

WHY CO-OPERATE? MY STORY WITH ARLA

Tom Rawson





- Who am I?
- Arla and its history
- Every calf has a value (ECHAV)
- Arlagården
- Sustainability Incentive Model
- What does it all mean at fam level?

WHO AM I?

- Director of Evolution Farming since 2010
- 3000 cows over 8 sites
- Block calving pasture or forage based systems
- Around 60 staff
- Based in West Yorkshire in Northern England
- Nuffield Farming Vice Chair
- Joined Arla in 2014 on the last possible day!
- Expanded to second farm in Leicester in 2016 during tough times
- Now operate five different Arla Contracts
- 13th payment arrives twice per year which is helpful...



WHY DOES THE CO-OPERATIVE MODEL WORK FOR OUR BUSINESS?

PAID EVERY TWO WEEKS
EXPANSION
MAX MILK PRICE PAID OUT
GET PAID FOR EVERY LITRE
STRONG BALANCE SHEET



THE COOPERATIVE & CORPORATE GOVERNANCE

COOPERATIVE GOVERNANCE

OWNER AREAS

8,492 dairy farmers


2,105


2,108


2,053


2,226



DISTRICTS

111



REGIONS

16



BOARD OF REPRESENTATIVES

175 farmer owners + 12 employee representatives


74


47


29


25


12



BOARD OF DIRECTORS

14 farmer owners + 3 employee representatives + 2 external members



CORPORATE GOVERNANCE

EXECUTIVE BOARD

CEO + COO

EXECUTIVE MANAGEMENT TEAM

Executive Board + 6 officers

EMPLOYEES

20,907

LOCKERBIE

- Fresh milk for Scotland & the North
- Whey concentrate sent to Denmark for powder production
- Cheddar manufacture



SETTLE

- UHT Milk
- Extended Shelf-Life (ESL) LactoFree Milk
- UHT LactoFree Milk



OSWESTRY

- Cheese packing
- Formats: blocks, grated, slices & mini portions



AYLESBURY

- Fresh milk
- Organic milk



TAW VALLEY

- Premium cheddar manufacture
- Format: 25kg blocks



UK PRODUCTION SITES TODAY'S PICTURE

STOURTON

- Fresh milk for North & Midlands
- Organic milk
- Extended Shelf-Life (ESL) Milk
- Cream & alcohol creams
- McDonald's centre of excellence
- Cottage cheese



MELTON

- Blue mould cheese manufacture
- Products: Stilton, Vintage Stilton, Shropshire Blue, 1780 Blue, Xmas Jars



OAKTHORPE

- Fresh milk
- Organic milk
- Cream



WESTBURY

- Buttermilk (BMP) & Skimmed milk powder (SMP)
- Butter – blocks, spreadable, mini portions & 25kg bulk.



EVERY CALF HAS A VALUE (ECHAV)



ECHAV

- Policy introduced in January 2021
- Government, industry, and retailer support
- Ensures no healthy calf is slaughtered or euthanised on farm within the first eight weeks of life, allowing all calves not entering the dairy chain to be reared as beef cattle
- The eight week period allow calf rearing to the best standards to increase selling options
- At Arla we have provided a number of different resources to help support our farmer owners work
- We are also working with companies and experts to drive innovation through the sector to help farmers with the more challenging aspects of the policy
- And we've provided materials and resources of the different national calf buying outlets available for our farmer owners



OUR TAKE ON IT....

**UNDERSTAND THE WIDER ISSUE
REALITY OF TB TEST AT 42 DAY
SMALLER COWS V BEEF CALF
STRESS ON CALF FACILITIES
AND STAFF AT CALVING**



ARLAGÅRDEN®

FARM ASSURANCE PROGRAMME



WHY ARLAGÅRDEN?



Protecting our brand and our farmers



Confidence in our supply chain



Same requirements for all members



Building on a foundation of data & insights



Activists have targeted a Dorset dairy farm today over calves being kept in pens. (Image: Animal Rising)



**AGAIN..UNDERSTAND THE NEED
JUST ANOTHER INSPECTION?
COULD WE HAVE JUST THIS?
THE BELIEVE IN THE ARLA
BUSINESS MEANS FARMER
ENGAGEMENT IS VERY HIGH
A SHIFT TO “US NOT THEM”**

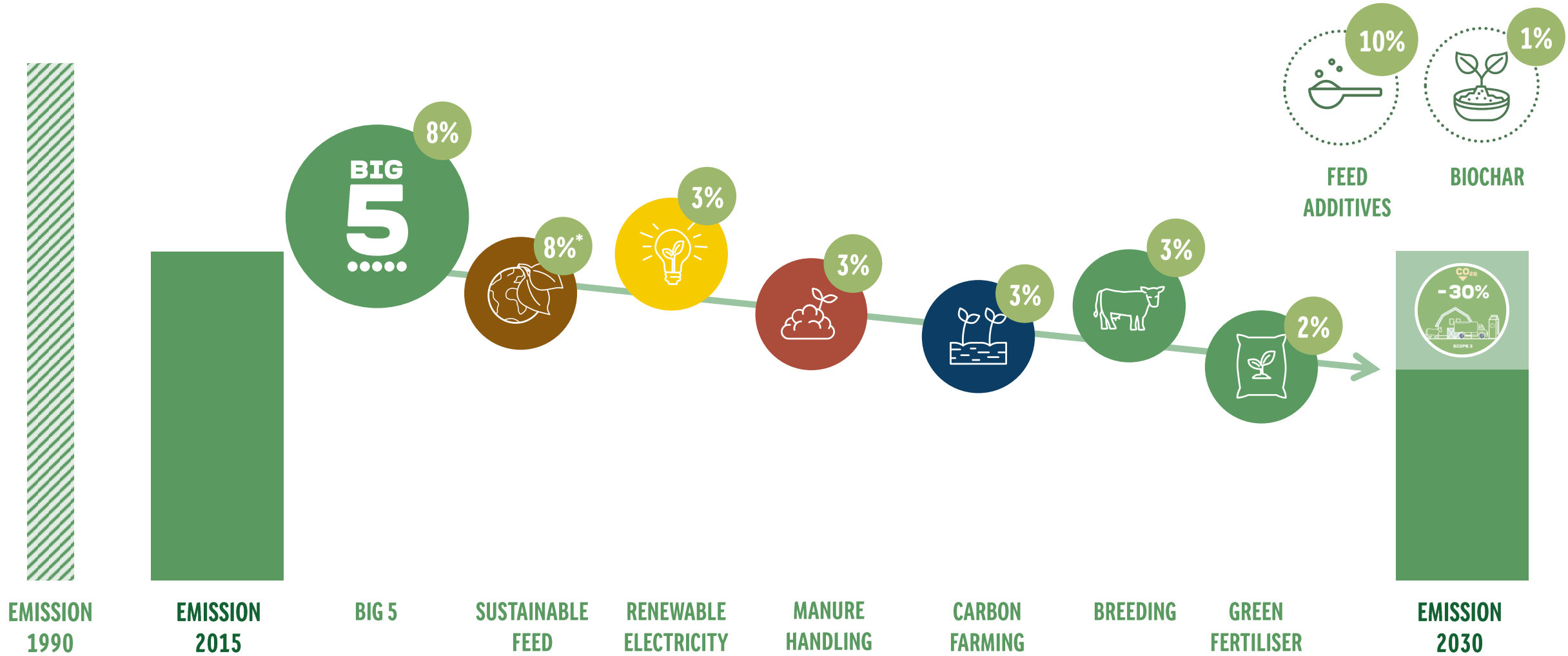




SUSTAINABILITY INCENTIVE MODEL



THE MODEL IS BASED ON SCIENCE AND FOCUSES ON THE MAIN LEVERS WE HAVE IDENTIFIED TOWARDS 2030



*Requires direct Land Use Change (DLUC) and carbon sequestration to be included in the Science Based Target and the 2015 baseline to be updated accordingly



EACH POINT LEADS TO 0.03 EUROCENT KG/MILK ON THE MILK PRICE – MORE LEVERS WILL BE ADDED

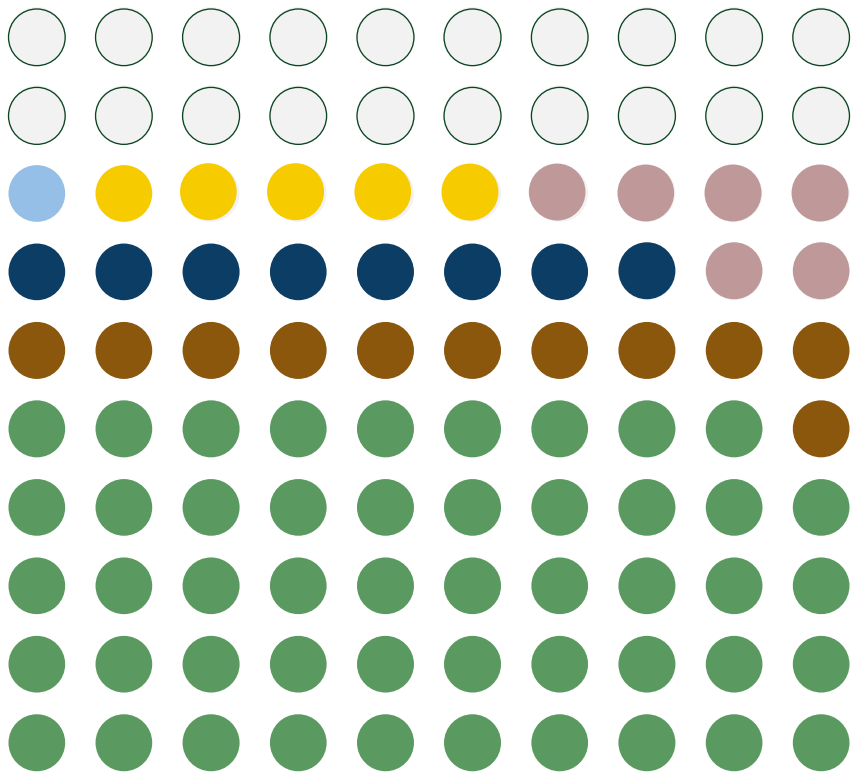


TOTAL POINTS IN THE FUTURE:

100 POINTS =
3 EUROCENT

POINTS AVAILABLE FROM 2023:

80 POINTS =
2.40 EUROCENT



○ FUTURE LEVERS

● KNOWLEDGE BUILDING

● RENEWABLE ELECTRICITY

● MANURE HANDLING

● BIODIVERSITY &
CARBON FARMING

● SUSTAINABLE FEED

● BIG 5

GREAT INITIATIVE....

**CONFUSION WITH CARBON
FOOTPRINT**

**HOW DO WE GET THE MONEY
FROM THE MARKET?**

**“MADE IN DENMARK” DOESN'T
REALLY SUIT GRASS BASED**



CONCLUSIONS

**BEST PLACE TO BE IN THE UK
NOW “US NOT THEM”**



THANKYOU

