

Dealing with risks in Arla Foods

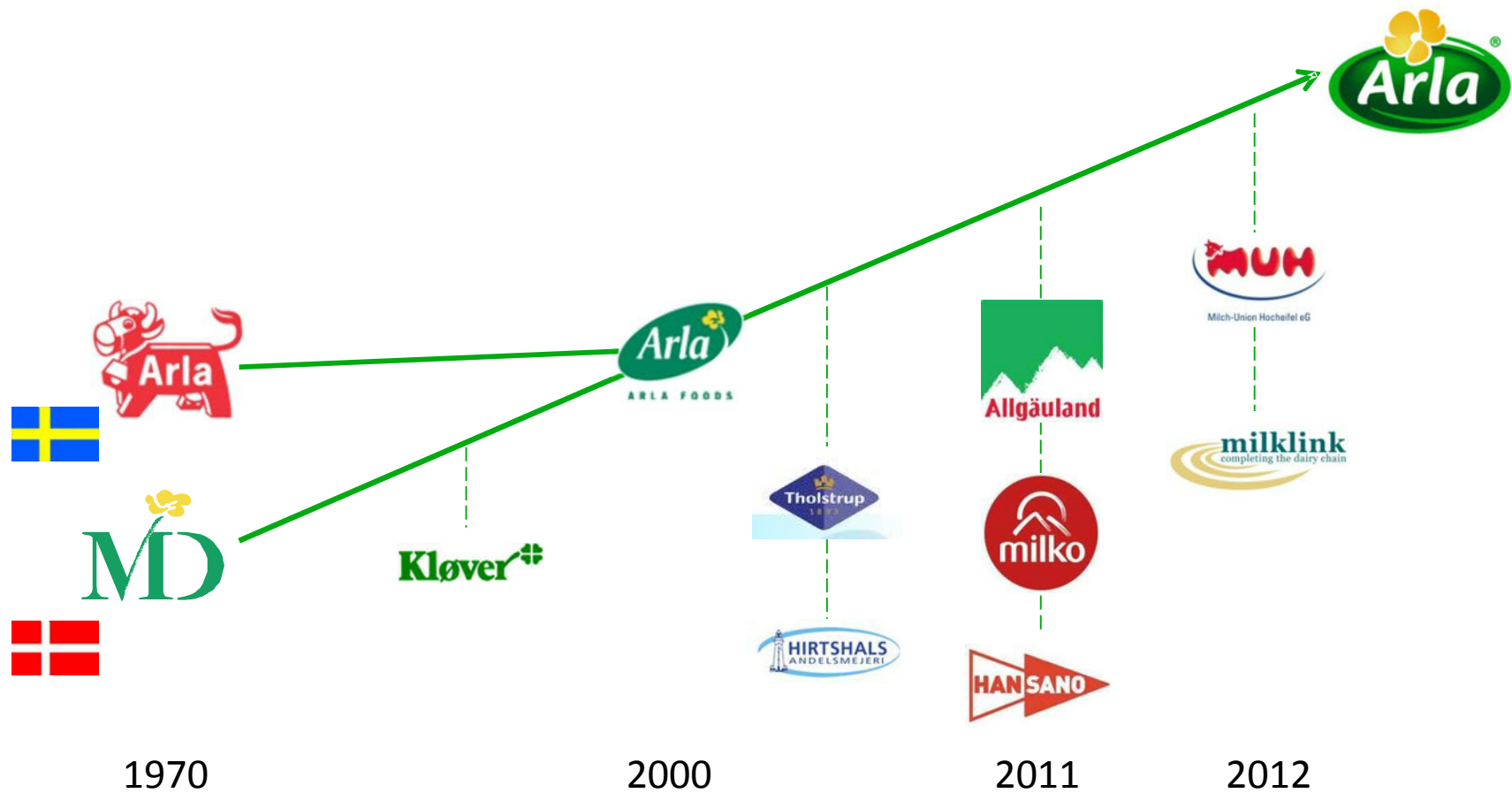
By Åke Hantoft
Chairman, Arla Foods



Our cooperative company has roots extending back to the 1880s



Arla's progress since 1970



Source: Arla Foods, February 2013



TURNOVER

10 BILLION EURO



LOCATIONS

IN THE WORLD



EMPLOYEES

18.000 GLOBALLY



Arla's mission



To secure the highest value for our farmers' milk while creating opportunities for their growth



The logic of the milk wheel



Arla's three strategic focus areas

Developing core business & brands



Generating growth outside the EU



Efficiency measures



The base for internal control is changing



- The world around us -

- Volatile world and globalisation
- Debt crisis
- Increasing external fraud
- IT crime
- Tax transparency / governance
- CSR
- Increased regulatory requirement
- Political risks

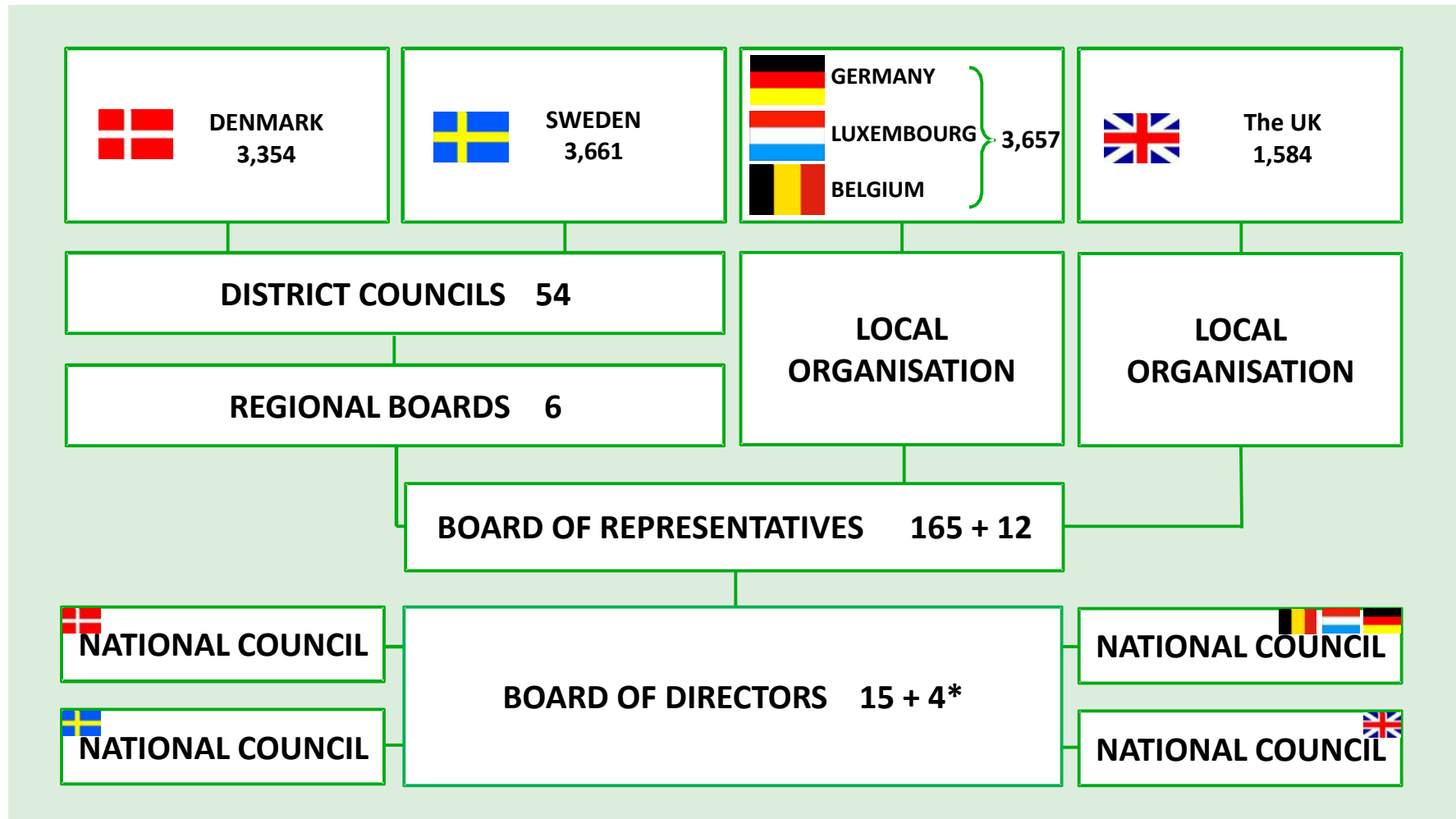


- Arla Foods -

- Growth and acquisition strategy
- Global activities
- Complex IT landscape
- Shared service centre
- High level of legal entities



Cooperative democracy

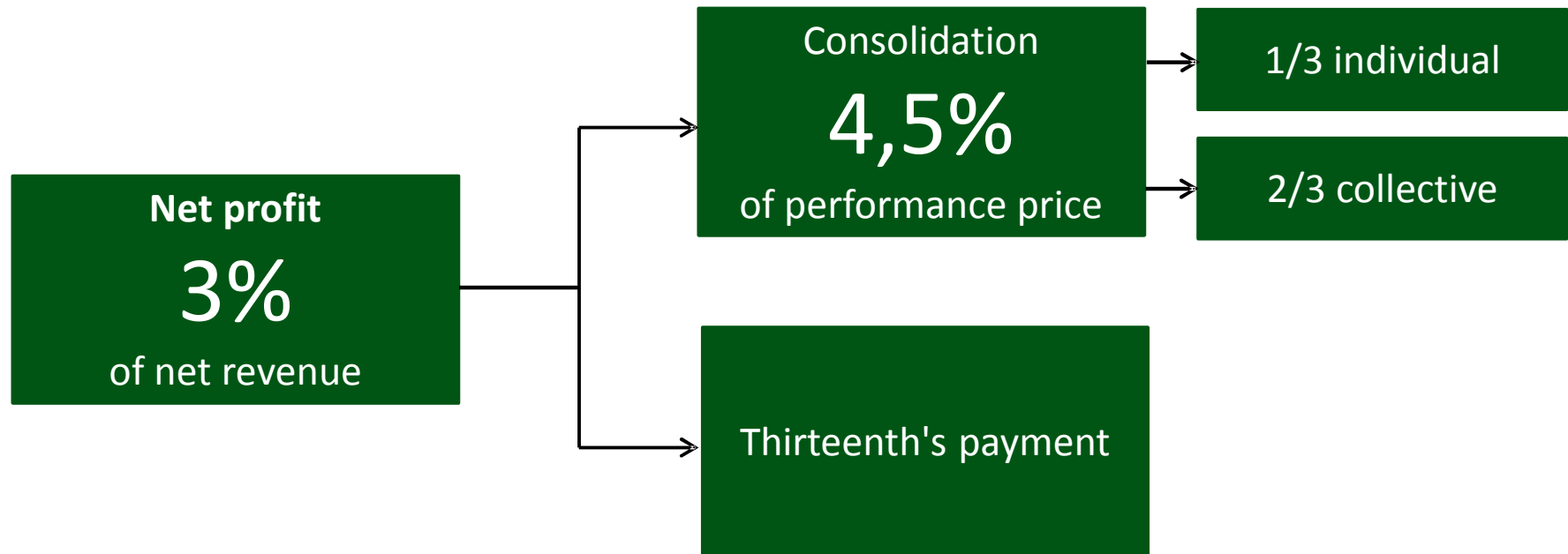


Source: Arla Foods, February 2013

* From 2015: 3 employees



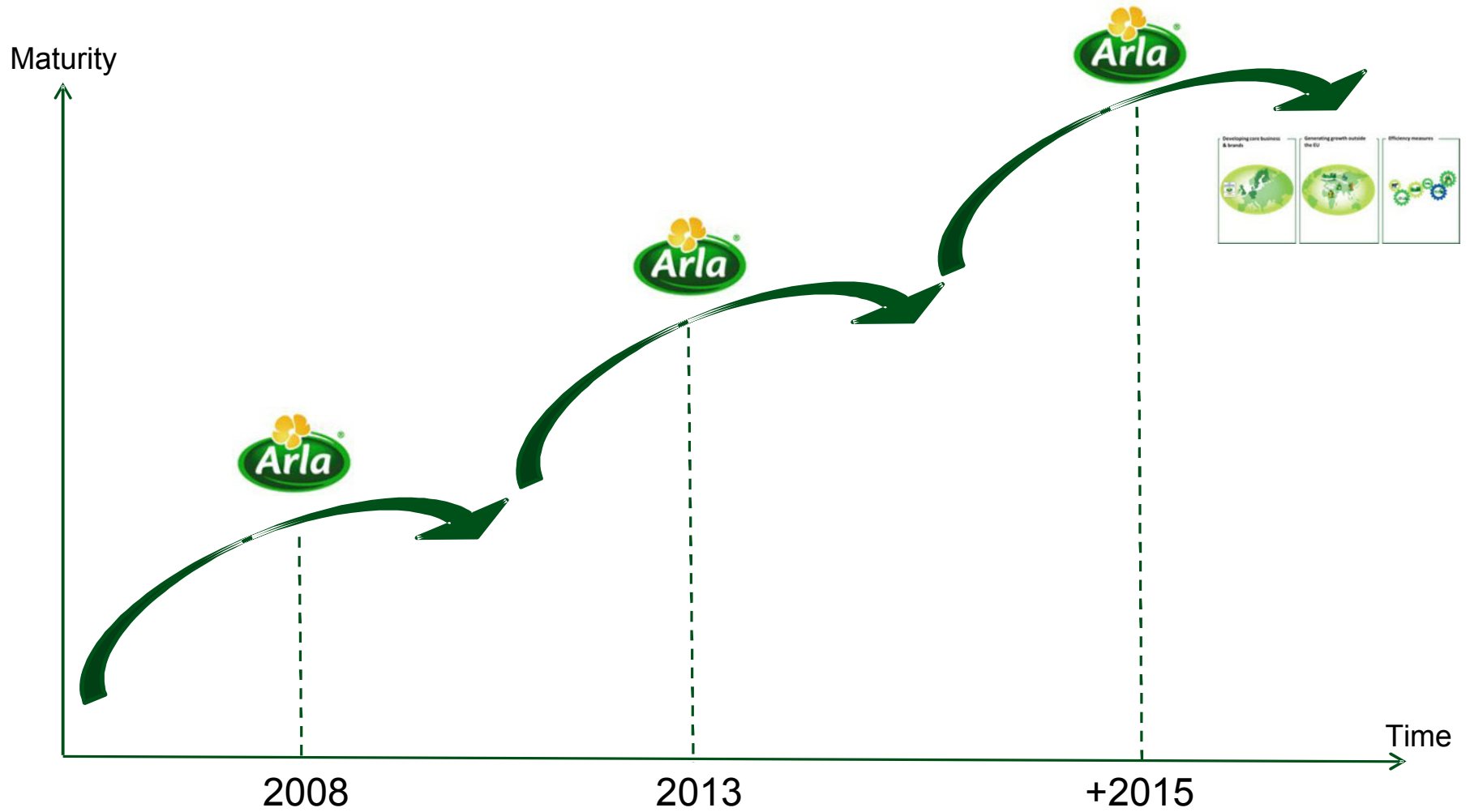
Arla's consolidation and investment policies



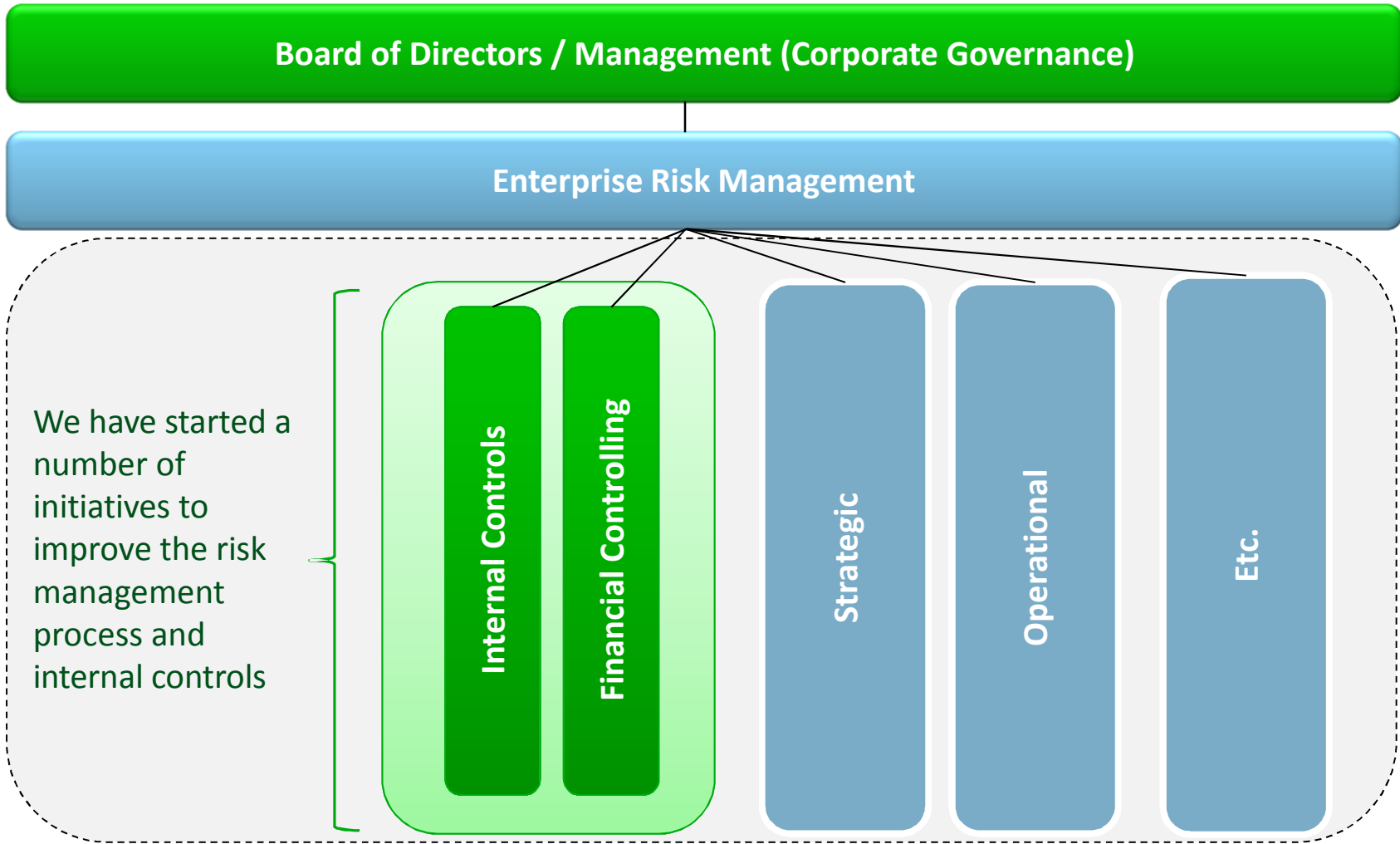
3%
CAPEX investments



The control environment is developing



Risk management overview



Initiatives supporting risk management

- Procedures and structures in the BoD
- Corporate Social Responsibility (CSR)
- Code of conduct
- Quality and food safety (Arlagården®)
- Risk management and internal control in relation to the financial reporting
- ‘Whistle-blower’ solution



Standard procedures and structures in the Board of Directors

- Agenda

1. Approval of minutes

Previous meeting

2. Supervision

Finance and market report

3. Strategy

Information from the management

Information about agreements

4. Embedding

Information about member issues

Nationals councils

5. Points of order

Rules of procedure



