Corporate Social Responsibility
Royal FrieslandCampina daily provides millions of consumers all over the world with dairy products containing valuable nutrients from milk. The quality of every step in the chain is determining for the success of the entire chain. It starts with grass, the daily diet of cows. The cow is able to transform grass into a valuable foodstuff: milk. This milk is then processed into a wide range of dairy products, ranging from yoghurt, custard, dairy-based beverages, cheese, butter and infant nutrition to ingredients for the food industry. Satisfied customers and consumers are a prerequisite for the continuity of FrieslandCampina and, consequently, for the farms of the member dairy farmers. The chain is complete.
Providing food for the growing world population is a challenge and has implications for people, animals as well as for the environment. How can sufficient affordable, nutritious food be produced? Fertile soil and clean drinking water are scarcities in many areas in the world and the pressure on the environment is only increasing. Besides, in view of ageing, will there be enough farmers left to produce food? Will they be able to generate sufficient income to provide for themselves and their families?

The global challenges and the basic principles for the route2020 strategy together form the basis of the CSR strategy of FrieslandCampina. Nourishing by nature: better nutrition for the world, a good living for our farmers, now and for generations to come.

Leverage the Dutch dairy heritage and unique milk chain in a sustainable way to win the hearts and minds of our customers and consumers.

- Better nutrition for the world
- A good living for our farmers
- Now and for generations to come

- Better products
- Responsible marketing
- Optimal milk valorisation
- Climate-neutral growth
- Transparent nutritional value labelling
- Economic performance & profitability
- Sustainable purchasing
- Improved quality & quantity
- Improved knowledge and skills in Dairy Development Programme
- Improved milk in Dairy Development Programme
- Improved knowledge and skills
- Meadow grazing
- Biodiversity

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The global challenges and the basic principles for the route2020 strategy together form the basis of the CSR strategy of FrieslandCampina. Nourishing by nature: better nutrition for the world, a good living for our farmers, now and for generations to come.
FrieslandCampina wants to make a contribution to food and nutrients security with its high-quality milk and milk products. Additionally, FrieslandCampina wants to help reduce the growing number of obese people, in particular children. FrieslandCampina does this by making high demands on the composition of its products, by providing education and information about healthy food and a healthy lifestyle and by making it easier for the consumer to choose for healthy food.
Responsible marketing

FrieslandCampina has committed itself to responsible marketing with respect to children. This implies that advertising aimed at children up to 12 years old is only allowed for products that comply with the strict nutritional criteria, thus stimulating the choice for healthier food.

Transparent nutritional value labelling

FrieslandCampina adjusted its standard for nutritional values on labels in 2014 in order to stimulate consumers to make healthier choices. This implies that, if possible in view of the size of the packaging, the energy logo is shown on the fronts of all consumer packagings of FrieslandCampina brands and, if applicable, the Choices logo for a healthy choice as well. Additionally, the nutritional value table contains information per 100 gram/ml and per serving as well as information about the contribution of the nutrients to the Dietary Reference Intake. In 2015, more and more packagings were provided with this information.

Better products

FrieslandCampina has paid ample attention to reducing the content of added sugar and salt in products over the past five years. The reduction of the sugar content goes beyond the brands, as it varies from infant products to indulgent desserts. The sugar content of all products will sooner or later be lowered to some extent. Actually, FrieslandCampina reduced the sugar contents of many of its products by seven to 44 percent in the past six years.

Reduction of the salt content in cheese is an important point of attention as well. Cheese is a natural product the salt content of which can easily vary. Still, the cheese makers of FrieslandCampina have managed to achieve a salt reduction of 10 percent in Gouda 48+ cheese and Gouda foil cheese with respect to 2010.

One set of nutritional criteria was developed for all product groups of FrieslandCampina in 2015. In 2016, a new monitoring system will be set up in order to be able to determine which products need adjustment so as to make them meet these criteria.

FrieslandCampina again participated in a long-term study (ProMuscle) aimed at enhancing the vitality of older people in the Netherlands in 2015. In cooperation with universities, health insurance companies and health care institutions, FrieslandCampina is contributing to maintaining and improving the physical condition of older people. High-protein nutrition (dairy products such as soft curd cheese) and sufficient physical activity help older people to develop more muscle mass. They become stronger and remain more mobile.

In 2015, FrieslandCampina in Hong Kong introduced Optimel in response to the changing nutritional needs of people over 40, 50 and 60.

In cooperation with the Jr. NBA, the worldwide youth basketball programme of the National Basketball Association, children in South-east Asia are stimulated to go sporting and playing outside.

Healthy lifestyle education

Millions of children around the world are annually informed about a healthy diet and lifestyle. The Drink.Move.BeStrong campaign in South-east Asia wants to make children aware of the importance of sufficient (outside) sports and exercise, good nutrition and a healthy lifestyle. The campaign has reached over 72 million people in cooperation with authorities, health professionals, schools and the Jr. NBA since its launch in 2014. The still growing campaign is running in Malaysia, Indonesia, Thailand, Vietnam and the Philippines.

Parents and children also receive information about a healthy diet and an active lifestyle through World Milk Day, school milk programmes, Goodness of Dairy campaigns and the National School Breakfast.

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In cooperation with the Jr. NBA, the worldwide youth basketball programme of the National Basketball Association, children in South-east Asia are stimulated to go sporting and playing outside.
FrieslandCampina aims at adding as much as possible value to the milk in order to make a maximum contribution to the income and the continuity of the dairy farms of its members. FrieslandCampina has over 140 years of experience in the world of dairy farming and uses the knowledge gained to further develop dairy farms in specific countries in Asia, Africa and Eastern Europe through, among others, the Dairy Development Programme.
Optimal milk valorisation
It is FrieslandCampina’s task to process the milk of the member dairy farmers of Zuivelcoöperatie FrieslandCampina U.A. and sell this for such a price, that long-term, sustainable value is created for the member dairy farmers and for society.

Economic performance and profitability
The milk price system is aimed at paying the member dairy farmers of the cooperative a guaranteed price for the milk with on top of that a part of the net profit of the company (the performance premium). The guaranteed price is based on the weighted average of the price of raw milk at the reference businesses in the Netherlands, Belgium, Germany and Denmark. The FrieslandCampina performance premium consists of the milk price plus the interest of the member bonds and the addition to the general reserve of the company. The general reserve and the performance premium are dependent on the profit of FrieslandCampina.

Dairy Development Programme
In the Dairy Development Programme FrieslandCampina focuses on sharing knowledge and expertise concerning the sector by means of training, knowledge partnerships and initiating and supporting projects aimed at improving the dairy farming infrastructure in particular in Indonesia, Thailand, Vietnam, Malaysia, China, Russia, Romania and Nigeria. Through the Dairy Development Programme local dairy farmers (mainly small farmers) are supported in improving the quality of the milk, increasing the productivity per cow and marketing the milk.

Frisian Flag Indonesia works, among others, together with Dairy Cooperative KPBS in Pangalengan, West Java. This cooperation is aimed at raising the living standard of local dairy farmers and increasing the production of dairy products.

During a visit of the Nigerian Minister van Agriculture and Rural Development last May, a memorandum of understanding was signed in connection with the start of the Farmer2Farmer programme in Nigeria as a part of the Dairy Development Programme.
FrieslandCampina has committed itself to climate-neutral growth. This objective covers the greenhouse gases released at the farms of the member dairy farmers, the transport from the farm to the production locations and the processing of dairy. FrieslandCampina is working on several initiatives for an efficient and sustainable production chain. This means sustainable dairy farms, purchasing sustainable (agricultural) basic materials and reducing the use of energy for the production of dairy products.
Climate-neutral growth
As part of the MJA3 and the Clean and Efficient Agricultural Sectors Covenant, the objective of the Dutch dairy sector is to improve the energy efficiency by two percent. FrieslandCampina complies with this objective by achieving an average energy efficiency improvement of two percent per year in the production of dairy products at the production locations.

Sustainable purchasing
FrieslandCampina aims at purchasing agricultural basic materials from fully sustainably managed sources only. This, among other things, includes cocoa, soy, palm oil, selected fruits, cane sugar, beet sugar, starch and paper for packaging.

Sustainable production
FrieslandCampina aims for the year 2020 to reducing the use of water by the company or keeping this equal to the level of 2010. For this FrieslandCampina has committed itself to annually reducing the water consumption by an average of two percent. Targets have been set for each location based on the availability of water.

FrieslandCampina put a power plant into use that is fuelled by pyrolysis oil made from wood chips in Borculo in 2015. This annually replaces 12 million m³ natural gas and so saves 20,000 tons CO₂ per year. This is comparable with an annual use of natural gas of about 8,000 households. Minister Kamp opened the pyrolysis plant in Borculo in 2015.

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FrieslandCampina wants to use 100 percent sustainable energy from renewable sources, such as wind, sun and biomass, and generate as much as possible of this at the farms of the member dairy farmers in 2020.

Animal health and animal welfare
Through the Fokus planet programme, FrieslandCampina offers its member dairy farmers the instruments to run their businesses in a sustainable way and to produce safe and high-quality milk. Important aspects of this programme are improving animal health and animal welfare as well as lengthening the lives of the cows.

Meadow grazing
A cow grazing in the meadow as part of the traditional Dutch landscape is highly appreciated by the people. FrieslandCampina encourages member dairy farmers to put their cows and young cattle out into the meadows. The farmers are rewarded for this with a meadow grazing premium of gross 1.00 euro per 100 kilo of milk when their dairy cows graze in the meadows at least 120 days per year for a minimum of six hours a day.

All daily-fresh dairy products were given a new bio-based packaging in the Netherlands late 2016. For bio-based plastic biomasses is purchased instead of fossil raw materials (oil). This stimulates sustainable production of renewable plastic and reduces the environmental impact of this packaging by 20 percent compared with the former packaging.

FrieslandCampina paid a lot of attention to biodiversity. Dairy farmers who actively commit themselves to the preservation of nature and landscape have been financially rewarded with development points within the sustainability part of Fokus planet since 2015.

Biodiversity
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By fermenting manure at the farm and by fermenting and processing manure on a larger scale, manure is converted into sustainable energy, which reduces the emission of greenhouse gases in the chain. This contributes to climate-neutral growth of FrieslandCampina and to completing the cycles at the dairy farms.
In 2015 a global safety programme has been implemented and offers education and training courses in both safety leadership and safe conduct. Accidents and incidents are reported and information regarding the circumstances are shared with other facilities in order to prevent recurrence. As a result of these efforts, in 2015 the number of accidents requiring sick leave at FrieslandCampina facilities dropped from 94 to 71.

The code Compass, for good business conduct, is updated in 2015. This code of conduct and the corresponding policies provide the basic principles for integer, respectful and transparent business behavior of FrieslandCampina employees and third parties that FrieslandCampina cooperates with.

As a partner of the Red Cross, FrieslandCampina sponsors the work of this relief organization in the Netherlands. We also work together with local Red Cross organizations in other countries, in connection with which employees are taking various initiatives.

Involved employees

FrieslandCampina attaches great importance to the involvement of employees in realizing nourishing by nature. How does FrieslandCampina remain an appealing employee? What can employees themselves contribute to their working environments while focusing on safety, sustainability, nutrition and health?

The platform Nourishing by nature – We Make it Happen was set up in 2015. Here employees can turn to for inspiration and for examples of actions of colleagues all over the world.
At the production locations of FrieslandCampina
Scope 1 greenhouse gases coming from natural gas and diesel used in milk processing and transport to production locations.
Scope 2 greenhouse gases coming from the purchasing of electricity and steam used by the plants in dairy production processes. This includes the reduction through the purchasing of green electricity.
Scope 3 greenhouse gases coming from the cows and milk production at the farms of the member dairy farmers in the Netherlands, Germany and Belgium. The calculations are based on the average greenhouse gas emission per kilogram milk as determined by WUR/LEI based on representative sampling.
Scope 3 greenhouse gases coming from the purchasing of milk, milk powder and whey.
Activities in the Netherlands only.

<table>
<thead>
<tr>
<th>Unit</th>
<th>2015</th>
<th>2014</th>
</tr>
</thead>
<tbody>
<tr>
<td>Net revenue in millions of euro</td>
<td>11,265</td>
<td>11,348</td>
</tr>
<tr>
<td>Profit in millions of euro</td>
<td>343</td>
<td>303</td>
</tr>
<tr>
<td>Employees average number of FTEs</td>
<td>22,049</td>
<td>22,168</td>
</tr>
<tr>
<td>Number of lost time accidents per 200,000 hours worked</td>
<td>0.24</td>
<td>0.33</td>
</tr>
<tr>
<td>Value creation in euro per 100 kg milk</td>
<td>3.53</td>
<td>2.93</td>
</tr>
<tr>
<td>Milk price for member dairy farmers in euro per 100 kg milk</td>
<td>34.64</td>
<td>42.70</td>
</tr>
<tr>
<td>Member dairy farms Number at end of year</td>
<td>13,542</td>
<td>13,696</td>
</tr>
<tr>
<td>Climate-neutral growth 1 Energy efficiency in UJ/ton end product</td>
<td>2.67</td>
<td>2.68</td>
</tr>
<tr>
<td>Water efficiency in m³/ton end product</td>
<td>4.59</td>
<td>4.62</td>
</tr>
<tr>
<td>Re-use of waste in % of total</td>
<td>72</td>
<td>47</td>
</tr>
<tr>
<td>Greenhouse gas emission Scope 1 gas, diesel 2 ktonnes CO₂ equivalent</td>
<td>757</td>
<td>793</td>
</tr>
<tr>
<td>Scope 2 electricity, steam 3 ktonnes CO₂ equivalent</td>
<td>210</td>
<td>243</td>
</tr>
<tr>
<td>Scope 3 farms 4 ktonnes CO₂ equivalent</td>
<td>12,358</td>
<td>11,744</td>
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<tr>
<td>Net greenhouse gas emission - Climate-neutral scope ktonnes CO₂ equivalent</td>
<td>13,325</td>
<td>12,790</td>
</tr>
<tr>
<td>Scope 3 purchasing of milk, milk powder, whey 5 ktonnes CO₂ equivalent</td>
<td>4,614</td>
<td>4,248</td>
</tr>
<tr>
<td>Sustainable procurement of basic materials</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Share of sustainable agricultural basic materials in % of total</td>
<td>24</td>
<td>23</td>
</tr>
<tr>
<td>Green electricity in % of total</td>
<td>65</td>
<td>43</td>
</tr>
<tr>
<td>Outdoor grazing</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Outdoor grazing 6 member dairy farms applying some form of outdoor grazing</td>
<td>77.9</td>
<td>77.2</td>
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</table>

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2 Scope 1 greenhouse gases coming from natural gas and diesel used in milk processing and transport to production locations.
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Leverage the Dutch dairy heritage and unique milk chain in a sustainable way to win the hearts and minds of our customers and consumers

### Better nutrition for the world
- A good living for our farmers
- Now and for generations to come

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<th>Sustainable production</th>
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<tr>
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<th>Improved quality &amp; quantity of milk in Dairy Development Programme</th>
<th>Animal health &amp; welfare</th>
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<tr>
<th>Healthy lifestyle education</th>
<th>Improved knowledge and skills in Dairy Development Programme</th>
<th>Nourishing by Nature award</th>
</tr>
</thead>
</table>

**CSR strategy**

- Nourishing by nature Governance Board
- CSR implementation teams
- Dairy Sustainability Framework
- Stakeholders dialogue
- Partnerships
- External reporting
- Health & safety
- Engaged employees & member dairy farmers
- CSR training programmes
- Nourishing by Nature award

**Product quality and safety**
- Minimum standards
- Supplier code
- Business principles
Royal FrieslandCampina daily provides millions of consumers all over the world with dairy products rich in valuable nutrients from milk. With annual revenue of 11.3 billion euro, FrieslandCampina is among the largest dairy companies in the world.

FrieslandCampina produces and sells consumer products such as dairy-based beverages, infant nutrition, cheese and desserts in many European, Asian and African countries through its own subsidiaries. Apart from this, dairy products are exported throughout the world from the Netherlands. Products are also supplied to professional buyers, such as cream and butter products to bakeries and catering businesses in Western Europe. FrieslandCampina sells ingredients and semi-finished products for producers of infant nutrition, the food industry and the pharmaceutical sector all over the world.

FrieslandCampina has locations in 32 countries with over 22,000 employees. The products of FrieslandCampina find their ways to over 100 countries. The company has its Central Office in Amersfoort, the Netherlands. The activities of FrieslandCampina have been divided into five market-oriented business groups, being Consumer Products Europe, Middle East & Africa; Consumer Products Asia; Consumer Products China; Cheese, Butter & Milkpowder and Ingredients. The Company is fully owned by Zuivelcoöperatie FrieslandCampina U.A, with 19,000 member dairy farmers in the Netherlands, Germany and Belgium one of the largest dairy cooperatives in the world.

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