



INTERNATIONALIZATION: THE COOPERATIVE WAY

Pellervo Seminar, Helsinki, 30 January 2018

Dr. Onno F. van Bekkum

1

<p>≥2016</p> <p>≥2015</p> <p>≥2010</p>	  	<p>NL-3000 F&A-700</p>  <ul style="list-style-type: none"> ● Research ● Advisory ● Workshops ● Cooperative strategy ● Governance ● Capitalization ● Member engagement
<p>1998-2009</p> <p>1994-1999</p> <p>1994-1998</p>	  	<p>CO-OP Champions</p> <p>Dr. Onno F. van Bekkum Van Herlaerstraat 1 5324 EA Ammerzoden, The Netherlands Mobile: +31 (0)6-3614 5231 E-mail: vanbekkum@coopchampions.com</p>

2



3



Embedding sustainability in the way we do business

Sustainability reporting

Given this is our first Group-wide report, we focused on selected issues most material for our business and industry. We summarised Glanbia's 2016 performance and goals, focused on our most material societal and environmental impacts and issues. We examined Global Reporting Initiative (GRI) G4 guidelines, including the G4 Food Sector Supplement, in determining key aspects, boundaries and measures. We have also mapped our plans against the United Nations Sustainable Development Goals.

4

“In Arla we are committed to growing our business responsibly, so that we can be part of solving the global challenges.”

Kjell Lundén Pettersson, Ph.D., Senior Manager
Corporate Responsibility

Sustainable Development Goals defined

In September 2015, the United Nations adopted 17 new Sustainable Development Goals (SDGs) relevant for all countries. For the goals to become reality, all countries, businesses and organisations have been invited to embrace any necessary change. For Arla, the journey has already begun. The new sustainability goals include health, peace and equality alongside the original areas including poverty, education and climate. The aim is to create long-term resilient communities.

Our contribution to the Sustainable Development Goals

At Arla, we already have a clear sustainability agenda and linking our agenda to the SDGs can contribute to a better understanding of its importance. We continually monitor global challenges and analyse consumer megatrends and local variations to assess their impact on our Group and to pursue new business opportunities.



17 Sustainable Development Goals defined

Adopted by the United Nations General Assembly in September 2015
Read more on sustainable development.un.org

5



6



Valio's key sustainability themes

Sustainable milk production and responsible business are now being made even more visible in Valio. For the first time, they have become part of the competitive advantages that are specified in the company strategy.

However, responsible operations are nothing new for Valio. We have long been improving the wellbeing of cows and calves, milk quality, food safety, and wellbeing at work, as well as continually working on health-promoting products and efficient use of resources.

1. A co-operative owned by farmers
2. Animal welfare
3. Sustainable milk production and circular economy
4. Transparent procurement
5. Innovations to promote health and wellbeing



ARTICLE

Valio – #1 of Finland's Most Sustainable Companies in 2017

7



Segment information by business unit

in € million
31/12/2016

	BayWa Agri Supply & Trade	Energy	Renewable Energies
Revenues generated through business with third parties	6,144.358	2,030.133	945.853
Intra-segment revenues	570.999	198.073	81.225
Inter-segment revenues	58.474	5.228	0.237
Total revenues	6,773.831	2,233.434	1,027.315



BayWa r.e.
renewable energy

8

HKSCAN

SUSTAINABLE AND TRANSPARENT SUPPLY CHAIN

The food industry requires large amounts of meat and other raw materials, energy, water, packaging materials, and various services. For this reason, the sourcing function has a significant impact on the Group's responsibility, overall cost structure and efficiency.

To improve efficiency and responsibility we have during several years rationalized Group-level purchases and improved the transparency of our supply chain by identifying and managing risks. Our suppliers are evaluated and qualified in the areas of food safety, quality, environment, ethical procedures, as well as selected in accordance to pre-defined evaluation criteria for each tendering project.

RESPONSIBLE SOY AND PALM OIL

In its supply chain HKScan has identified two raw materials whose social and environmental impact can be significant: soy and palm oil. To manage these raw materials in a responsible way, we adhere to third party audit standards provided by the Round Table on Responsible soy (RTRS) and Roundtable on Sustainable Palm Oil (RSPO).

Soy is used in large amounts in animal feed because of its good protein composition and efficiency. See [our commitment](#) on our website.

9

SUSTAINABILITY STRATEGY AND RESPONSIBILITY



DANISH CROWN

In the past year, Danish Crown has prepared a corporate strategy for sustainability. The strategy presents a strengthened and renewed focus on our corporate social responsibility and the role we want to play in this area. In the next few years, we will unfold the strategy into concrete targets and initiatives, and we look forward to doing so in cooperation with our stakeholders.

For decades, Danish Crown has been working systematically with CSR within a wide range of areas. As a cooperative owned by farmers, the values and traditions of good farming practices and modern food production are deeply ingrained in our DNA, with food safety, the environment, animal welfare and the working environment as our primary focus areas. We have therefore prepared a new strategy which will help us to steer Danish Crown in a sustainable direction based on the UN [Sustainable Development Goals](#). We call our strategy 'Feeding the world'.

The next step will be to define targets and actions within the five tracks defined in the strategy and monitor our efforts on the basis of the indicators in the Global Reporting Initiative. The strategy emphasises a desire and willingness to enter into dialogue with our stakeholders, and to contribute actively to the constructive and sustainable development of our company and our business in close cooperation with our surroundings.

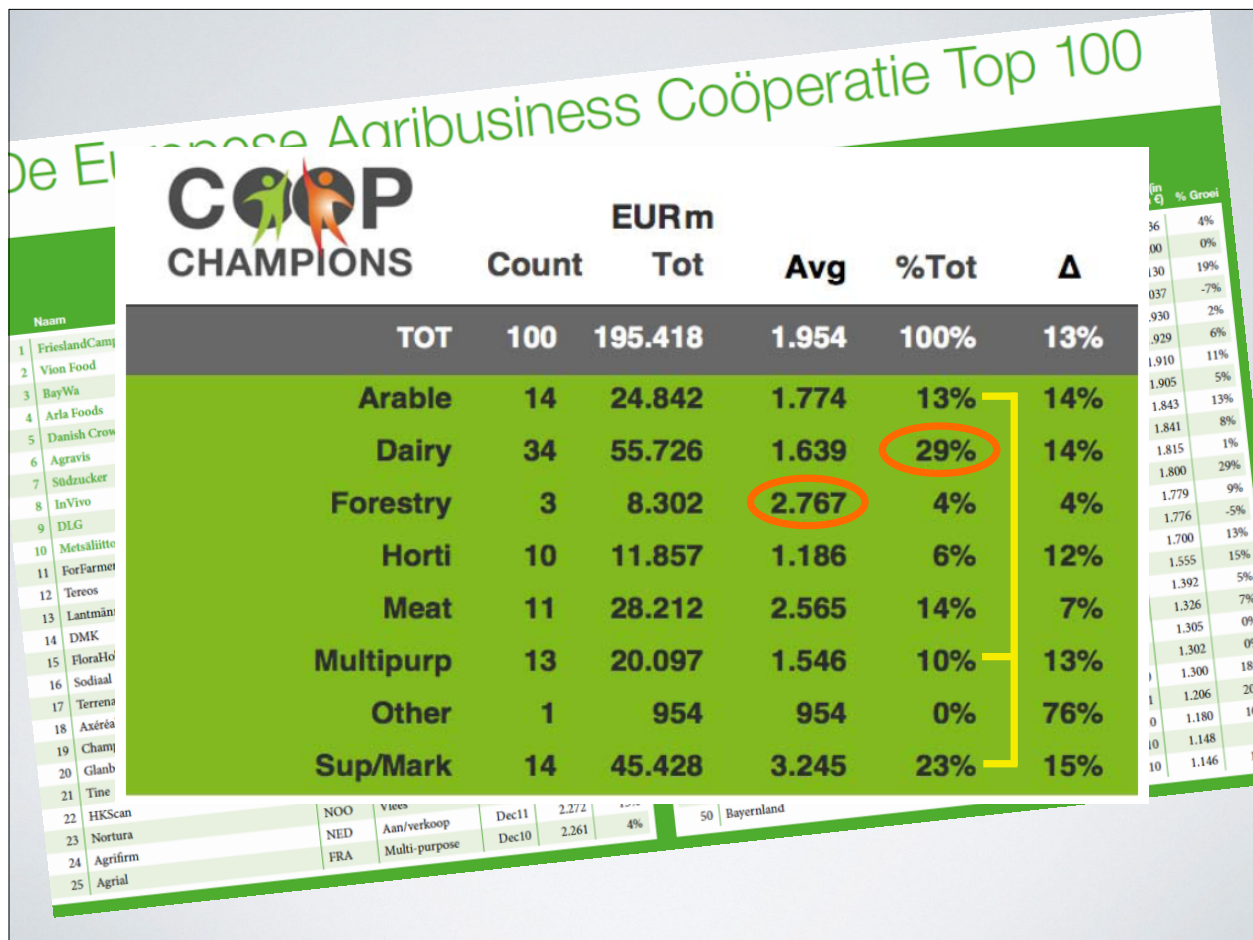


PURPOSE: We will earn customers' and consumers' confidence and preference with healthy, safe and responsible products and via dialogue.

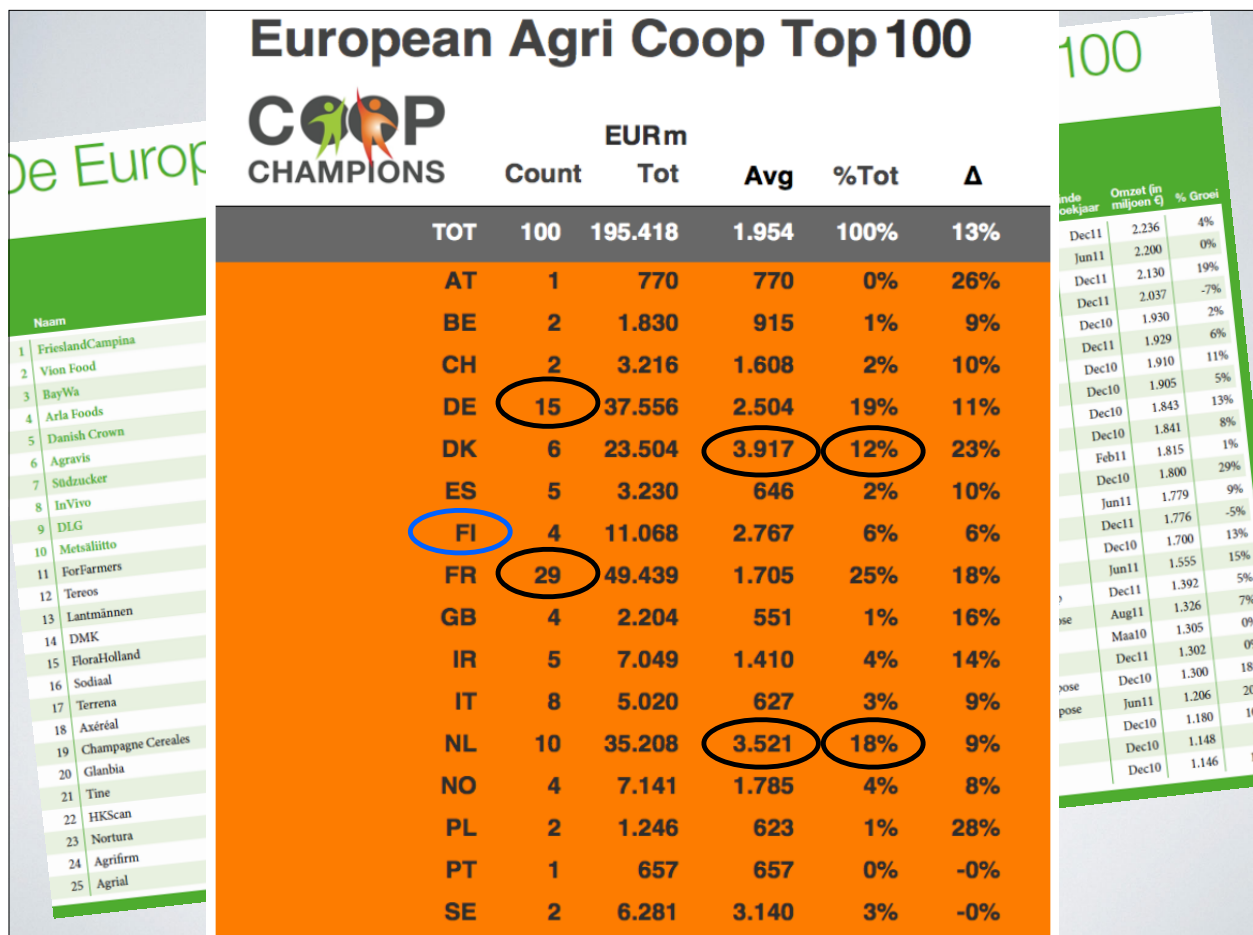


PURPOSE: We will attract and retain people with good jobs and opportunities for everyone.

10



11

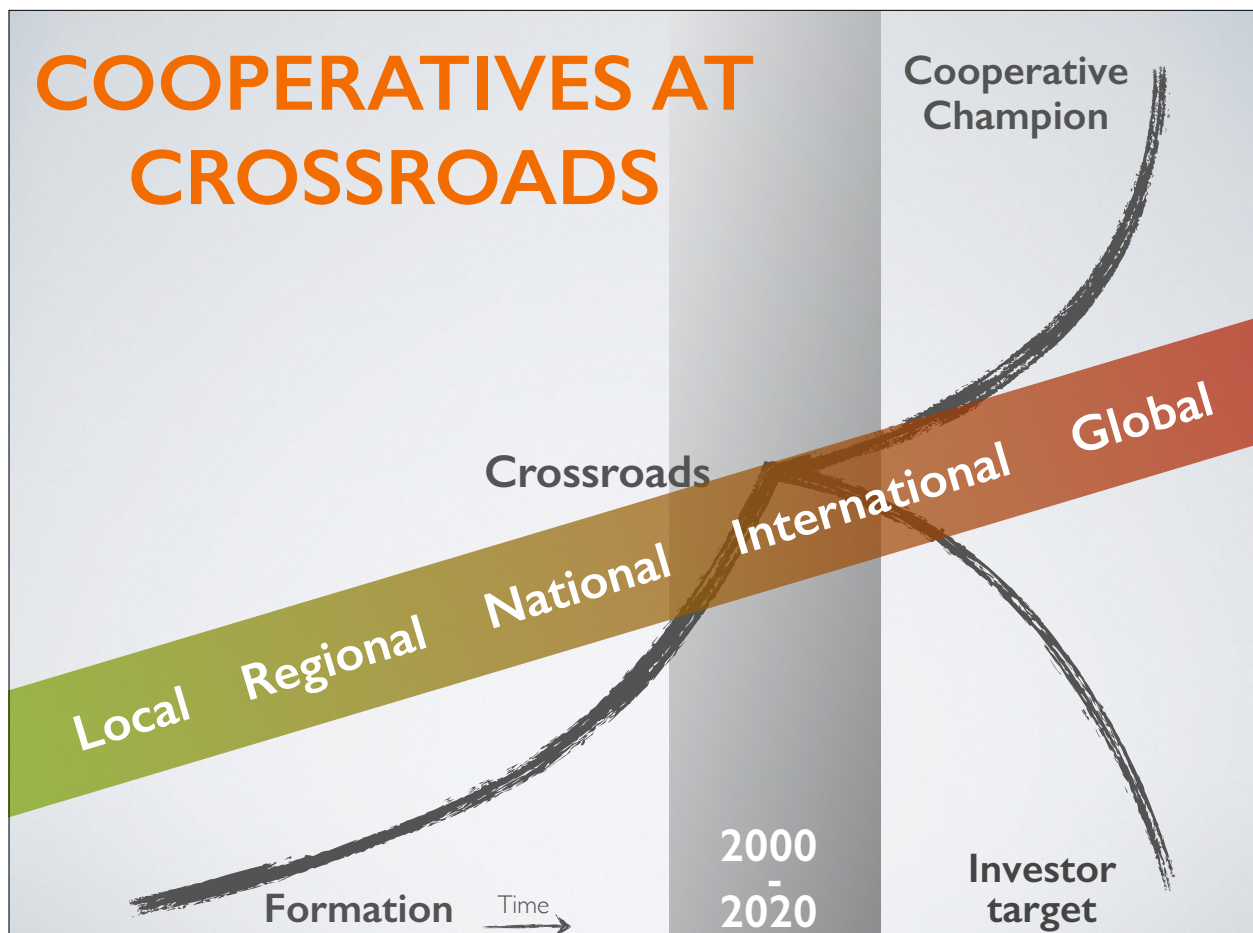


12

EUR m									
Rank	Company name	Country	Sector	Date	Turnover	Profit	Members	Staff	Website
E1	FrieslandCampina	NL	Dairy	Dec11	9626	216	14391	19,036	frieslandcampina.com
E2	Baywa	DE	Sup/Mark	Dec11	9586	70	2*	16,834	baywa.de
E3	Vion Food	NL	Meat	Dec11	9490	14	18000	26,425	vionfood.com
E4	Arla Foods	DK	Dairy	Dec11	7384	176	8024	17,593	arla.com
E5	Südzucker	DE	Arable	Feb12	6992	751	>10000	17,489	suedzucker.de
E6	Danish Crown	DK	Meat	Sep11	6954	237	9577	23,576	danishcrown.com
E7	Agravis	DE	Sup/Mark	Dec11	6514	33	252*	5,257	agravis.de
E8	InVivo	FR	Sup/Mark	Jun11	6083	37	270*	6,330	invivo-group.com
E9	DLG	DK	Sup/Mark	Dec11	5494	53	29751	5,386	dlg.dk
E10	Metsäliitto	FI	Forestry	Dec11	5346	-156	125144	13,046	metsalitto.com
E11	ForFarmers	NL	Sup/Mark	Dec11	5224	22	6300	884	forfarmersgroup.eu
E12	DMK	DE	Dairy	Dec11	4669	21	11000	5,700	dmk.de
E13	Sodiaal	FR	Dairy	Dec11	4422	24	12600	6,965	sodiaal.fr
E14	Tereos	FR	Arable	Sep11	4409	237	12000	26,659	tereos.com
E15	Terrena	FR	Multipurp	Dec11	4365	22	22000	11,821	terrena.fr
E16	FloraHolland	NL	Horti	Dec11	4284	11	4908	3,218	floraholland.nl
E17	Lantmännen	SE	Multipurp	Dec11	4244	81	34738	10,296	lantmannen.com

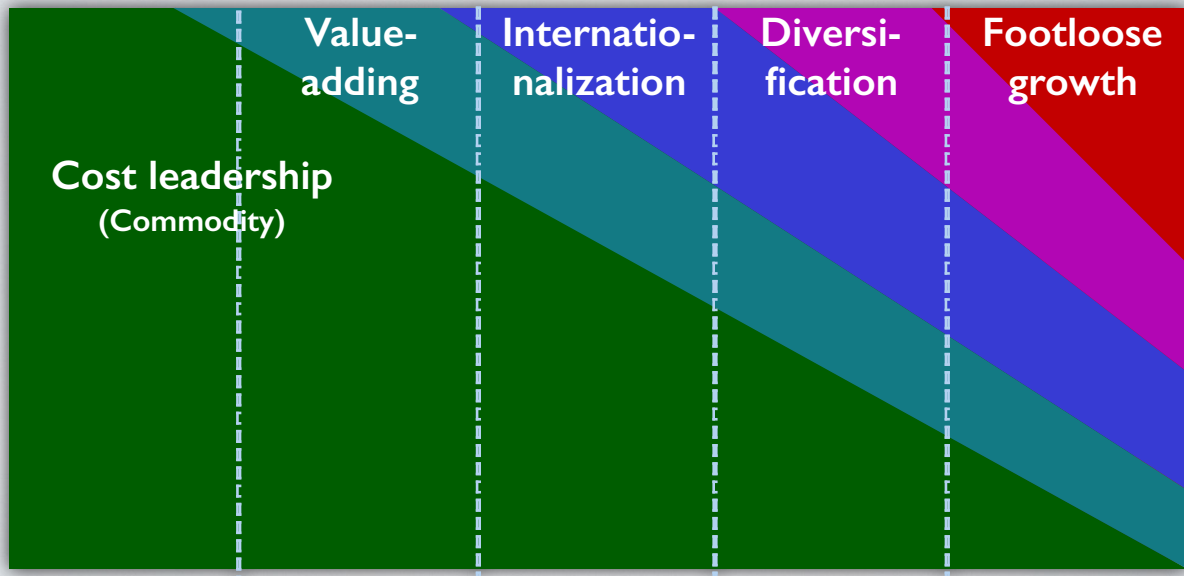
* Cooperatives

13




14

CO-OP BIZ STRATEGIES



15

<div>  European Agri Coop Top 17 <div>Update: 22Nov12</div> </div>										
Rank	Company name	Country	Sector	Internat. Index	EUR m Turnover	Δ 10yr	Turnover/assets	Sol-vency	Coop own %	Profit
E3	Vion Food	NL	Meat	88%	9,490	312%	3.1	27%	88%	14
E5	Südzucker	DE	Arable	76%	6,992	46%	0.8	48%	66%	751
E14	Tereos	FR	Arable	76%	4,409	449%	0.7	37%	29%	237
E6	Danish Crown	DK	Meat	74%	6,954	29%	2.2	23%	99%	237
E1	FrieslandCampina	NL	Dairy	70%	9,626	120%	1.7	39%	89%	216
E10	Metsäliitto	FI	Forestry	67%	5,346	-39%	1.0	28%	76%	-156
E4	Arla Foods	DK	Dairy	63%	7,384	44%	1.6	27%	98%	176
E9	DLG	DK	Sup/Mark	55%	5,494	264%	2.7	25%	69%	53
E11	ForFarmers	NL	Sup/Mark	54%	5,224	1247%	7.4	46%	75%	22
E17	Lantmännen	SE	Multipurp	52%	4,244	59%	1.7	48%	100%	81
E8	InVivo	FR	Sup/Mark	47%	6,083	117%	3.4	28%	85%	37
E16	FloraHolland	NL	Horti	43%	4,284	32%	4.5	23%	99%	11
E2	Baywa	DE	Sup/Mark	35%	9,586	79%	2.4	27%	60%	70
E12	DMK	DE	Dairy	30%	4,669	104%	3.7	33%	98%	21
E13	Sodiaal	FR	Dairy	26%	4,422	93%	2.3	32%	62%	24
E7	Agravis	DE	Sup/Mark	4%	6,514	97%	4.8	25%	99%	33
E15	Terrena	FR	Multipurp		4,365	51%	2.8	34%	83%	22

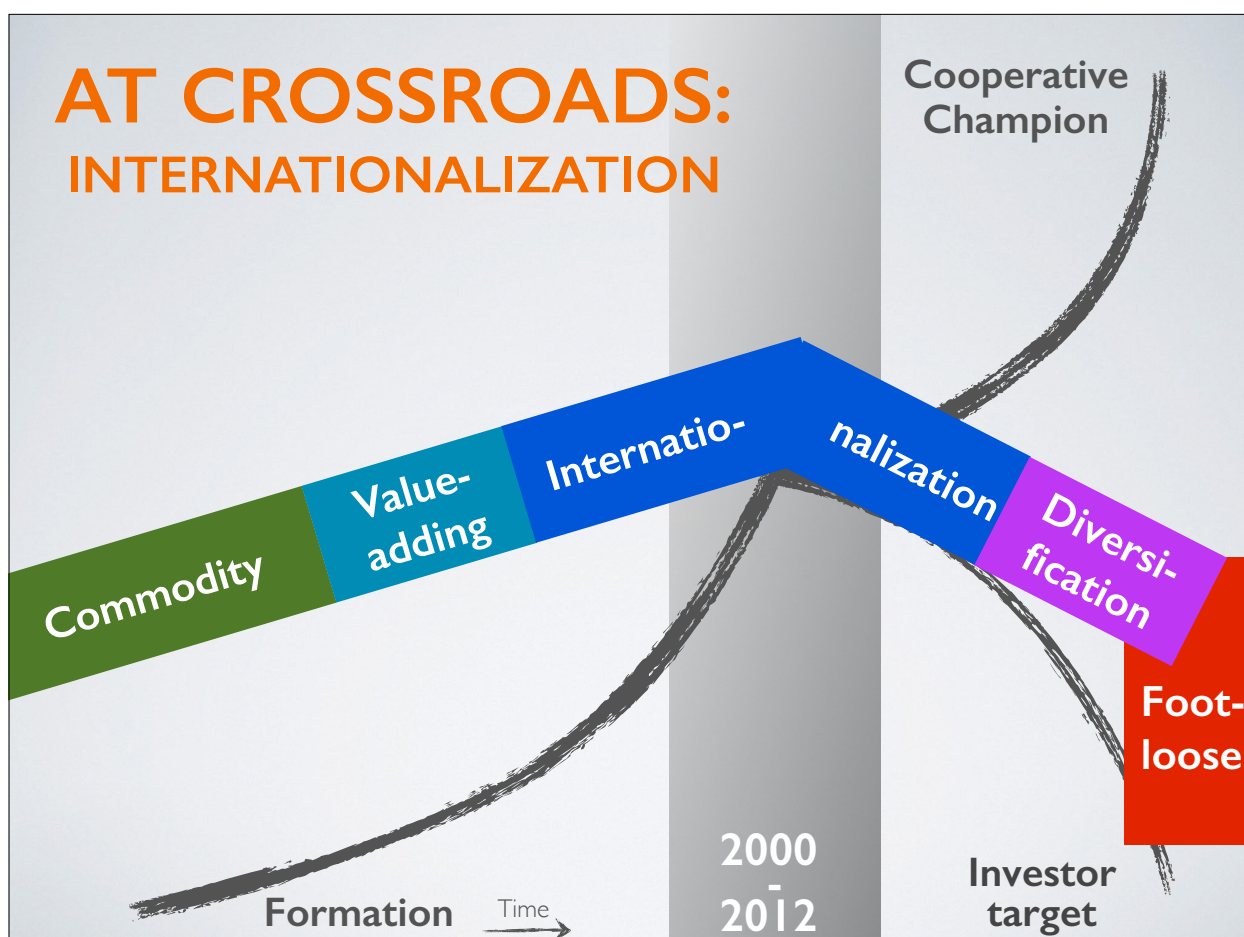
16

Internationalization NL agrifood coops

#	Name cooperative	1. Foreign turnover	2. Foreign staff	3. Foreign members	# Foreign Board members	4. Coop Internat index (1x1+2x2 +3x3)	5. Export factor (1/2)	6. Local carry index (3/2)	7. Tension index (1>25% +5<2.5 +6>2.5)
(All data 2007)									
1	Avebe	93%	26%	44%	2	277	3.6	1.7	1
2	Campina	68%	60%	22%	2	255	1.1	0.4	2
3	Vion	77%	79%	0%	1	236	1.0	0	3
4	Friesland Foods	72%	66%	0%		205	1.1	0	3
5	CR Delta VRV	31%	42%	23%	3	185	0.7	0.5	2
6	Cebeco Group	55%	41%	0%		138	1.3	0	3
7	ForFarmers	60%	29%	5.2%		133	2.1	0.2	3
8	Cosun	57%	34%	1.2%	1	129	1.7	0	3
9	HZPC	74%	17%	0.7%		111	4.3	0	2
10	Cehave Landbouwbelaag	34%	31%	0%		97	1.1	0	3
11	Fruitmasters	59%	11%	3.0%		91	5.2	0.3	1
12	The Greenery	74%	1.9%	0.2%	1	79	38.2	0.1	2
13	Agrico	31%	21%	0.7%		75	1.5	0	3
14	Tuinbouwcentrum Lent	* 20%	2.5%	16%	1	72	7.9	6.2	0
15	CNC	60%	0.4%	1.8%		66	159.9	4.8	1
16	Agrifirm	20%	10%	0%		39	2.1	0	2
17	CONO Kaasmakers	23%	3.5%	0%		30	6.4	0	1
18	Nedato	27%	0%	0.5%		29	?	?	1
19	DOC Kaas	1.4%	0%	8.0%		25	?	?	0
20	Horticoop	7.9%	4.4%	0.5%		18	1.8	0.1	2
21	FloraHolland	* 5%	0.4%	4.1%		18	13.0	10.6	0
22	ZON Fruit & vegetables	* 5%	0%	2.4%		12	?	?	0
23	CNB	7.0%	0%	1.0%		10	?	?	0
24	FresQ	* 5%	0%	0%		5.0	?	?	0
25	CZAV	0.2%	0%	0.8%		2.6	?	?	0
26	Rijnvallei	0%	0%	0%		0.0	?	?	0

* estimate

17



18

Five year



review

	2016	2015	2014	2013	2012
Inflow of raw milk (mkg)					
Inflow from owners in Denmark	4,728	4,705	4,550	4,508	4,419
Inflow from owners in Sweden	1,909	1,995	2,035	2,016	2,059
Inflow from owners in Germany	1,758	1,741	1,526	1,332	685
Inflow from owners in the UK	3,210	3,320	3,088	1,254	286
Inflow from owners in Belgium	515	531	403	253	53
Inflow from owners in Luxembourg	144	130	119	111	27
Inflow from owners in the Netherlands	56	41	17	-	-
Inflow from others	1,554	1,729	1,832	3,202	2,881
Total inflow of raw milk	13,874	14,192	13,570	12,676	10,410
Number of owners					
Owners in Denmark	2,877	3,027	3,144	3,168	3,354
Owners in Sweden	2,972	3,174	3,366	3,385	3,661
Owners in Germany	2,461	2,636	2,769	2,500	2,911
Owners in the UK	2,485	2,654	2,854	2,815	1,584
Owners in Belgium	852	882	997	529	501
Owners in Luxembourg	218	221	228	232	245
Owners in the Netherlands	57	56	55	-	-
Total number of owners	11,922	12,650	13,413	12,629	12,256

19

INTERNATIONALIZATION MODELS

● As a business

1. Import/ export
2. Green field operations
3. Participations & acquisitions
4. Strategic alliances & JV's
5. Split: Internat. company ltd

● As owner organization

6. International membership
7. Int. co-investor partnerships
8. Int. co-op federation
9. Cross-border merger
10. European co-op society

20

CAPITALIZATION MODELS

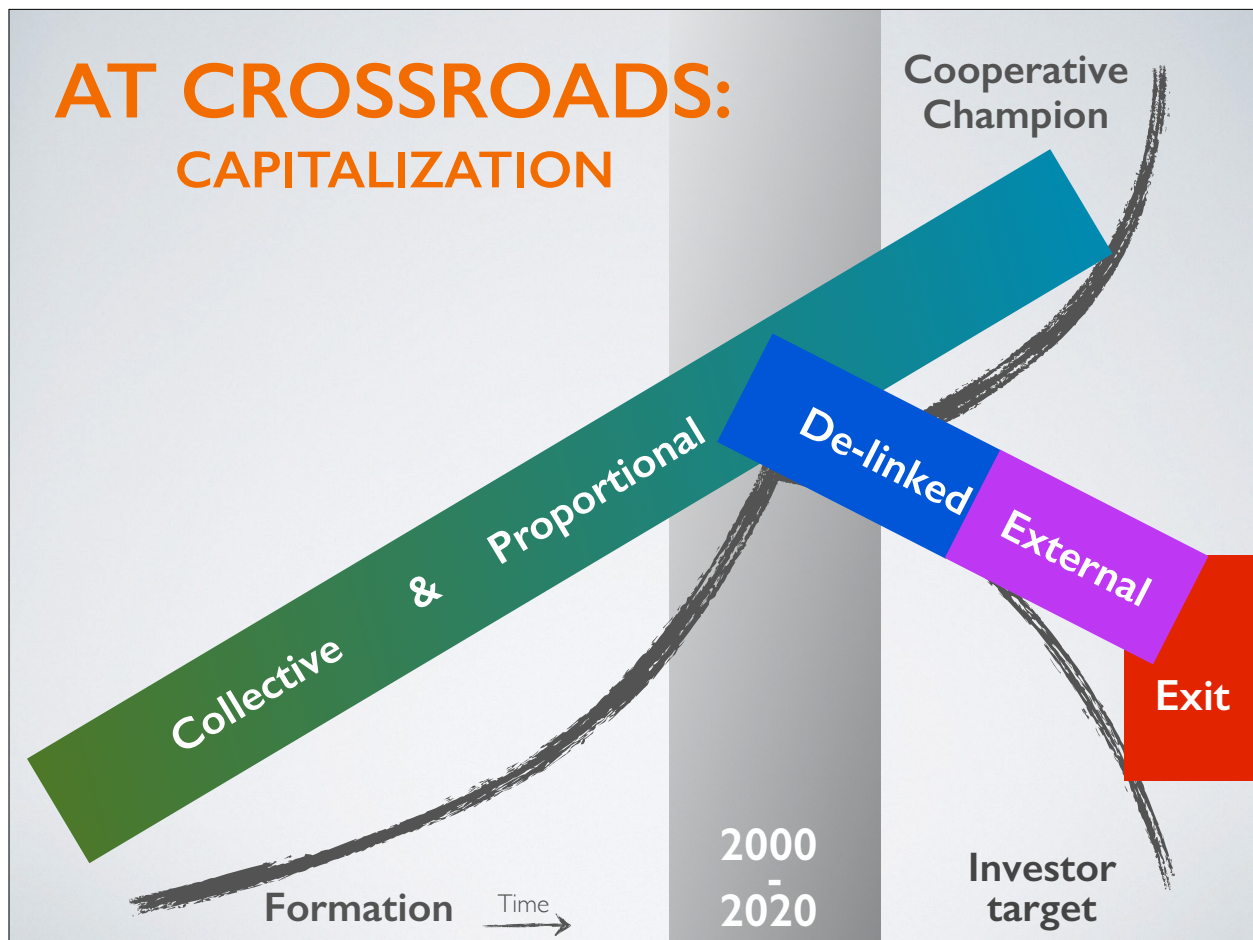
<p>I.2 Non-redeemable entry fees</p> <p>I.1 Collective reserves/retained earnings</p> <p>Collective capital</p>	<p>2.10 Fair value tradable shares (linked)</p> <p>2.9 Fair value, redeemable shares</p> <p>2.8 Appreciable, dividend bearing, redeemable shares</p> <p>2.7 Bonus shares</p> <p>2.6 Nominal, dividend bearing, redeemable shares</p> <p>2.5 Nominal, limited interest redeemable shares</p> <p>2.4 Nominal, zero interest, redeemable shares (transaction rights)</p> <p>2.3 Member subordinated debt account</p> <p>2.2 Member liability</p> <p>2.1 Member debt accounts</p> <p>Proportional capital</p>	<p>3.8 Subsidiary joint venture</p> <p>3.7 Internal freely tradable member investor shares</p> <p>3.6 Capped, tradable member investor shares (de-linked)</p> <p>3.5 Internally tradable, perpetual, subordinated bonds</p> <p>3.4 Extern. tradable subord. bonds</p> <p>3.3 Privately placed subord. bonds</p> <p>3.2 Internally tradable subord. bonds</p> <p>3.1 In/externally tradable bond</p> <p>De-linked capital</p>	<p>4.9 Corporate level JV</p> <p>4.8 Minority listing of ordinary shares</p> <p>4.7 Private equity minority interest</p> <p>4.6 External minority shareholder</p> <p>4.5 Min. listed B class shares</p> <p>4.4 Min. listed preference shares/perpetual subordinated bonds</p> <p>4.3 Minority of redeemable, employee preference shares</p> <p>4.2 Listed subsidiary</p> <p>4.1 Mezzanine capital</p> <p>External capital</p>	<p>5.8 Full takeover/ sale</p> <p>5.7 Asset stripping following bankruptcy</p> <p>5.6 Private equity majority shareholding</p> <p>5.5 Strategic investor majority shareholding</p> <p>5.4 Majority listing of ordinary shares (others with larger interests)</p> <p>5.3 Majority listing of ordinary shares (no other controlling interest)</p> <p>5.2 Externally tradable ltd company shares</p> <p>5.1 Internally tradable ltd company shares (i.e. >conversion/, de-linked)</p> <p>Conversion/ listing/exit</p>
--	--	---	--	--

21

CAPITALIZATION MODELS

<p>I.2 Non-redeemable entry fees</p> <p>I.1 Collective reserves/retained earnings</p> <p>Collective capital</p>	<p>2.10 Fair value tradable shares (linked)</p> <p>2.9 Fair value, redeemable shares</p> <p>2.8 Appreciable, dividend bearing, redeemable shares</p> <p>2.7 Bonus shares</p> <p>2.6 Nominal, dividend bearing, redeemable shares</p> <p>2.5 Nominal, limited interest redeemable shares</p> <p>2.4 Nominal, zero interest, redeemable shares (transaction rights)</p> <p>2.3 Member subordinated debt account</p> <p>2.2 Member liability</p> <p>2.1 Member debt accounts</p> <p>Proportional capital</p>	<p>3.8 Subsidiary joint venture</p> <p>3.7 Internal freely tradable member investor shares</p> <p>3.6 Capped, tradable member investor shares (de-linked)</p> <p>3.5 Internally tradable, perpetual, subordinated bonds</p> <p>3.4 Extern. tradable subord. bonds</p> <p>3.3 Privately placed subord. bonds</p> <p>3.2 Internally tradable subord. bonds</p> <p>3.1 In/externally tradable bond</p> <p>De-linked capital</p>	<p>4.9 Corporate level JV</p> <p>4.8 Minority listing of ordinary shares</p> <p>4.7 Private equity minority interest</p> <p>4.6 External minority shareholder</p> <p>4.5 Min. listed B class shares</p> <p>4.4 Min. listed preference shares/perpetual subordinated bonds</p> <p>4.3 Minority of redeemable, employee preference shares</p> <p>4.2 Listed subsidiary</p> <p>4.1 Mezzanine capital</p> <p>External capital</p>	<p>5.8 Full takeover/ sale</p> <p>5.7 Asset stripping following bankruptcy</p> <p>5.6 Private equity majority shareholding</p> <p>5.5 Strategic investor majority shareholding</p> <p>5.4 Majority listing of ordinary shares (others with larger interests)</p> <p>5.3 Majority listing of ordinary shares (no other controlling interest)</p> <p>5.2 Externally tradable ltd company shares</p> <p>5.1 Internally tradable ltd company shares (i.e. >conversion/, de-linked)</p> <p>Conversion/ listing/exit</p>
--	--	---	--	--

22



23

COOP CHAMPIONS
LEARNING & LEADERSHIP

Finnish Co-ops: See you in Holland!

CO-OP Champions
Dr. Onno F. van Bekkum
Van Herlaerstraat 1
5324 EA Ammerzoden, The Netherlands
Mobiël: +31 (0)6-3614 5231
E-mail: vanbekkum@coopchampions.com
Web: www.coopchampions.com
Twitter: @coopchampions
Skype: onnovanbekkum

24