



FrieslandCampina n.v.

nourishing by nature

Modern Slavery Statement 2022

This statement is published in accordance with the California Transparency in Supply Chains Act 2010, section 54 of the United Kingdom Modern Slavery Act 2015 and the Australian Modern Slavery Act 2018. It sets out the steps undertaken by Royal FrieslandCampina N.V. (hereinafter FrieslandCampina), the reporting entity, to combat modern slavery in its operations and supply chain. This statement applies to all FrieslandCampina subsidiaries¹ for the financial year 2022².

Introduction

FrieslandCampina supports and respects internationally recognised human rights and believes in respectful and honest business relations. Our responsible entrepreneurship model is based on the OECD Guidelines for Multinational Enterprises, the UN Guiding Principles on Business and Human Rights, the ILO Declaration on Fundamental Principles and Rights at Work and the UN Universal Declaration of Human Rights.

The following statement will provide an overview of (1) our structure, operations and supply chain (2) our policies and governance related to modern slavery (3) modern slavery risks in our operations and supply chain, and (4) assessing and addressing modern slavery risks.

All operating companies (OpCos) were informed about the statement before publishing. The OpCo United Kingdom, the OpCo United States of America and relevant Corporate departments were consulted, concerning business activities, modern slavery risks and responding actions.

¹ All controlled subsidiaries, some local exceptions may apply.

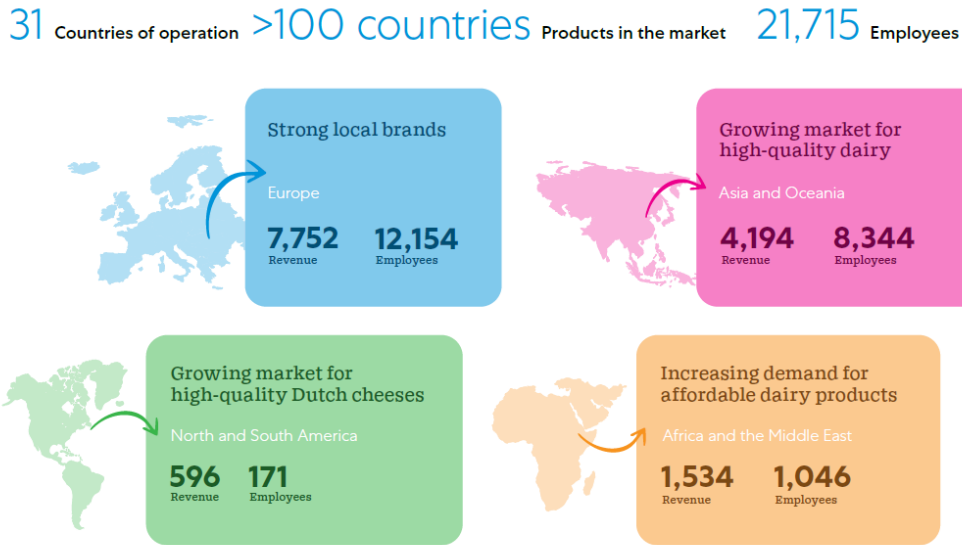
² The "financial year 2022" refers to the year ended 31 December 2022, in line with the meaning in our [2022 Annual Report](#).

1. Our structure, operations and supply chain

Fully owned by Zuivelcoöperatie FrieslandCampina U.A. with 15,137 member farmers in the Netherlands, Belgium and Germany and 21,715 employees worldwide, FrieslandCampina is one of the world's largest dairy companies which also manages an entire production chain: from grass to glass.

Our structure

FrieslandCampina is a public limited liability company headquartered in Amersfoort, the Netherlands. It has operations and subsidiaries in 31 countries.³ In 2022, FrieslandCampina had a revenue of over €14 billion.



In millions of euros and average number of FTEs

Our operations

With our purpose nourishing by nature, our operations include the collection, processing and production of (i) consumer products, such as milk, yogurt, cheese, infant nutrition and desserts, (ii) products for the professional market, such as cream and butter products, and (iii) ingredients and semi-finished products for producers of infant nutrition, the food industry and the pharmaceutical sector.

FrieslandCampina has branches in 31 countries and exports to more than 100 countries. A detailed list of our main brands can be found on our [corporate website](#).



³ A detailed list of our principal subsidiaries can be found in FrieslandCampina's [2022 Annual Report](#) (page 185). And a detailed list of our locations in the 31 countries can be found on our [corporate website](#).

Our supply chain

Being one of the largest dairy producers, the supply chain of FrieslandCampina is extensive. We source most dairy ingredients within our own chain from 9,927 member dairy farms in the Netherlands, Belgium and Germany and purchase ingredients from outside of our chain such as fruit, edible oils, cocoa or materials for packaging. In total, we work with approximately 17,200 suppliers for, amongst others, raw materials, transport, and services.

2. Our policies and governance related to modern slavery

Our policies

Human Rights Policy

FrieslandCampina's global Human Rights Policy was approved by its Executive Board in 2019 and rolled out in 2020. It was developed in collaboration with internal and external stakeholders, following the UN Universal Declaration on Human Rights, the UN Guiding Principles on Business and Human Rights, and the OECD Guidelines for Multinational Enterprises. With this policy, FrieslandCampina takes the responsibility to respect the human rights of potentially affected stakeholders throughout its value chain.

Currently, nine topics are highlighted in the Human Rights Policy, including modern slavery topics such as child labour, forced labour, and access to remedy. The policy is applied to all FrieslandCampina subsidiaries and all legal entities in which FrieslandCampina has management control throughout the world. The full policy is available on our internal intranet and [corporate website](#).

The guidelines that translate the Human Rights Policy for practice were expanded and refreshed in 2022, aiming to embed human rights policy commitments into the scope of our own operations. The document identifies specific human rights standards per topic and clarifies the concept of modern slavery. With regard to application, the guidelines define application principles, such as special attention to vulnerable groups (e.g. women, children, migrants), and the responsibility of each OpCo management team for local adherence.

Further embedding of human rights policy commitments into our procurement policy starts in 2023.

Compass for Good Business Conduct

FrieslandCampina believes in respectful, honest business relations and in showing respect for the world in which we operate. This includes following not only the letter but also the spirit of laws applicable to our activities, our Compass and underlying policies. Among other topics, our Compass covers human rights, including child labour and forced labour. Compass can be accessed by employees through the intranet and by third parties through the [corporate website](#).

All employees and other people working at our company through an agency, a supplier, as an independent consultant or in any other position are required to adhere to Compass.

Our business partners are required to sign the [Business Practices for Business Partners](#) as a supplement to the contract with FrieslandCampina. This document serves as our supplier code of conduct and is based on the values of Compass.

In case an employee or a third party has concerns about potential misconduct (including modern slavery issues such as child labour or forced labour) of FrieslandCampina or any of its employees, they are encouraged to raise these concerns via the FrieslandCampina Speak Up Phone & Web service. Speak Up is available 24/7 and allows reporters to report in their own language and to remain fully anonymous. The subsequent procedures for qualifying, investigating, informing, justifying, and following up on reported Tier 1 cases⁴ are monitored by the Integrity Committee at FrieslandCampina.

More information about the Speak Up procedure can be found [here](#). Implementation of the Compass programme (including Speak Up) is monitored by the Corporate Business

⁴ Tier 1 cases are defined based on our internal criteria for Speak Up cases. Most human rights-related Speak Up cases will be classified as Tier 1 cases and the procedures stated here would apply.

Conduct Team.

Our governance

FrieslandCampina adjusted its human rights governance in 2022. The Human Rights Committee (converted to Social Sustainability Committee in 2023) acts as a steer-co and sounding board that (i) upholds human rights policy commitments and monitors the implementation, (ii) decides the human rights agenda and how to respond to potential or actual high human rights impacts, and (iii) facilitates a consistent approach to respect human rights globally. In 2022, its members included the Chief People Officer and senior management in Corporate HR, Legal & Business Conduct, Procurement, etc. The Committee meets bi-monthly.

Following the Committee's decisions and guidance, the Human Rights Team executes the human rights program and tracks the process in its daily activities. The team keeps in touch with at-stake global functions and OpCos for providing human rights expertise and embedding human rights respect.

Locally oriented programmes and/or suggested measures will then be implemented by OpCos who will also update the Human Rights Team on the status. The locally responsible teams are composed of representatives from Legal, HR, Corporate Affairs and other relevant departments and meet on an as-needed basis.

3. Modern slavery risks in our operations and supply chain

Modern slavery risks in our operations

FrieslandCampina has conducted initial risk analysis in its global operations, taking into account national or regional contexts, types of facilities (e.g. office, production location), and business groups. According to that, we conduct a human rights risk assessment bi-annually since 2020 to specify negative human rights impacts which we may cause, contribute to, or be directly linked to through our own operations. By the end of 2022, OpCos in 15 countries⁵ have been assessed.

The 2022 risk assessment identified the vulnerability of agency workers (e.g. cleaners, production workers) in some locations, considering our more limited insight, compared to our own employees, into how their rights are respected by their agencies. Besides that, overtime practices deserve more attention, considering its relation to wages and safety and health.

Mitigating actions following the 2020 risk assessment are ongoing. For instance, in Pakistan, we initiated a project in 2021 to support production workers' fundamental rights at work. The Human Rights Team operates project management and keeps meaningful dialogues with the local management and external stakeholders. The measures include negotiating clear agreements with the employment agency about human rights. The progress in 2022 can be found in our [annual report](#).

Modern slavery risks in our supply chain

FrieslandCampina acknowledges its supply chain covers a high-risk sector (agriculture) and raw materials with indicators of (potential) salient risks.

Our main ingredient is **raw milk**. The raw milk FrieslandCampina processes into its dairy products and ingredients are sourced approximately 95% from our member farmers in the Netherlands, Belgium, and Germany; and the other 5% from local dairy farmers in, amongst others, Nigeria, Vietnam, Thailand, Malaysia, Indonesia, Pakistan and Romania. The 2020 risk assessment brought to light human rights risks in relation to the non-member farmers who supply raw milk to us. Since 2021 we've been working on a project to combat child labour in the dairy supply chain in Nigeria with external stakeholders (e.g. Partner Africa). The progress in 2022 can be found in our [annual report](#).

We use **palm oil** for coffee creamer, fat powders, toppings and sweetened condensed milk. We acknowledge the product implies human rights risks given no less than 85% of the world's palm oil production comes from Indonesia and Malaysia and 40% comes from farmers operating or producing on a small scale. Based on that, our Nourishing a Better Planet strategy defines focus areas on sustainable production, traceability, good incomes for farmers and the preservation of biodiversity. To prevent risks, we only purchase palm oil certified by the Roundtable for Sustainable Palm Oil which applies the most efficient and effective way of audits and assurance. A list of our palm oil suppliers can be found [here](#) and a list of the mills that supply us further upstream in the palm oil supply chain can be found [here](#). For **cocoa**, we only purchase Rainforest Alliance-certified (formerly UTZ) cocoa. Sourcing countries include Ivory Coast and Ghana.

⁵ The fifteen countries include Germany, Indonesia, Malaysia, Nigeria, Pakistan, Romania, Thailand, and the Netherlands (in the 2020 human rights risk assessment), and Belgium, Greece, the Philippines, Egypt, Morocco, Saudi Arabia and the United Arab Emirates (in the 2022 human rights risk assessment).

4. Assessing and addressing modern slavery risks

FrieslandCampina has been processing human rights due diligence in its own operations and will apply that to its supply chain. FrieslandCampina has been training its management and employees on how to identify human rights violations and take action. When a (potential) negative human rights impact is identified, FrieslandCampina will engage in remediation in collaboration with stakeholders.

Ongoing due diligence process in our own operations

FrieslandCampina identifies, prevents, and mitigates human rights risks in its own operations according to the UN Guiding Principles on Business and Human Rights and the OECD Due Diligence Guidance for Responsible Business Conduct.

Currently, we conduct human rights risk assessment bi-annually, followed by mitigating actions in the next year (including tracking and stakeholder engagement). The Human Rights Team reports the due diligence progress to the Human Rights Committee bi-monthly and to the Executive Board annually. The annual progress is disclosed in our [annual reports](#) (since 2020).

Partnerships and assessments in our supply chain⁶

FrieslandCampina is a member of the Dairy Sustainability Framework, which aims to create a common framework for sustainable dairy farming across the sector (including aspects relating to child labour and forced labour), and a member of the Dutch Initiative on Sustainable Cocoa (DISCO), a public-private partnership active in the Dutch cocoa and chocolate sector working to sustainably improve the livelihoods of current and future cocoa farming families and taking effective actions contributing to end all forms of child labour.

Our sustainable sourcing and traceability activities are audited every year. We strive to source all our raw materials from sustainable sources. While we only purchase raw materials from sustainably managed sources and use SEDEX, a collaborative platform to assess (non-certified) suppliers, we acknowledge the limitations of those approaches.

Currently, we have not yet carried out human rights due diligence targeted at our supply chain. The risk-based implementation in the scope of raw material sourcing will start in 2023.

Remediation

FrieslandCampina respects and supports people's access to remedy. Our Speak Up procedure, including the webservice accessible for employees and other stakeholders (in multiple languages), acts as one of the remediation enablers. The procedure's effectiveness is monitored by Corporate Business Conduct and evaluated by our Corporate Internal Audit.

In case we identify a negative human rights impact we may cause, contribute to, or be linked with, either through due diligence or other means (e.g. Speak Up reports, external audits or escalations), FrieslandCampina will engage with stakeholders to respond. The Human Rights Team will take a role in characterising our responsibility, defining remediation and tracking the process.

Training and capacity building

FrieslandCampina aims to create a safe workplace and speak up environment, which supports people to bring up human rights violations for discussion.

⁶ More information about our sustainable sourcing can be found on our [corporate website](#) and [2022 Annual Report](#) (pages 42-43).

From 2021 onwards, our employees receive human rights e-learning to build awareness on how to identify and report human rights violations (including topics such as child labour, overtime, breastfeeding support, and safety and health). In 2022, 7007 employees were trained via e-learning. The management teams of OpCos where a human rights risk assessment was conducted were trained via interactive sessions. All management and employees can get access to a human rights digital environment via the intranet to learn about human rights policy, guidelines, and implementation.

Effectiveness

We assess the effectiveness of actions to respect human rights in both qualitative and quantitative ways. In 2022, we applied KPIs around 4 aspects: (i) awareness and understanding of business and human rights, such as the number of employees trained via human rights e-learning (objective 5000 actual 7007); (ii) respecting and supporting human rights across our operations and supply chain, such as initial human rights communication to local milk sourcing (achieved); (iii) risk mitigations, such as completing the research project in Nigeria and embarking on execution (achieved); and (iv) compliance, including the number of human rights complaints raised via the Speak Up procedure (0 received in 2022)⁷. The progress is monitored by the Human Rights Committee. And the KPIs stated in our annual report are audited by the external auditor.

Our global human rights governance was assessed by Corporate Internal Audit in 2022 and will be audited bi-annually afterward, including a main focus on the effectiveness.

Looking forward

FrieslandCampina recognises human rights as a milestone of ESG sustainability and will continue embedding human rights commitments into the organisation.

In 2023, we will strengthen the global human rights regulatory framework, by rolling out the Human Rights Guidelines and formulating the measurement model. The human rights standards in the Guidelines will be integrated into our Internal Control Framework. Following the 2022 Internal Audit recommendations, our human rights governance will also move forward.

Due diligence will continue in progress, for risk assessment such as the methodology review, and for risk mitigation such as implementing improvement initiatives in Nigeria, and tracking the effectiveness of local actions. The strategy update about the position, deployment, and human rights respect for contract workers/agency workers will be speeded up in 2023. Also, human rights training will be further deployed in our production locations in 2023.

The 2023 human rights progress will be disclosed in the annual report. In addition, FrieslandCampina is preparing for greater transparency of sustainability matters (including human rights under the social pillar) based on the EU Corporate Sustainability Reporting Directive (CSRD).⁸

⁷ This is applied as one of the indicators of human rights respect by FrieslandCampina, not a target.

⁸ More information about FrieslandCampina's preparation for the CSRD can be found in the [2022 Annual Report](#) (page 78).

Signed by:

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This statement was approved by the Executive Board of Royal FrieslandCampina N.V. on 23rd May 2023.