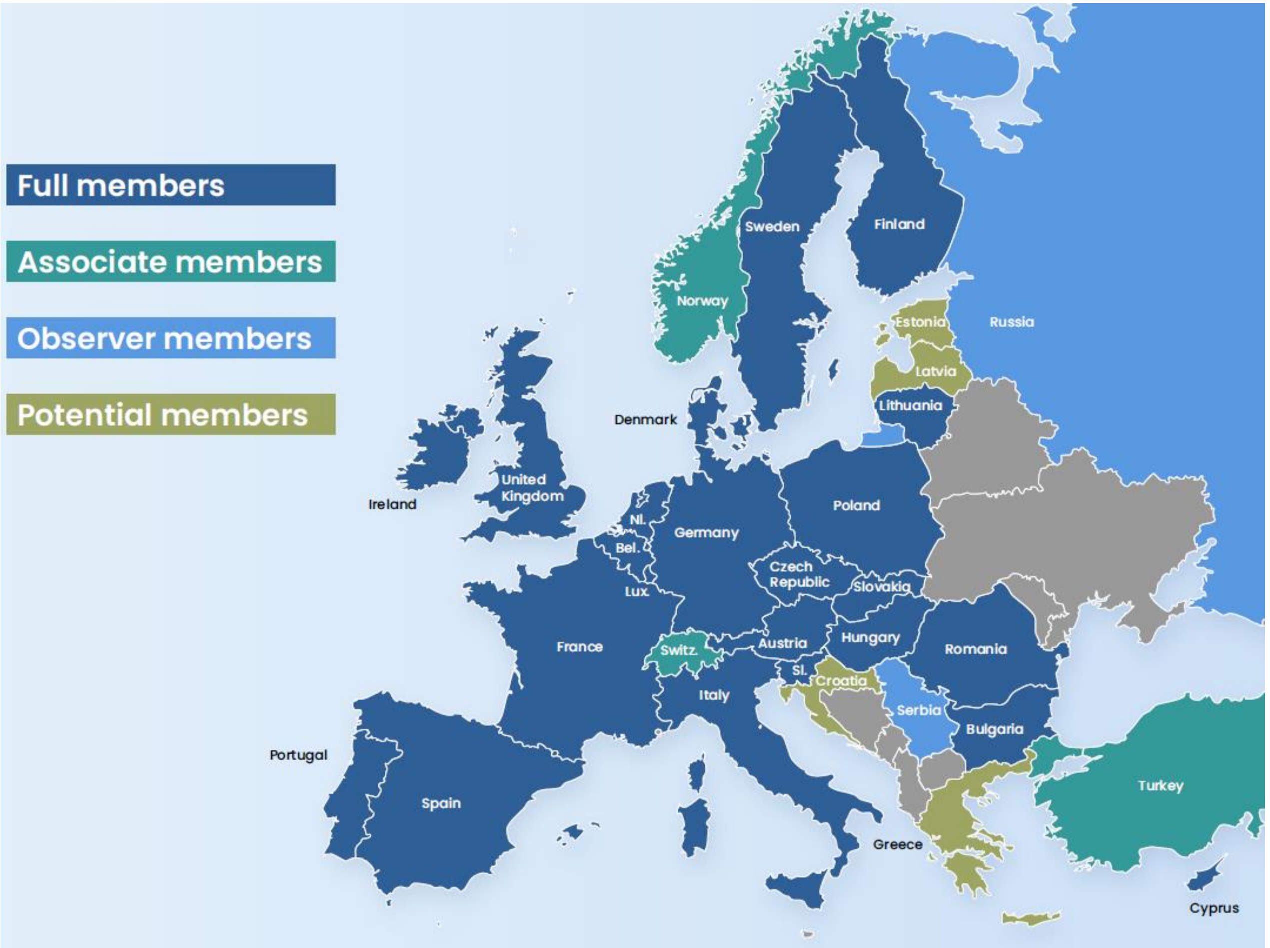
Main drivers for the feed sector and some of the key adaptive solutions

FEFAC in a nutshell



- Created in 1959
- Represents industrial compound feed and premixtures manufacturers
- 32 Members:
  - 23 Member Associations
  - 2 Observer Members (Serbia, Russia)
  - 6 Associate Members (Turkey, Switzerland, Norway (2), EMFEMA, EFFPA)
- 164 mio. t of industrial compound feed in EU-28 in 2019
- 7 Technical Committees:
  - Animal Nutrition
  - Industrial Compound Feed Production
  - Premix & Mineral Feed
  - Feed Safety Management
  - Fish Feed
  - Milk Replacers
  - Sustainability

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Feed industry contribution to Farm to Fork targets (key priorities)

- **Climate change (Ambition1)** : use of PEFCR feed and GFLI database – information on GHG reduction potential of feed (Green claims)
- **Circular Economy (Ambition2)**: feed industry use 61 mio. t. of co-products, 86% of human non-edible feedstuffs (FAO), Increasing nutrient efficiency („ONE NUTRITION“ approach)
- **Animal health & welfare (Ambition4)**: nutrition solutions help to improve AH/AW status & reduce need for antibiotics (prevention)

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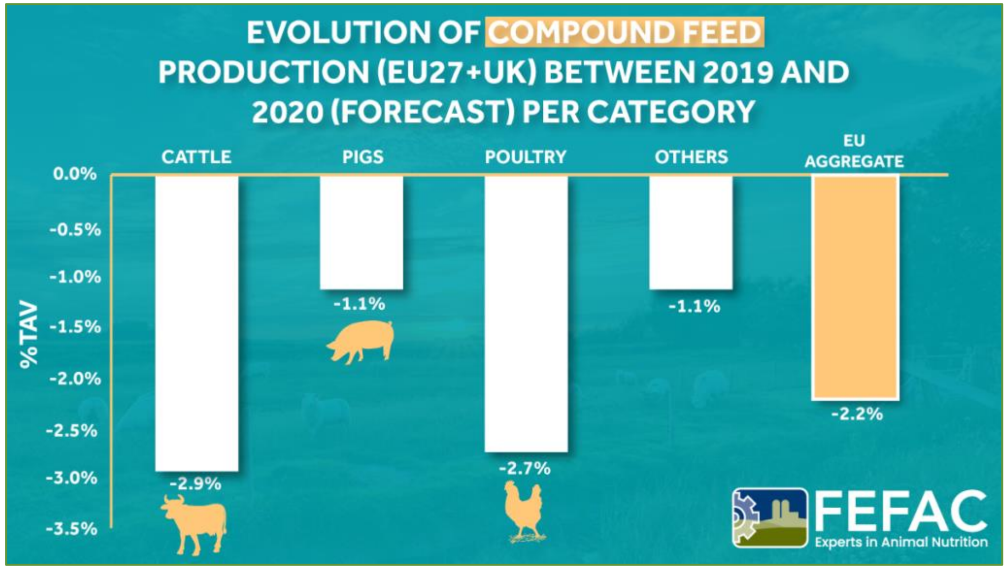

Industrial Compound Feed Production Forecast 2021 – Major market drivers

Disease Trends:

- Covid 19
- African Swine Fever
- Avian Influenza

Global Feed and Food Trade:

- Increasing price level for grains and proteins on the world marked and in the EU
- In the last months a relatively sharp decline in prices for pigs, poultry and some other products

Ambition 5: Enhance the Socio-Economic Environment... (Lessons learned)

- **Agri-food supply chain** is essential including feed business
- **EU (and international) coordination** is essential because single market and global trade could be challenged during sanitary emergency
- **Food security:** EU Contingency plan crucial step
  - EU Stock inventory, measures to support EU production of feed additives, higher protein crop production, F2F impact assessment on food security
- **Continuity/Crisis Management** with stakeholders to anticipate potentional market disruption → Sharing knowledge/experience
- **Competition rules/guidance:** to clarify rules how to share capacity to prevent disruption of supply chain

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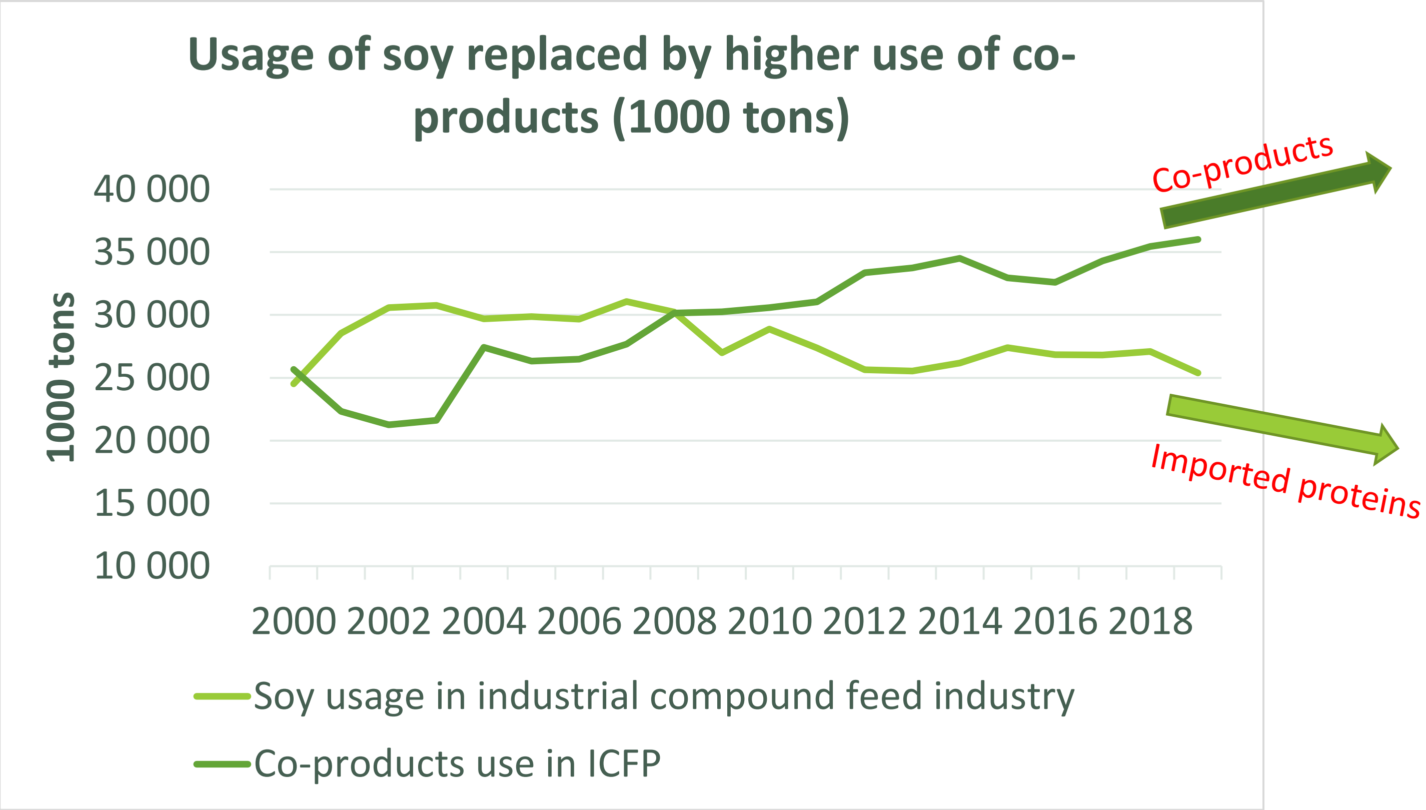
FEFAC sustainability charter 2030

Key industry indicators:

1. Feed Conversion rate
2. Share on non-edible feed materials
3. Share of responsible & deforestation-free soy
4. GHG reduction potential
5. Share of EU protein on total feed protein use



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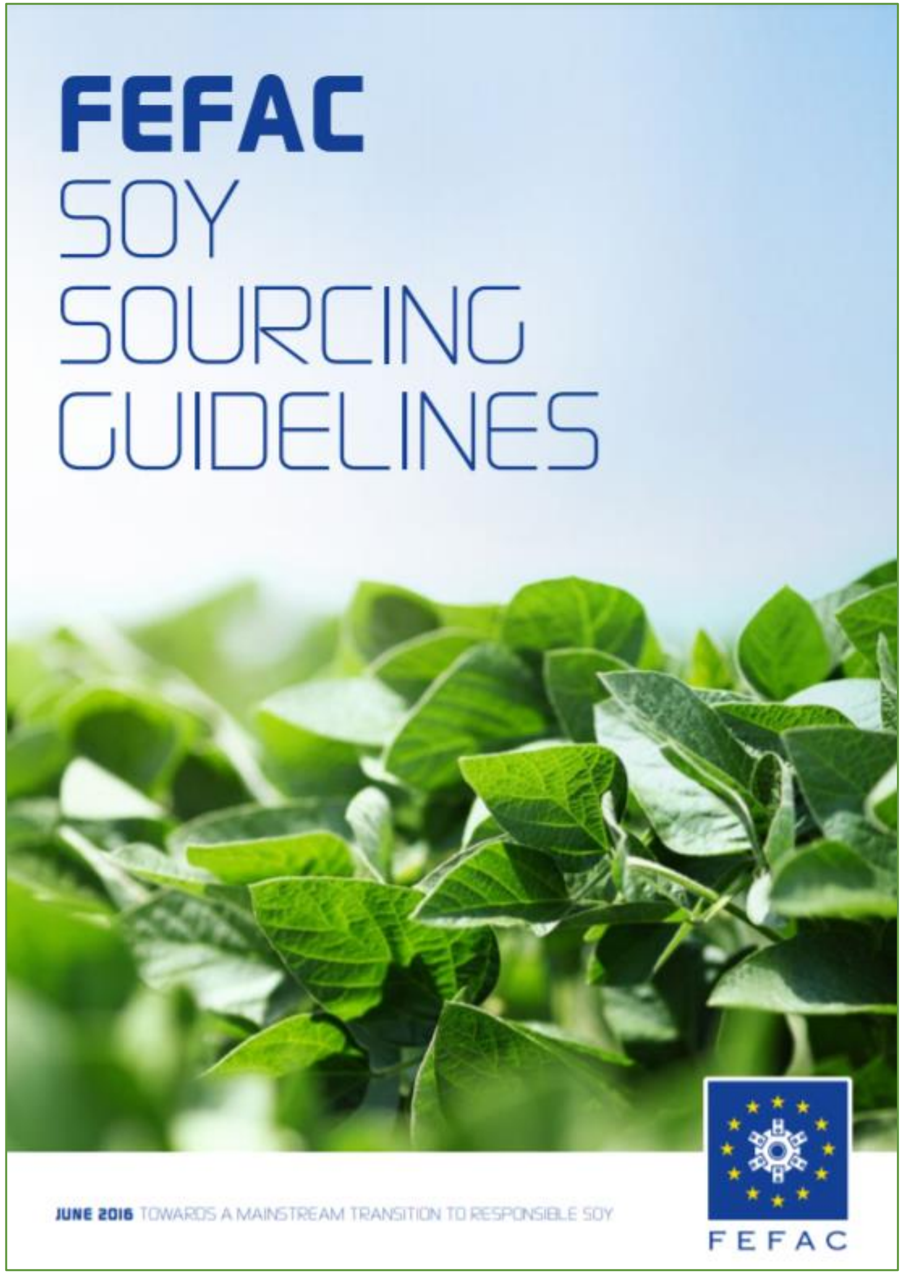

Ambition3: Promote sustainable sourcing practices

- Launched in 2015 : 19 schemes benchmarked by ITC
- Current facts, 2018/19:
  - 80% deforestation free soy use in EU (FEFAC & TRASE)
  - 49 % (above 10 mio. Tonnes) responsible soy use in EU feed industry
- Pre-competitive tool-box to improve transparency on chain of custody
- New version of SSG covering no-deforestation / no-conversion criteria to be released in jan-feb. 2021

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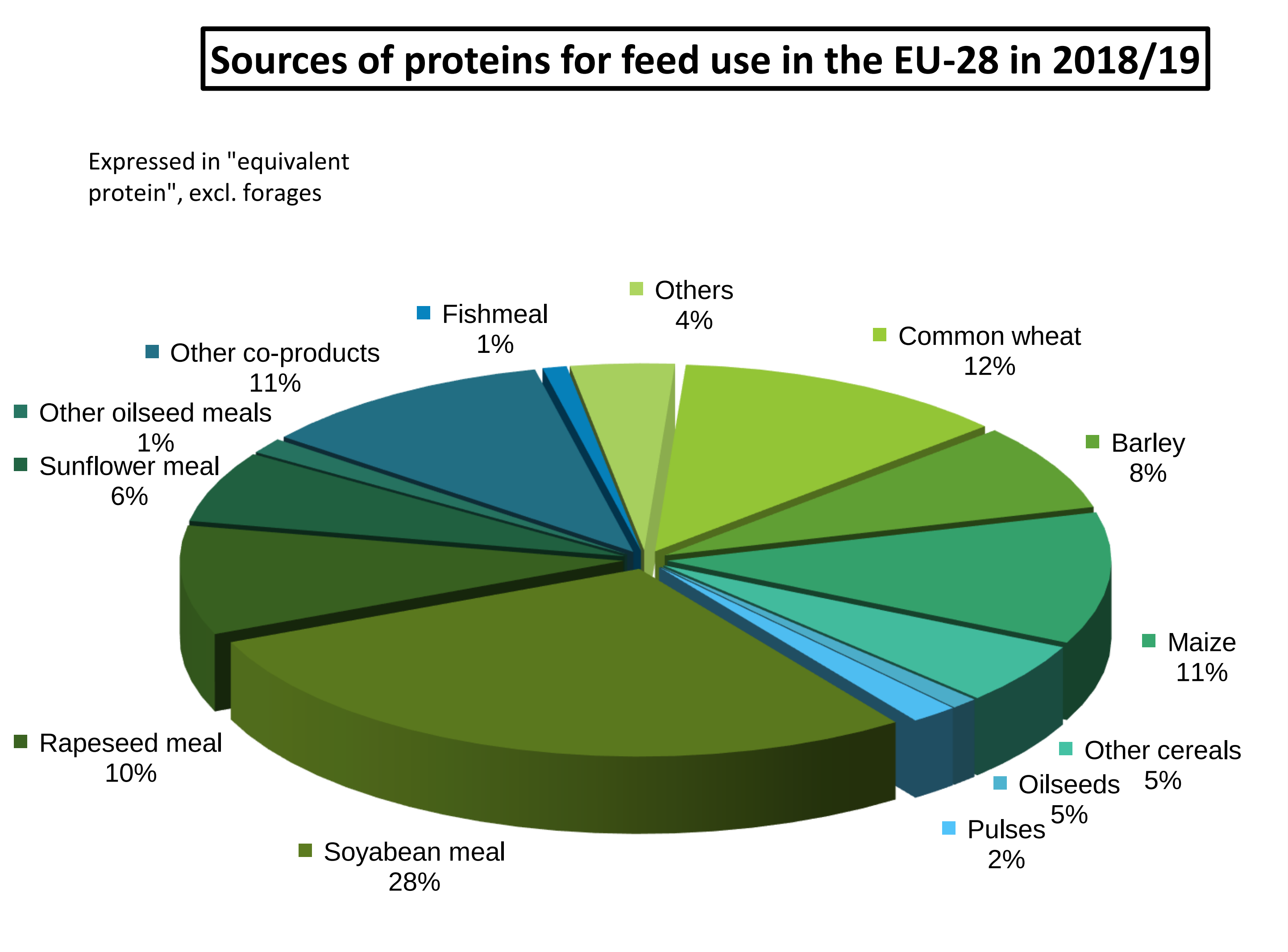
Ambition 5: ...Resilience of the Livestock & Aquaculture Sectors



- Open access to International market is key to competitiveness as the EU protein challenge will persist

- Introduction of NGT is crucial for improving the competitiveness of the European crop production and for our trade with 3. countries

➢ Potential conflict/dilemma F2F (fertilizer target vs EU protein):

Too high reduction in fertilizer norms
→ lower protein content in EU grains
→ Increase of EU feed protein imports

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Sustainability not a new subject for the feed sector

Thank you for your attention

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