

Pieter van Holten CFO, Nutreco



In this interview, Pieter van Holten, CFO of Nutreco, shares his insights on economic challenges, AI utilisation, and CSRD obligations; offering a concise look into critical financial and strategic topics, for our CFO Survey Spring 2024 Report.

Since the last survey, it appears that the average CFO is feeling more optimistic about their firm's prospects. Additionally, CEO's appear to direct finance functions to prioritise value creation and growth, shifting the focus away from reducing costs. Is this sentiment reflective to the sentiment at Nutreco? How are you looking to navigate the current environment?

When I compare my sentiment to what I felt 2 years ago, I'm more optimistic. 2 years ago, we were coming out of the pandemic and almost directly confronted with the massive supply chain disruptions, energy and inflation pressure and reduction in demand following the attack from Russia against Ukraine. If I take a different point of comparison—say last year—then the answer also remains “yes.” I have seen economic growth coming back. However, this growth has not come back uniformly around the world. While the Americas and Asia are both strong, Europe remains weak. When I look at Nutreco's performance and

outlook, I see this positive trend reflected in our numbers as well.

What the last two years of disruption have taught us is that we have become a lot more specific in our choices: where do we invest? What do we pursue with our R&D? Where do we conduct M&A activity? As a firm, we are increasing our Capex and our R&D expenditures, but we do both more specific than we did before.

Organisations seem to be willing to hire more people, but they also indicated that the availability of talent is the number one risk to their business and their highest political priority. Are you experiencing a difficult labour market as well?

It's hard to make one broad statement given that we are active across the globe, but overall, it is sometimes a challenge to get the right people on board and diversity remains an issue. To be attractive in today's climate, companies need to focus on

enabling their workers and becoming more flexible. Let me mention a few examples: firstly people want to have the option of working from home, so where possible we facilitate this. A second example is talent development and facilitation of dual careers. Still a few years ago it was quite normal to have single career expat moves, but this does not work any longer.

Skill availability is sometimes to an issue, however, finally, we can find the talent that we need. Our challenges is sometimes that we are in agricultural areas and not everybody is able to move there. What helps tremendously to motivate people to join us, is our mission—feeding the future—which at its core focuses on sustainability. We aim to create more output (food) using less input to feed a growing world population.

In the Netherlands, we are still waiting for a new government coalition to form, is this worrying to you?

I am not worried yet about the fact that we do not yet have a government yet, but I am worried about the Netherlands remaining a place where companies want to invest their money and where entrepreneurship is encouraged. I visited China recently, visiting partners and suppliers, and was impressed by their speed. In the Netherlands, we are too slow and comfortable with ourselves. This will impact where we decide to invest, especially given that our growth is expected to come from Latin America and Asia, not from Europe. We have, on the other hand, opened a new state of the art research lab in Switzerland, the Silicon Valley for our phytogetic product range.

How are you dealing with the geopolitical situation of the world?

The geopolitical situation is very dynamic: USA elections, USA China relationships, the Russia/ Ukraine war, the situation in the middle east. At this moment we seem not to be paying too much attention on Taiwan and North/ South Korea. While preparing investment decisions, Organisations need to be more agile and do more scenario planning to deal with this uncertainty. For example: Nutreco learned a lot from the recent supply chain shock, which led us to set up part of our procurement more regional. As CFO, normally I focus on costs, however I'm willing to pay a premium for predictability. You can't avoid the shock, but you need to be in a position that allows you to absorb them.

What role does sustainability play specifically in your finance department?

There are differing views on that: nobody challenges the need for lower emissions and better sustainability. Sustainability is good, but the reporting burden of CSRD is immense and finance is expected to facilitate and support this reporting since the auditor signs off. We are in the middle of setting up the reporting structure and getting the data, but we need to make sure it is not a finance-only activity.

The pressure on the finance department is high as we are currently converting from Dutch GAAP to IFRS and implementing Pillar 2 next to the sustainability reporting.

Does finance have a natural ownership on the topic?

The reporting on data makes it a natural topic for finance to be involved on. Some data, such as energy efficiency, is easy and we have the data for this in house. The issue comes with scope 3, where right now there is no 100% credible data either internally or externally. We are working closely with procurement to get data from partners in the value chain, but this is a journey we are now on.

Finance is not owning the topics, but in very close cross functional alignment. To give you an example: Nutreco operates over 100 factories and need to understand how to operate them efficiently, both in terms of output and sustainability. The role of finance is to make this transparent, together with our operational colleagues. It took us a while, but we now have harmonised operational KPIs

globally and aim to do the same for the sustainability topic. The challenge is that the rules of sustainability reporting is still subject to change. You don't want to move too far ahead of the curve because this risks you investing too many resources and time in one direction and then have to redo things when legislations goes a different way.

You are also responsible for IT, where do you feel you stand as a company? One ERP, full roadmap, right skills in place?

We have our foundation in place: ERP, infrastructure and cybersecurity, to mention a few. Next, the question is how our global system helps us to operate efficiently. We are focusing on doing a better job here. We are still on a journey to improve what we are expected to do and build analytics on top of our ERP that come before the AI journey can truly begin.

We have had conversations in the board on the topic of AI and its use in forecasting and analytics, but the money we have spent here is limited. We have expressed our ambition to do more, but we are not moving fast enough. I think a bit more experimentation is welcome. I welcome a bit of disruptive change