



**FrieslandCampina**   
nourishing by nature



# CSR Update 2015

Royal FrieslandCampina N.V.

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In 2015, FrieslandCampina updated its *route2020* strategy in order to be able to better anticipate the rapid changes in the world and in dairy farming. With this update of the *route2020* strategy FrieslandCampina formulated its purpose statement: *nourishing by nature* - better nutrition for the world, a good income for our farmers now and for generations to come. The *route2020* strategy connects the daily activities and values that are important to FrieslandCampina. It gives guidance to the people involved and the operating processes through the entire chain. Sustainability is an important precondition for continuity. Therefore the policy with respect to corporate social responsibility and sustainability has been fully integrated into the updated *route2020* strategy.

The CSR strategy was described in the annual report 2015 of Royal FrieslandCampina N.V. This CSR update provides more insight into the CSR initiatives and performance of FrieslandCampina in 2015. With this FrieslandCampina also complies with the technical requirements of the G4 guidelines of the Global Reporting Initiative (GRI).

FrieslandCampina aims at a combined publication of the financial annual report and the sustainability report for the year 2017 for both Royal FrieslandCampina N.V. and Zuivelcoöperatie FrieslandCampina U.A.





## 2 Profile

Royal FrieslandCampina daily provides millions of consumers spread all over the world with dairy products containing valuable nutrients from milk. With an annual turnover of 11.3 billion euro, FrieslandCampina is among the largest dairy companies in the world.

FrieslandCampina produces and sells consumer products, such as dairy beverages, infant nutrition, cheese and desserts, in a large number of 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. De 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., which has 19,000 member dairy farmers in the Netherlands, Germany and Belgium and is one of the largest dairy cooperatives in the world.

## 3 Key figures

Table 1 shows the key figures for FrieslandCampina. By means of a  $\diamond$  has been indicated which performance indicators are within the scope of the verification by the auditor.

Table 1. Key figures

Indicators <sup>1,2</sup>	Unit	2015	2014	$\Delta$ %
<b>Key figures: Royal FrieslandCampina N.V.</b>				
Net revenue	in millions of euro	<b>11,265</b>	11,348	-0.7
Profit	in millions of euro	<b>343</b>	303	+13.2
Value creation	in euro per 100 kg milk	<b>3.53</b>	2.93	+20.5
Milk price for member dairy farmers	in euro per 100 kg milk	<b>34.64</b>	42.70	-18.9
Energy efficiency <sup>3</sup> $\diamond$	in GJ/ton end product	<b>2.67</b>	2.68	-0.4
Green electricity $\diamond$	in % of total	<b>65</b>	43	+22.0
CO <sub>2</sub> emission of production locations $\diamond$	ktonnes CO <sub>2</sub> equivalent	<b>967</b>	1,036	-6.7
Number of lost time accidents $\diamond$	per 200,000 hours worked	<b>0.24</b>	0.33	-27.3
<b>Key figures Zuivelcoöperatie FrieslandCampina U.A.</b>				
Member dairy farms	Number at end of year	<b>13,542</b>	13,696	-1.1
Outdoor grazing <sup>4</sup> $\diamond$	% member dairy farms applying some form of outdoor grazing	<b>77.9</b>	77.2	+0.7

<sup>1</sup> See Annex 4 Glossary and reporting definitions for the definitions of the indicators.

<sup>2</sup> The indicators for 2015 that are within the scope of the external verification by the accountant have been marked with the  $\diamond$ -symbol. See annex 3 Assurance report by the independent auditor for details.

<sup>3</sup> The calculation methodology for this indicator has been updated and now includes the energy consumption of the production locations.

<sup>4</sup> Activities in the Netherlands only.

## 4 Global challenges and opportunities

The world's population is expected to have grown to over nine billion people by the year 2050. 70 percent of the people will live in large cities. Provision of food for this growing population is a huge 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. Even if the availability of soil and water is not a problem, will there still be enough farmers to produce our daily food? Will they be able to generate sufficient income to provide for themselves and their families? FrieslandCampina wants with its activities make a contribution to solving three global challenges.

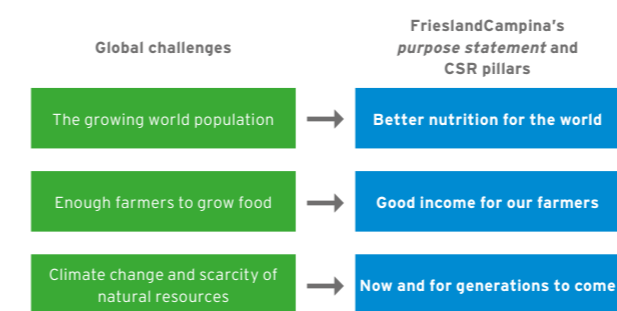
The growing world population	Enough farmers to grow food	Scarcity of natural resources
Provide food for the world's growing population	Interest young people in the profession of farmer by offering good prospects for the future and, by doing so, respond to the fast rising average age of farmers	Respond to the increasing scarcity of land, water and other natural resources by producing more efficiently
Availability of sufficient food rich of nutrients and energy and affordability of food for a wide range of population groups	Farmers must be able to generate a high enough income to allow responsible business operations and creating a positive future for themselves and their children	Reduce the greenhouse gas emission and make more use of renewable energy
Maintaining food safety and consumers' trust	750 -900 million people are dependent on dairy farming for their income worldwide	Contribute to the preservation of biodiversity

The ultimate challenge is to provide people all over the world with the appropriate nutrients. Milk by nature contains essential nutrients, such as proteins, vitamins B2 and B12 and minerals such as calcium. By offering reliable and tasty dairy products, FrieslandCampina makes a contribution to ensuring food and nutrients security. Here FrieslandCampina aims at limiting the pressure on natural resources and the environment.

## 5 CSR strategy

The three identified global challenges and the basic principles for the *route2020* strategy together form the basis of the CSR strategy. This has been divided into three pillars that guide the integration of these into the organisation.

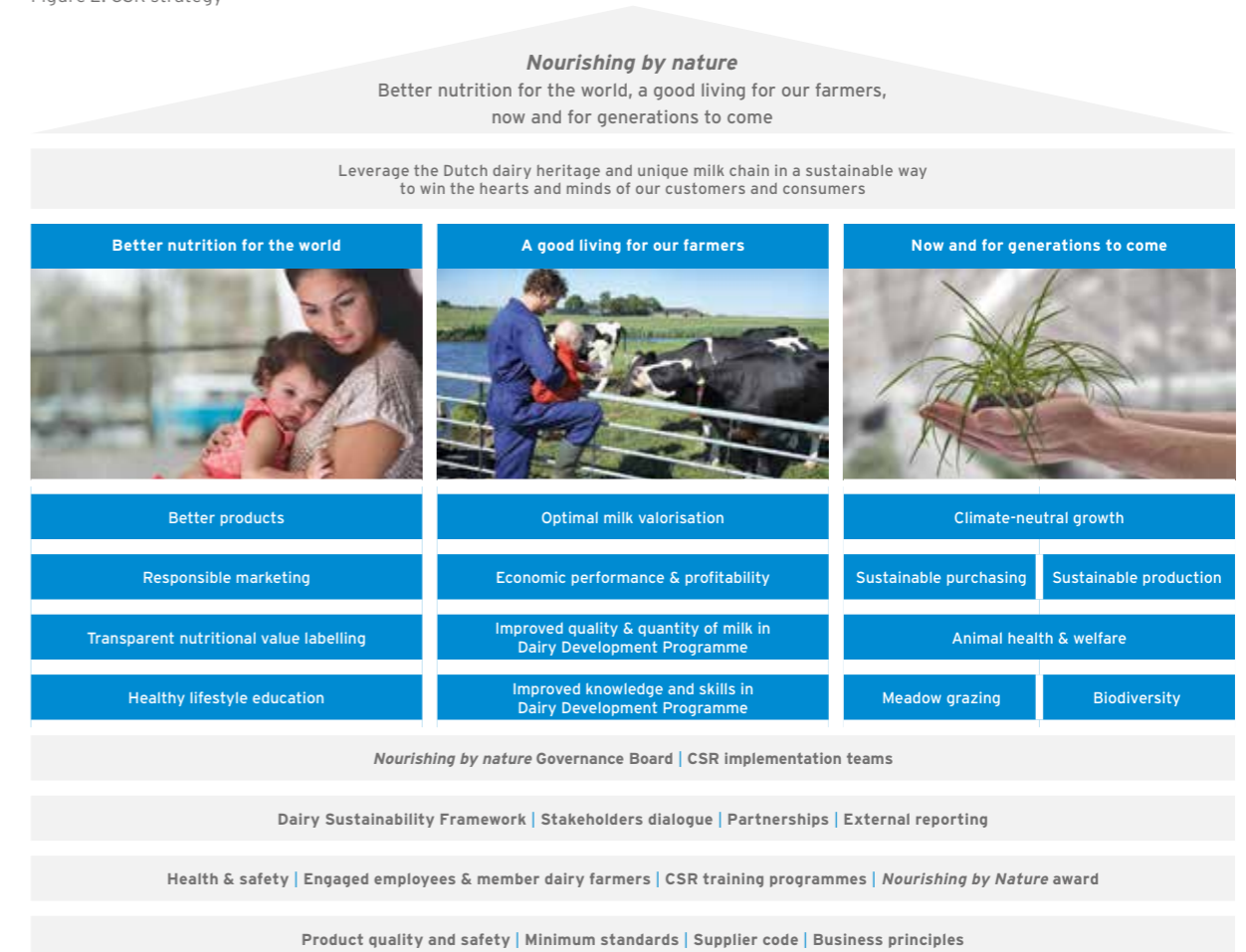
Figure 1. Strategic pillars derived from three global challenges



For each of these CSR pillars FrieslandCampina has defined CSR themes to which indicators have been linked for progress reporting. This CSR update has been structured in accordance with these strategic pillars and the underlying CSR themes. See figure 2 for the CSR strategy.

Through its CSR strategy FrieslandCampina aims at better nutrition for the world, a good income for our farmers now and for generations to come. As the CSR strategy has been fully integrated into the strategy of FrieslandCampina including sustainable growth as well as value creation, insight is provided into how the CSR themes contribute to the general business objectives. Indicators have been formulated within each CSR theme for progress monitoring.

Figure 2. CSR strategy



# 6 The value chain

FrieslandCampina wants to create value for both its direct stakeholders and society in general. FrieslandCampina updated its process of sustainable value creation in 2015 (see figure 3). With this FrieslandCampina wants to provide insight into the broader context the company is operational in. Trends and developments in the surroundings and challenges and opportunities also are part of the strategic CSR agenda of FrieslandCampina. The business model is focused on converting basic materials (such as milk, energy and water) into products with added value for consumers. At the same time value is created for the member dairy farmers.

The company Royal FrieslandCampina N.V. is fully owned by Zuivelcoöperatie FrieslandCampina U.A., of which the member dairy farmers are members. It is FrieslandCampina's task to process the milk of the member dairy farmers and sell this for such a price, that value is created for the member dairy farmers and for society in a sustainable way and for the long term. FrieslandCampina daily provides millions of consumers all over the world with dairy products containing valuable nutrients from milk. The quality of each step in the chain is the key to success for the entire chain and, consequently, for FrieslandCampina. As FrieslandCampina controls this entire chain - *from grass to glass* -, it has a strong starting point. Making the nutrients in milk even more easily accessible is the basis of successful valorisation of the milk. FrieslandCampina's objective for the year 2020 is to accomplish climate-neutral growth by ensuring that the emission of greenhouse gases is kept equal compared to 2010 or lower.

FrieslandCampina invests in making consumers aware of a healthy lifestyle by providing information about nutrition and exercise. Here the company cooperates with other parties in partnerships. In the procurement of its basic materials, FrieslandCampina makes increasingly higher demands on sustainability and origin. In this way, FrieslandCampina creates both financial and non-financial value in the entire chain.

### Transfer of knowledge and raising awareness

FrieslandCampina is committed to raising the awareness and the knowledge of the value chain. Through *Foqus planet* FrieslandCampina advises and supports the member dairy farmers in the areas of milk quality and sustainability initiatives. Examples of this are stimulation of outdoor grazing and lengthening the lives of dairy cows. At this moment research is done into improvement of manure fermentation.

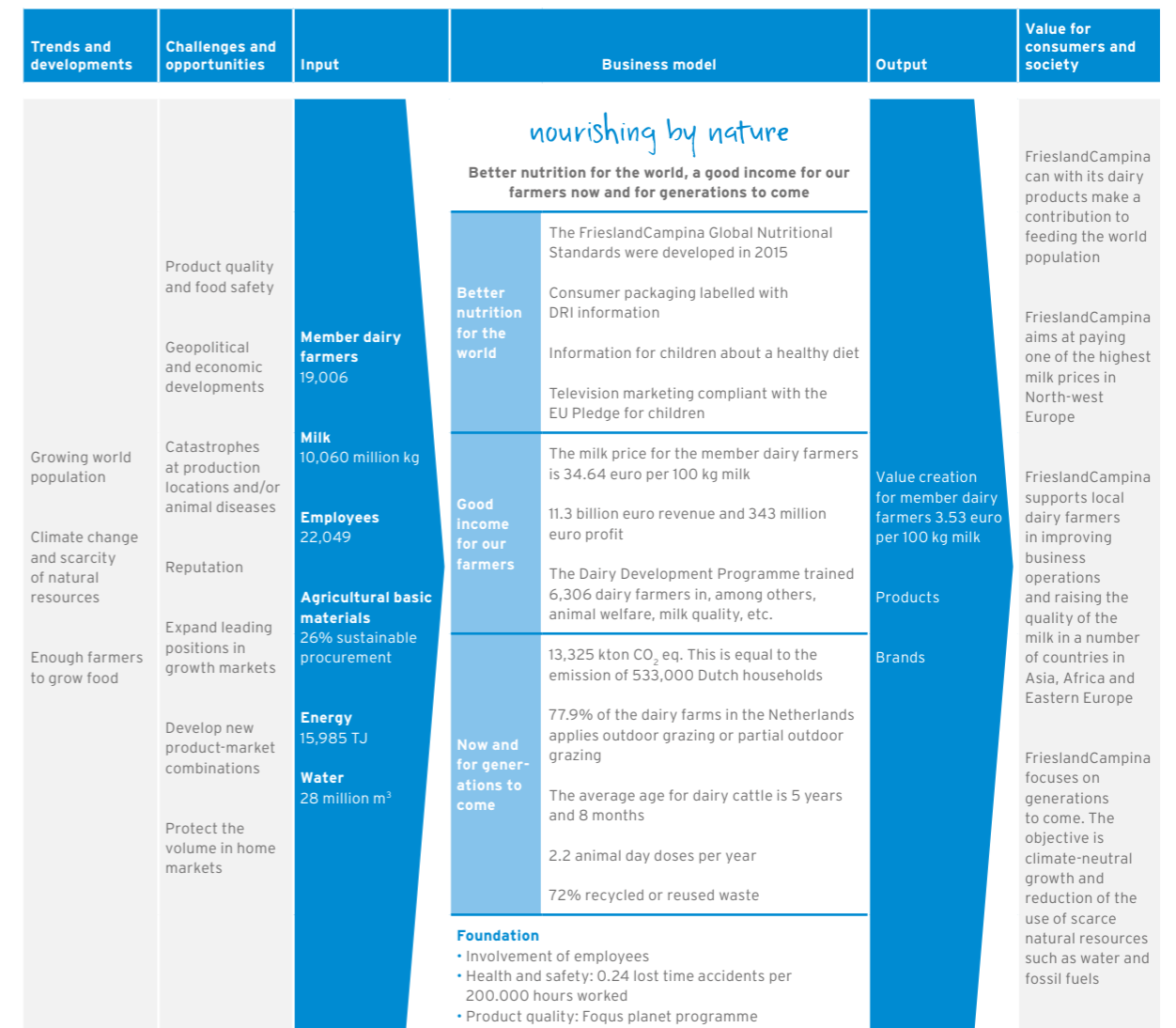
The FrieslandCampina Institute provides health care professionals with information about dairy, nutrition and health following the most recent scientific developments. The FrieslandCampina Institute offers practical tools with respect to subjects related to nutrition and health. The Institute organised a congress about the nutritional needs of recreational and top athletes in November 2015. In connection with this, 800 nutritionists and sports experts gathered in Congrescentrum Papendal on 20 November.

FrieslandCampina's *Dairy Development Programme* supports local dairy farmers (mainly small farmers) in Asia, Africa and Eastern Europe to help local dairy farming improve, to raise the quality of the milk and to increase the productivity per cow.

The *Drink.Move.BeStrong* campaign which FrieslandCampina rolled out in Asia encourages children to pursue a healthy lifestyle. For this about 1,500 schools were reached and an estimated 1.25 million children in Asia.

Within the scope of sustainability improvement, FrieslandCampina closely cooperates with other companies in the dairy sector, suppliers, waste treatment, energy, consultancy, transport and water treatment sectors as well as governments.

Figure 3 Value chain



# 7 Performance

This section shows the performance with respect to the CSR themes that are most relevant to FrieslandCampina and its stakeholders. The performance is explained following the structure of the strategic CSR pillars and themes.

## 7.1 Better nutrition for the world

Dairy is an important part of daily nutrition for many people all over the world. With its high-quality milk and dairy products FrieslandCampina wants to make a contribution to food and nutrients security. 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.

### Better products

FrieslandCampina has paid ample attention to reducing the content of trans fat, added sugar and salt in products over the past five years. In order to accelerate this process and to facilitate a global approach, one global set of nutritional criteria for the various product groups of FrieslandCampina was developed in 2015. The criteria for trans fat<sup>1</sup>, saturated fat, added sugar and salt were derived from the nutritional criteria of Choices International, drawn up by independent scientists. Since 2015, FrieslandCampina has also applied its own criteria for guaranteeing valuable and naturally present nutrients in (dairy) products and criteria for enrichment of products with essential nutrients. In 2016, a new monitoring system will be set up in order to be able to determine which products need adjustment to make them meet the criteria. FrieslandCampina will specifically focus on guaranteeing the monitoring process and the quality of the data. A pilot is planned for 2016.

### 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. The company rules for responsible marketing implemented in 2014 were further brought to the attention within the company in 2015. To this a transition period applies for countries outside Europe until the end of the year 2016. FrieslandCampina also participates in the related codes of conduct, such as the EU Pledge (voluntary arrangements of European food companies about advertising aimed at children).

### Transparent nutritional values on labels

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 front of all consumer packaging of FrieslandCampina brands and, if applicable, the Choices logo as well. Additionally, the nutritional value table contains both information per 100 gram/ml and per serving as well as information about the contribution of the nutrients to the Dietary Reference Intake.

### Healthy lifestyle education

FrieslandCampina annually reaches millions of children around the world with information about a healthy diet and lifestyle. In South-east Asia, FrieslandCampina works together with the Junior National Basketball Association on making children aware of the interest of sufficient (outside) sports and exercise, good nutrition and a healthy lifestyle. The campaign organised in cooperation with authorities and health professionals is titled *Drink.Move.BeStrong* and reaches children at schools in Indonesia, Malaysia, Thailand and Vietnam. 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, JOGG (young people at a healthy weight) and the National School Breakfast. As from 2016, all activities will be joined under *Drink.Move.BeStrong*, focused on exercise, information and reaching both children and parents as well as governments and non-governmental organisations.

<sup>1</sup> Trans fats, which are created when partially hardening fats (in industrial processes).

## 7.2 Good income for our farmers

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.

Table 2 shows FrieslandCampina's performance with respect to the objectives for this CSR pillar.

Table 2. Key figures pillar Good income for our farmers

Indicators <sup>1</sup>	Unit	2015	2014	2013
Milk price	in euro per 100 kg milk	34.64	42.70	42.90
Farmers who participated in the DDP training programme	Number	6,306	Not applicable	Not applicable

### Value creation with milk

The milk price that FrieslandCampina annually pays to the member dairy farmers consists of the guaranteed price, the special milk flows allowance, the outdoor grazing premium, the performance premium (together the cash price) and the issuance of member bonds. The milk is paid based on the value of the supplied kilograms of protein, fat and lactose in the ratio 10:5:1. 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. For the years 2014-2016, 45 percent of the profit, based on the guaranteed price and after deduction of the payment for member bonds and the profit to be attributed to minority interests, is added to the company's equity capital. 35 percent of the profit can be paid to the member dairy farmers as a performance premium and 20 percent is paid to the member dairy farmers in the form of fixed member bonds. The issuance of fixed member bonds is calculated based on the value of the milk supplied in the financial year.

### Economic performance and profitability

The profit over 2015 increased to 343 million euro (2014: 303 million euro). The profit growth is the result of the increase of the sales of products with more added value in Asia and by Ingredients, favourable currency effects of 34 million euro, lower procurement costs and lower company costs.

A total of 355 million euro was paid to the member dairy farmers (2014: 277 million euro). This includes 226 million euro for the performance premium (2.25 euro per 100 kilo milk excluding VAT). The issuance of member bonds for 2015 amounts to 129 million euro (1.28 euro per 100 kilo milk excluding VAT). The performance premium and the issuance of member bonds per 100 kilo milk totally amount to 3.53 euro (2014: 2.93 euro), an increase by 20.5 percent. The milk price for the member dairy farmers for 2015 is 34.64 euro excluding VAT per 100 kilo milk. With respect to 2014 (42.70 euro) this is a decrease by 18.9 percent. See for a description of FrieslandCampina's financial performance and profitability in 2015 the section 'Report of the Executive Board' on page 24 of the annual report.

### Dairy Development Programme

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*. In this way, FrieslandCampina contributes to food security, more sustainable production of milk and raising the standards of living for dairy farmers in DDP countries. In order to achieve this, FrieslandCampina focuses in the *Dairy Development Programme* 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. The *Dairy Development Programme* supports local dairy farmers (mainly small farmers) in particular in Indonesia, Thailand, Vietnam, Malaysia, China, Russia, Romania and Nigeria to improve the quality of the milk, to increase the productivity per cow and to market the milk.

<sup>1</sup> See annex 4 Glossary and reporting definitions for the definitions of the indicators.

In 2015, local DDP teams trained 6,306 dairy farmers in subjects such as animal welfare, fertility, calf rearing, milk quality and hygiene, feed and water management, housing, data management and milking technology. As part of the Farmer2Farmer programme, eight Dutch dairy farmers trained and advised 286 colleagues from Thailand, Malaysia and Indonesia. Apart from this, 13 FrieslandCampina employees shared their knowledge about marketing, HR-management, finances, good governance and milk processing with over 20 dairy cooperatives in Asia and Africa. Additionally, FrieslandCampina organised 48 study trips to the Netherlands for 625 dairy experts from China, Vietnam, Myanmar, Indonesia, Malaysia and Nigeria. Information about the Developing dairy zones in Vietnam is available through [www.frieslandcampina.com](http://www.frieslandcampina.com).

As from 2017, the progress of the Dairy Development Programme will be measured based on three indicators, being the number of farmers that has followed a training programme, the productivity per cow and the average score on Good Dairy Farming Practices (GDFP) in Vietnam, Thailand, Malaysia, Indonesia and Nigeria. Reporting will be based on these indicators.

### 7.3 Now and for generations to come

The objective of FrieslandCampina is to make sure that the emission of greenhouse gases in the year 2020 is equal to or lower than in 2010. This also applies in case

of an increase of the production. 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. In order to realise climate-neutral growth, FrieslandCampina is working on several initiatives for an efficient and sustainable production chain. This means sustainable dairy farms, purchasing sustainable (agricultural) basic materials and reduction of the use of energy for the production of dairy products. Besides, FrieslandCampina encourages member dairy farmers to generate sustainable energy, for example by means of wind turbines, solar panels or biomass, by issuing green certificates. Animal welfare and biodiversity are important to FrieslandCampina as well. Therefore there is a commitment to lengthening the lives of the dairy cows and to dairy farmers purchasing sustainable soy (RTRS or equal) for cows' feed. Table 3 shows the performance with respect to the objectives for this CSR pillar.

#### Climate-neutral growth

As part of the MJA3 and the Clean and Efficient Agricultural Sectors Covenant, the objective of the Dutch dairy sector is improvement of the energy efficiency by 2 percent. FrieslandCampina complies with this objective by achieving an average energy efficiency improvement of 2 percent per year in the production of dairy products at the production locations.

Table 3. Key figures pillar: Now and for generations to come

Indicators <sup>1,2</sup>	Unit	Goal 2020	2015	2014	2013
<b>Climate-neutral growth</b>					
Energy efficiency <sup>3</sup> ♦	in GJ/ton end product	On average -2% per year	2.67	2.68	2.57
Emission of greenhouse gases - climate-neutral growth ♦	in ktonnes CO <sub>2</sub> equivalent	Reference year 2010: 12,194	13,325	12,780	12,795
<b>Sustainable production</b>					
Water efficiency	in m <sup>3</sup> /ton end product	On average -2% per year	4.59	4.62	4.40
Re-use of waste	in % of total	Not applicable	72	67	65
<b>Sustainable procurement of basic materials</b>					
Share of sustainable agricultural basic materials	in % of total	100	26	23	n/a
Green electricity ♦	in % of total	100	65	43	31
<b>Outdoor grazing</b>					
Outdoor grazing <sup>4</sup> ♦	% member dairy farms applying some form of outdoor grazing	81.2	77.9	77.2	79.1

<sup>1</sup> See Annex 4 Glossary and reporting definitions for the definitions of the indicators.

<sup>2</sup> The indicators for 2015 that are within the scope of the external verification by the accountant have been marked with the ♦-symbol. See annex 3 Audit opinion of the independent accountant for details.

<sup>3</sup> The calculation methodology for this indicator has been updated and now includes the energy consumption of the production locations.

<sup>4</sup> Activities in the Netherlands only.

By saving energy and producing sustainable energy, the dairy farming sector can contribute to the reduction of the use of fossil fuels and the emission of greenhouse gases, such as carbon dioxide CO<sub>2</sub>, nitrous oxide N<sub>2</sub>O and methane CH<sub>4</sub>. The use of energy per ton product is reduced by investing in energy-efficient installations. For example, the new production location of FrieslandCampina in Borculo uses certified sustainable pyrolysis oil with a very low direct CO<sub>2</sub> emission for its energy supply. Investments have been made for more efficient use of energy in, among others, the production locations of FrieslandCampina in Leeuwarden and Veghel (Netherlands) and of Alaska Milk Corporation in Makati City (Philippines).

The energy efficiency of FrieslandCampina remained with 2.67 GJ/ton product virtually equal to last year. Because of the growth of the production of infant nutrition and the increase of the milk supply, more products requiring a more energy-intensive production method were produced.

Since 2015, member dairy farmers can maintain an energy scan in *Foqus planet* and they are rewarded when their total use of energy is below 1,300 kJ/kg milk. The period for completing the energy scan annually runs from 1 February to 31 January. 58 percent of the member dairy farmers participated in the energy scan. With 29 percent of them the use of energy is below 900 kJ/kg milk. Member dairy farmers are rewarded when their total energy consumption is less than 1,300 kJ/kg milk.

The greenhouse gas emissions increased by 5 percent in 2015. The main reason for this is the increase of the milk production by the member dairy farmers by 6 percent. The largest part of the greenhouse gas emissions comes from the dairy farms (scope 3). These emissions can mainly be traced back to the cows. Methane (CH<sub>4</sub>) is released through rumen fermentation and during the storage of livestock manure. Nitrous oxide (N<sub>2</sub>O) is also released when storing livestock manure and converting nitrogenous fertilisers in the soil. Carbon dioxide (CO<sub>2</sub>) is released when using fuels and generating energy. In order to be able to add up the various gases, the greenhouse effects of methane and nitrous oxide are converted into CO<sub>2</sub> equivalents: 1 kilogram methane CH<sub>4</sub> equals about 28 kilograms CO<sub>2</sub> and 1 kilogram nitrous oxide (N<sub>2</sub>O) equals about 265 kilograms CO<sub>2</sub>. The average greenhouse gas emission of a Dutch cow is 1.24 kg CO<sub>2</sub> equivalent per kilo milk, while the global average is 2.4 kg CO<sub>2</sub> equivalent per kilo milk.

In table 4 (page 14) the climate-neutral growth performance is compared with the reference year 2010. The figures show a positive effect resulting from the measures taken by the production plants for reducing the emission of greenhouse gases and purchasing green electricity. However, this decrease has been undone by the increase of the milk production at the member dairy farms.

#### Dilemma

*In order to realise the climate-neutral growth objective for 2020, FrieslandCampina uses new technologies, such as wind turbines, geothermal heating systems or mono fermentation for converting manure into biogas. However, these investments are dependent on licences of local governments or subsidies. In many cases this delays the time schedules of these investments. FrieslandCampina wants to cooperate more closely with governments in order to be able to better anticipate this in the development processes.*

#### Sustainable procurement

Apart from milk FrieslandCampina also makes use of other agricultural basic materials. FrieslandCampina aims at purchasing agricultural basic materials from fully sustainably managed sources only by 2020. Agricultural basic materials that will be purchased from sustainably managed sources include cocoa, soy, palm oil, selected fruits, cane sugar, beet sugar, starch and paper for packaging. These are products with recognised certificates or products for which a plan for sustainable development is drawn up in cooperation with suppliers.

FrieslandCampina introduced a new biobased drink carton into the market in 2015. For the production of the cap and the coating certified polyethylene, made from organic residual material, is purchased. The cardboard of the carton with the biobased coating was already renewable. The carbon footprint of this biobased milk carton is 20 percent lower than that of the old carton.

In addition to the results of previous years, in 2015 the purchased palm oil is directly of sustainable origin (according to RSPO, Round Table for Sustainable Palmoil) and 5 percent of the cane sugar was purchased with Bonsucro certificates, a globally recognised standard for sustainable cane sugar production.



### Sustainable production

FrieslandCampina aims for the year 2020 at 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 2 percent. Targets have been set for each location based on the availability of water. Thanks to further savings measures, the water consumption (m<sup>3</sup> per ton product) of the production locations was reduced by 4.62 m<sup>3</sup> to 4.59 m<sup>3</sup> per ton product in 2015.

FrieslandCampina also wants to reduce waste and works together with waste processors to increase the recycling and reuse of waste. FrieslandCampina reused and recycled 72 percent of its production waste in 2015. This is an improvement of 18 percent with respect to 2010. This improvement can be attributed to the extra recycling projects implemented at the locations. The residual waste was reduced by 50 percent as a result of more efficient waste separation at FrieslandCampina in Nigeria. FrieslandCampina has plans to reduce the residual waste even further.

Sustainable production is not only related to agricultural basic materials. By saving energy and generating renewable energy, dairy farmers can contribute to the reduction of the use of fossil fuels and the emission of greenhouse gases.

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. In 2015, 65 percent of all electricity used by the FrieslandCampina production locations was sustainable thanks to the purchasing of Guarantees of Origin for Sustainable

Electricity. These guarantee that the electricity volume has been generated by wind, co-fermentation of biomass, manure fermentation or solar energy. This is an increase by 14 percent compared to 2014. In 2015, the member dairy farmers of FrieslandCampina supplied 56 percent of the green electricity used globally by FrieslandCampina through the Guarantees of Origin for Sustainable Electricity.

### Animal health and animal welfare

Improvement of animal health and animal welfare and lengthening the lives of the animals are important aspects of the *Foqus planet* programme. Healthy, well looked after cows live longer, need less medication and have a more efficient milk production. Various demands are made on the member dairy farmers concerning animal health and animal welfare. Examples of this are cooperation with a licensed bovine veterinarian, monitoring of the animal welfare status and an animal health check. The member dairy farmers can make use of the following tools to guarantee the health of the animals:

- The Periodic Farm Visit: four regular visits by a veterinarian per year;
- The Continuous Animal Health Monitoring includes monitoring the animal health based on available figures concerning animal health and comparison with the national average. The data include dying of cows, dying of calves, health status for paratuberculosis, BVD and salmonella, new udder infections and cell count;
- Koe-Kompas [cow compass]: a full analysis of the dairy farming sector which gives an overview of the strong points and areas of improvement in the dairy farming sector (feed, water, housing, animal welfare, etc.).

In the framework of the objectives of the Sustainable Dairy Chain, FrieslandCampina stimulates member dairy farmers to aim at lengthening the lives of the cows by six months in 2020 compared to 2011 (5 years, 8 months and 11 days). This will be reported about in the Sustainable Dairy Chain Sector Report.

### Responsible use of antibiotics

Antibiotics globally make an important contribution in the treatment of bacterial infections in humans and animals. In order to help prevent antibiotic resistance, the Dutch animal sectors have made arrangements with the government about responsible use of antibiotics. Thanks to the efforts of the member dairy farmers and by better cooperation with other parties in the dairy chain, including veterinarians, the use of antibiotics at the dairy farms substantially decreased in the past few years. Antibiotics may only be used at dairy farms when prescribed by a veterinarian. Although antibiotics is a material subject, this is separately reported about in the Sustainable Dairy Chain Sector Report.

### Outdoor grazing

A cow grazing in the meadow is part of the traditional Dutch landscape and highly appreciated by the people. FrieslandCampina encourages member dairy farmers in the Netherlands, Belgium and Germany to put their cows and young cattle out into the meadows. FrieslandCampina promotes this by rewarding its member dairy farmers for outdoor grazing when their dairy cows graze in the meadows at least 120 days per year for a minimum of six hours per day. For this the member dairy farmers receive an outdoor grazing premium of gross 1.00 euro per 100 kg milk. Partly outdoor grazing is rewarded by FrieslandCampina with 0.46 euro per 100 kg milk. In order to be eligible to this, member dairy farmers must put a minimum of 25 percent of their cattle present at the farm out in the meadows for at least 120 days a year.

The percentage of dairy farms in the Netherlands that had their cows graze in the meadows slightly increased to 77.9 percent in 2015 (2014: 77.2 percent). This put an end to the many years of dropping percentages of dairy farms applying (partly) outdoor grazing. See for additional information about outdoor grazing [www.frieslandcampina.com](http://www.frieslandcampina.com).

### Biodiversity

Urbanisation, expanding industry and intensification of agriculture globally threaten biodiversity. This leads to disturbance and affects the resilience of ecosystems. Examples of this are loss of soil fertility, increase of the number of diseases and plagues and climatological effects. As a relatively large landowner and as a production factor with environmental impact, dairy farming affects biodiversity. FrieslandCampina wants to actively contribute to the preservation of biodiversity. Dairy farmers who actively commit themselves to the preservation of species, nature and landscape have been financially rewarded by earning development points in the sustainability section of *Foqus planet* since 2015.

In order to reduce the effect of the operation of dairy farms on biodiversity in the long term, FrieslandCampina is together with the Rabobank and the World Wildlife Fund working on a biodiversity monitoring system. This system provides individual dairy farmers insight into the impact their farms (pressure factors) have on the biodiversity. This makes biodiversity measurable. Examples of these pressure factors are loss of minerals, the intensity and the methods of land use, the use of water, the quality of the soil and the application of crop protection products. At the same time, this system proposes actual measures to dairy farmers for reducing the negative effect and increasing their positive contribution to biodiversity. With this FrieslandCampina is working on a sustainable method to preserve biodiversity.

The member dairy farmers of FrieslandCampina contribute to the sustainability of the cultivation of soy because the cattle feed (containing soy meal) which the member dairy farmers buy is of a sustainable origin. Arrangements have been made with the animal food industry that 100 percent of the soy in the concentrates for the cows is sustainable as from 2015. All purchased soy must be certified in conformity with the RTRS (Round Table Responsible Soy) or similar criteria. Member dairy farmers may only buy concentrates from cattle feed suppliers that comply with the GMP+- module and are therefore on the so-called white list. This ensures compliance of all soy in the feed of the cows with the RTRS criteria.

Table 4. Greenhouse gas emissions

Greenhouse gas emissions	Unit	2015	2014	2010
Scope 1: gas, diesel <sup>1</sup>	ktonnes CO <sub>2</sub> equivalent	757	793	842
Scope 2: electricity, steam <sup>2</sup>	ktonnes CO <sub>2</sub> equivalent	210	243	366
Scope 3: farm <sup>3</sup>	ktonnes CO <sub>2</sub> equivalent	12,358	11,744	10,985
<b>Net greenhouse gas emission - Climate-neutral scope</b>	ktonnes CO <sub>2</sub> equivalent	<b>13,325</b>	12,780	12,194
Scope 3: purchasing of milk, milk powder, whey <sup>4</sup>	ktonnes CO <sub>2</sub> equivalent	<b>4,614</b>	4,248	-

<sup>1</sup> Scope 1 greenhouse gases coming from natural gas and diesel used in milk processing and transport to production locations.

<sup>2</sup> Scope 2 greenhouse gases coming from the purchasing of electricity and steam used by the plants in dairy production processes. This is including the reduction through the purchasing of green electricity.

<sup>3</sup> 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.

<sup>4</sup> Scope 3 greenhouse gases coming from the purchasing of milk, milk powder and whey.



# 8 The foundation of the CSR policy

The foundation of the CSR strategy (figure 2, page 7) secures the CSR policy within FrieslandCampina.

## 8.1 Nourishing by nature Governance Board and CSR implementation teams

The Executive Board of FrieslandCampina has the ultimate responsibility for the FrieslandCampina CSR policy. The Corporate Sustainability department is responsible for the development and coordination of the CSR policy. Testing and alignment takes place in the Nourishing by nature Governance Board.

The responsibilities of the Corporate Sustainability department include:

- set up and update the CSR strategy and the CSR policy;
- dialogue with stakeholders;
- coordinate the implementation of the CSR policy and facilitate implementation;
- involve external stakeholders in the CSR policy;
- demonstrate the sustainability efforts to internal and external stakeholders;
- assist the business groups and operating companies in translating the corporate CSR policy into the brand policy, among others.

The business groups and operating companies are responsible for the implementation of the CSR policy.

## 8.2 Dialogue with stakeholders, partnerships, Dairy Sustainability Framework

### 8.2.1 Dialogue with stakeholders

In order to make an overview of the expectations of stakeholders and to remain informed about all current and relevant developments, FrieslandCampina structurally maintains contacts with major stakeholders. The most important stakeholders have been identified during the materiality analysis. This concerns the member dairy farmers, employees, customers, suppliers, governments, financiers, a number of NGOs and society in general. By engaging in dialogue with these stakeholders, FrieslandCampina collects the subjects they attach great importance to and takes these into account when prioritising the relevant subjects and when tightening the CSR policy.

The management of the various parts is ultimately responsible for maintaining contacts with the stakeholders of FrieslandCampina. For this it takes part in meetings with stakeholders and it has the ultimate responsibility for translating the results of the stakeholder dialogues into the policy and the reports.

Table 5. Dialogue with stakeholders

Group	Communication	Discussed subject	Actions in 2015
<b>Non-governmental organisations</b>	<ul style="list-style-type: none"> <li>- Regular meetings as a member of the Dutch Dairy Association (NZO)</li> <li>- NGOs such as the World Wildlife Fund, Solidaridad, Stichting Natuur &amp; Milieu, Greenpeace and Dierenbescherming</li> </ul>	<ul style="list-style-type: none"> <li>- Progress with respect to the sustainability agenda of the Sustainable Dairy Chain</li> <li>- Sustainability of the palm oil used in the products</li> <li>- Sustainability of selected fruits</li> <li>- Ensure sustainable production of the soy in cattle feed based on the RTRS criteria</li> <li>- Interpretation of the term biodiversity within dairy farming</li> </ul>	<ul style="list-style-type: none"> <li>- The results and progress with respect to the targets has been discussed, during which valuable was received</li> <li>- Additional steps have been taken in separate processing of sustainable palm oil</li> <li>- Criteria for sustainable oranges have been drawn up in cooperation with Solidaridad</li> <li>- The Dutch Dairy Association (NZO) organised a broadening of this sustainable soy initiative in surrounding countries. As a result of this all concentrates for cows in the Netherlands will comply with the RTRS-criteria as from 2015.</li> <li>- FrieslandCampina is together with the WWF and the Rabobank engaged in formulating indicators, including for biodiversity</li> </ul>

<b>Employees</b>	<ul style="list-style-type: none"> <li>- Feedback of employees is collected: <ul style="list-style-type: none"> <li>- In the annual talent management cycle, which consists of various phases from formulating objectives year-end assessments. During these assessments employees are invited to give feedback</li> <li>- Through the global Over2You survey among all employees. This survey is held on a regular basis. The most recent survey was conducted in 2014</li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>- Health and safety</li> <li>- Social responsibility</li> </ul>	<ul style="list-style-type: none"> <li>- Each business group and production location has its own action plan based on the results of the Over2You survey that are relevant and applicable to them.</li> </ul>
<b>Member dairy farmers</b>	<ul style="list-style-type: none"> <li>- Regular meetings of the Cooperative Board, the Member Council and with the members</li> <li>- Contact as part of the <i>Foqus planet</i> programme</li> </ul>	<ul style="list-style-type: none"> <li>- <i>Foqus planet</i> includes four subjects being farm, cow, feed and milk. Value creation for member dairy farmers</li> <li>- Green electricity</li> </ul>	<ul style="list-style-type: none"> <li>- FrieslandCampina rewards its member dairy farmers for outdoor grazing and sustainability through the <i>Foqus planet</i> programme 2015</li> </ul>
<b>Governments and local authorities</b>	<ul style="list-style-type: none"> <li>- Regular meetings about the progress of the multi-year energy efficiency agreement (MJA3) and the Clean and Economical Agricultural Sectors Covenant</li> <li>- Regular consultations with the licensing authorities at the production locations</li> <li>- Frequent contacts as part of the <i>Drink.Move.BeStrong</i> campaign in cooperation with the local authorities</li> <li>- Meetings with the Dutch dairy sector and local authorities (e.g. China)</li> </ul>	<ul style="list-style-type: none"> <li>- Discuss progress with respect to the set targets</li> <li>- Abolish the European milk quota system and the consequences of this for the sustainability agenda</li> <li>- Discuss progress of the individual environmental licences</li> <li>- Explain the sustainability agenda</li> </ul>	<ul style="list-style-type: none"> <li>- FrieslandCampina complies with the agreed objectives in conformity with MJA3</li> <li>- FrieslandCampina rewards member dairy farmers committed to sustainability and outdoor grazing</li> <li>- As part of the <i>Dairy Development Programme</i> FrieslandCampina shares its knowledge and expertise concerning dairy farming with the Chinese dairy chain</li> </ul>
<b>Society</b>	<ul style="list-style-type: none"> <li>- Open days on farms</li> <li>- Events of The Milk Story, organising dialogues with various stakeholders</li> </ul>	<ul style="list-style-type: none"> <li>- Culture and society</li> <li>- Nutrition and health</li> <li>- Social aspects of milk and dairy</li> </ul>	<ul style="list-style-type: none"> <li>- The open days on the farms promote active communication with the consumers</li> <li>- FrieslandCampina uses the contribution of stakeholders to learn and to tighten its CSR policy</li> </ul>
<b>Customers</b>	<ul style="list-style-type: none"> <li>- Through a customer satisfaction survey</li> <li>- As part of the complaints procedure</li> <li>- Customer meetings during which the sustainability programme is explained</li> </ul>	<ul style="list-style-type: none"> <li>- Continuous improvement</li> <li>- Safety of products</li> <li>- Quality of products</li> <li>- Healthy diet</li> </ul>	<ul style="list-style-type: none"> <li>- FrieslandCampina is member of the Dairy Sustainability Framework (DSF), an initiative of the international dairy sector, which shows customers and consumers its commitment to sustainable dairy products</li> <li>- FrieslandCampina has its own integrated quality system, which guarantees compliance with strict standards concerning food safety and quality</li> </ul>
<b>Suppliers</b>	<ul style="list-style-type: none"> <li>- Frequent contacts with major suppliers as part of the <i>Foqus planet</i> programme</li> <li>- As part of the suppliers' audits</li> </ul>	<ul style="list-style-type: none"> <li>- Sustainable agricultural basic materials</li> <li>- Green electricity</li> <li>- Product development</li> </ul>	<ul style="list-style-type: none"> <li>- Together with its suppliers FrieslandCampina is developing plans for sustainable procurement of agricultural basic materials. This is part of our KPI sustainable procurement, which has been further developed this year</li> </ul>
<b>Non-governmental organisations</b>	<ul style="list-style-type: none"> <li>- Regular meetings as a member of the Dutch Dairy Association (NZO)</li> <li>- NGOs such as the World Wildlife Fund, Solidaridad, Stichting Natuur &amp; Milieu, Greenpeace and Dierenbescherming</li> </ul>	<ul style="list-style-type: none"> <li>- Progress with respect to the sustainability agenda of the Sustainable Dairy Chain</li> <li>- Sustainability of the palm oil used in the products</li> <li>- Sustainability of selected fruits</li> <li>- Ensure sustainable production of the soy in cattle feed based on the RTRS criteria.</li> <li>- Interpretation of the term biodiversity in connection with dairy farming.</li> </ul>	<ul style="list-style-type: none"> <li>- The results and progress with respect to the targets has been discussed, during which valuable was received</li> <li>- Additional steps have been taken in separate processing of sustainable palm oil</li> <li>- Criteria for sustainable oranges have been drawn up in cooperation with Solidaridad</li> <li>- The Dutch Dairy Association (NZO) organised a broadening of this sustainable soy initiative in surrounding countries. As a result of this all concentrates for cows in the Netherlands will comply with the RTRS-criteria as from 2015</li> <li>- FrieslandCampina is together with the WWF and the Rabobank engaged in formulating indicators, including for biodiversity</li> </ul>

### 8.2.2 Partnerships

FrieslandCampina has worked together with the Dutch Food Banks Association since 2014. The food banks help the poorest by temporarily providing them with food parcels. FrieslandCampina annually supplies about one million dairy products to the food banks. This fits in with the policy of the food banks to increase the nutritional value of the food parcels. FrieslandCampina also takes care of the logistics and pays the associated costs. This accelerates the distribution of dairy products to the food banks all through the Netherlands. FrieslandCampina shares its knowledge in the fields of food safety, quality and healthy nutrition. More information about this can be found on the website [www.frieslandcampina.com](http://www.frieslandcampina.com). FrieslandCampina entered into a five-year partnership with the Dutch Red Cross in 2012. FrieslandCampina supports national and international projects managed by the Red Cross. In 2015, FrieslandCampina supported the promotion of the Red Cross 'citizens' network 'Ready to help'. Additional information about the partnerships and memberships of FrieslandCampina can be found on [www.frieslandcampina.com](http://www.frieslandcampina.com) and the GRI table (annex 2).

### 8.2.3 Dairy Sustainability Framework

The international dairy sector uses the Dairy Sustainability Framework (DSF) as a model for making the (increased) sustainability of the dairy sector measurable. As a member of the DSF, FrieslandCampina started two pilot projects in 2015 and committed itself to further developing the Dairy Sustainability Framework. By means of these initiatives, FrieslandCampina wants to make a contribution to making the dairy sector more sustainable. More details are to be found on the DSF website [www.dairysustainabilityframework.org](http://www.dairysustainabilityframework.org).

## 8.3 Health and safety, involvement of employees and member dairy farmers, nourishing by nature award

### 8.3.1 Health and safety

FrieslandCampina is committed to offering its employees and suppliers maximum safety at their workplaces. A global safety programme has been implemented. This describes in detail what safety standards are applied and how processes must run. The programme offers education and training, both with respect to safety leadership and safe behaviour. Besides, ample attention is paid to communication. By now, all employees have been brought into contact with these programmes. In order to prevent recurrence, accidents and incidents are reported and shared with other locations. Thus continuous improvement of safety is actively supported.

As a result of these efforts, the number of lost time accidents at FrieslandCampina locations decreased from 94 to 71, a reduction of 25 percent compared to 2014. Never before the number of accidents was this low. The number of lost time accidents per 200,000 hours worked dropped to 0.24 in 2015 (2014: 0.33). The most importance causes of accidents in 2015 were related to:

1. Falling, tripping, slipping
2. Internal transport (collisions with forklift and pallet trucks)
3. Steam, hot water and chemicals

40 of the 115 FrieslandCampina locations achieved zero lost time accidents in one year. The number of lost time accidents dropped by 49.3 percent to 71 since 2012.

The objective for 2016 is fewer than 0.18 lost time accident per 200,000 hours worked. Spearhead for 2016 is process safety. A good design and correct handling of production resources are preconditions for safely working and producing. In order to further improve the process safety, the following spearheads have been defined for 2016:

- ATEX (ATMosphères EXplosibles, European directive Explosion Protection);
- work safely with steam, hot water and chemicals;
- machine safety.

### 8.3.2. Involvement of employees and member dairy farmers.

Employees and member dairy farmers of FrieslandCampina cooperate in implementing the CSR policy. They all play major parts in integrating the CSR policy into the organisation.

FrieslandCampina attaches great importance to the involvement of employees in realising *nourishing by nature*. How does FrieslandCampina remain an appealing employee? What can employees contribute themselves to their working environments? Here the focus is 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 through the world. For instance, there are the consultancy missions of Agriterra, in which several FrieslandCampina employees participated, a number of green teams at locations and cooperation with the Red Cross, in which context various initiatives have been developed throughout the world. In 2016, the next step will be taken to involve even more employees in actualising *nourishing by nature*, apart from the many CSR ambassadors that FrieslandCampina already has.

### 8.3.3 nourishing by nature award

The member dairy farmers of FrieslandCampina won the *nourishing by nature* award in 2015. The *nourishing by nature* award is the internal prize of FrieslandCampina for the best initiative in the areas of nutrition and sustainability. With the quality and sustainability programme *Foqus planet*, which was renewed in 2015, the member dairy farmers make a substantial contribution to the actual implementation of FrieslandCampina's *nourishing by nature* purpose statement. *Foqus planet* stimulates the member dairy farmers to actively contribute to improvement of the environment and reduction of the use of energy, to animal welfare and animal health, to the environment and biodiversity and to grazing the cows.

### 8.3.4 Innovation

Sustainability is an important drive in innovation projects. Saving energy and water in production processes and more effective use of basic materials contribute to achieving the sustainability objectives. In 2015, a model was developed that provides more insight into the milk flows. Combined with knowledge about milk components and technology, this model improves the efficiency and reduces the environmental impact. Besides, newly developed packaging processes and improved packaging enhanced sustainability.

## 8.4 Product quality and food safety, standards and guidelines

### 8.4.1 Product quality and food safety

The quality and food safety of milk and the products have top priority at FrieslandCampina. Together with the cooperative's member dairy farmers, FrieslandCampina controls the entire production chain from farm to end product, *from grass to glass*.

Globally, all buyers and consumers should be able to trust that each product is of a perfect quality. FrieslandCampina wants all its production and distribution locations to deal with safety and quality in the same way, irrespective of what is produced where. Therefore FrieslandCampina has its own integrated quality system, called *Foqus*, which guarantees the safety and quality of its products in the entire production chain. With *Foqus* FrieslandCampina guarantees consumers, customers and authorities that the products and production processes meet the high demands in connection with food safety, quality, safety, working conditions, fire safety and the environment. An extensive training programme and audits help the guaranteeing and continuous monitoring of *Foqus* at the production locations, on the farms of the member dairy farmers and with the suppliers of basic materials.

In the *Foqus* module for the member dairy farmers (*Foqus planet*) guarantee of quality and food safety has top priority. Apart from this, the further stimulation of sustainability in dairy farming is central through various programmes that help member dairy farmers generate additional income.

#### 8.4.2 Minimum standards

The quality monitoring is based on the legal requirements. Apart from this, additional demands are made. The various international standards, such as GMP+, HACCP, ISO 9001, ISO 22000, FSSC22000, OHSAS 18000 and ISO 14000 have been integrated into *Foqus*. In this way, both the buyers of FrieslandCampina and the consumers can be sure that the products are safe and of a high quality and that they have been produced in a responsible way. The *Foqus* requirements are reviewed every year and adjusted if necessary, making sure that the system is always in line with the latest knowledge and insights.

FrieslandCampina's CSR policy is based on the ISO 26000 guideline. This is an international CSR guideline assisting companies and other organisations in implementing CSR in business processes.

Apart from ISO 26000, all FrieslandCampina production locations have environment and health and safety management systems in place, which comply with the ISO 14001 and OHSAS 18001 requirements. Additionally, FrieslandCampina has developed its own internal standard for this, being the *Foqus SHE* management system. This standardised risk analysis gives an overview of the environmental and health and safety risks at all locations and all locations annually report on this. The environmental and health and safety management system is guaranteed by means of internal and external audits.

#### 8.4.3 Guidelines for suppliers

FrieslandCampina makes strict demands on suppliers of basic materials, such as fruit concentrates, fruit, sugar, coagulant and many other ingredients used in the products of FrieslandCampina. FrieslandCampina believes that a good and open relationship with its suppliers is essential for obtaining a good overview of the safety risks and how these are monitored in the chain.

FrieslandCampina works with preferred suppliers as much as possible. These are selected by the procurement category teams. These teams represent the relevant disciplines, such as R&D, marketing, procurement and quality management. A basic condition for being included in the selection process is HACCP or ISO certification. One of the crucial elements in the selection is a safety inspection of the processes and systems of the suppliers. FrieslandCampina conducts about 450 suppliers' audits per year. If relevant, suppliers are involved in product development processes as early as possible.

#### 8.4.4 Compass

In 2015, FrieslandCampina updated its code for correct business conduct, *Compass*. This code of conduct and the corresponding policies provide the basic principles for integer, respectful and transparent business behaviour of FrieslandCampina employees and third parties that FrieslandCampina cooperates with. Compliance with this code of conduct and the policies is supported by training, globally appointed confidential officers, an integrity committee and a 24/7 available reporting platform where employees can express their worries about a suspected violation of the code of conduct or policy on a confidential basis. Besides, the corporate manual provides procedures and guidelines in which responsibilities and authorities have been laid down.

The code also confirms that FrieslandCampina endorses the United Nations' Universal Declaration of Human Rights to be the universal standard. Other subjects covered by the code include exclusion of corruption, child labour, forced labour and discrimination of employees (guidelines of the International Labour Organisation) and respect for the employees' right to organise themselves in trade unions. Compliance with the code is monitored annually and reported to the Audit Committee of the Supervisory Board.



This CSR update has been drawn up in accordance with the G4 reporting guidelines of the Global Reporting Initiative (GRI), application level Core.

**1.1 Scope**

The scope of this report includes both Zuivelcoöperatie FrieslandCampina U.A. and Royal FrieslandCampina N.V. and its consolidated subsidiaries. This deviates from the scope of the individual financial reports of Royal FrieslandCampina N.V. and Zuivelcoöperatie FrieslandCampina U.A.

Information about acquisitions taking place in a reporting year will be included in the first next full calendar year. Information concerning activities closed down during a reporting period will not be included in the report of the year concerned.

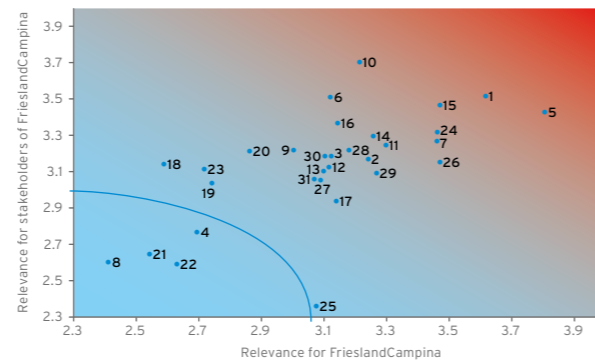
**1.2 Determination of content**

FrieslandCampina uses the materiality principle to determine which subjects will be included in the report and which are relevant to FrieslandCampina and its stakeholders. This year the materiality analysis was also used as a basis for the updated CSR strategy. The materiality analysis consists of the following steps:

**Step 1: Identification of relevant subjects**

The objective of the first step is to compile an overview of all relevant subjects which FrieslandCampina should report on. A list has been drawn up based on the GRI guidelines, the sectoral annex for dairy processing and food processing, the ISO 26000 guidelines and reports of colleagues. Where necessary, specific subjects for the activities of FrieslandCampina related to the previous CSR strategy were added to the list. Subsequently, FrieslandCampina determined the relevance of each subject on itself. Subjects are relevant when they are influenced or can be influenced by FrieslandCampina (in the organisation or in the chain).

Figure 4: Materiality matrix



**Step 2: Specification of reporting priorities**

In the second step all relevant subjects have been arranged in order of priority. When determining the priority, FrieslandCampina looks at the interest of the subject for both FrieslandCampina and its stakeholders. FrieslandCampina distinguishes two types of subjects:

- Material subjects (above the blue line): subjects with respect to which FrieslandCampina aims at playing a leading role and that are therefore included in the CSR policy. These subjects are the core themes of the report.
- Non-material subjects (below the blue line): these subjects are monitored, but they are not included in the report.

The material subjects form the basis of the FrieslandCampina CSR strategy and so the content of this report. The table below mentions the material subjects and how these are connected to the updated CSR strategy.

Table 6. Connection CSR strategy and material subjects

Strategic pillar	CSR themes of FrieslandCampina	Material subjects
<b>Better nutrition for the world</b>	Better products	1. Contribute to better nutrition by means of products with a higher nutritional value 3. Stimulate a healthy lifestyle
	Responsible marketing	1. Contribute to better nutrition by means of products with a higher nutritional value 3. Stimulate a healthy lifestyle
	Transparent nutritional values on labels	2. Transparent product labelling
	Healthy lifestyle education	3. Stimulate a healthy lifestyle
<b>Good income for our farmers</b>	Optimum valorisation of milk	Financial annual report
	Economic performance and profitability	26. Economic performance / viability in the long term
	Improvement of quality and quantity of milk by the DDP	7. Quality and safety of raw milk
	Develop knowledge and skills through the DDP	6. Support to local farmers by knowledge development 9. Improve the local economy by an adequate income for dairy farmers in Asia and Africa
<b>Now and for generations to come</b>	Climate-neutral growth	11. Energy efficiency in the production 14. Climate-neutral growth 23. Greenhouse gases at the farm
	Sustainable procurement	10. Sustainably grown crops used as basic material for the end products
	Sustainable production	12. Reduction and recycling of waste 13. Responsible use of water
	Outdoor grazing	17. Outdoor grazing
	Animal health and animal welfare	15. Animal health and animal welfare 16. Responsible use of antibiotics on dairy farms <sup>1</sup>
	Biodiversity	18. Biodiversity 19. Soil nutrients 20. Soil quality
	<b>Foundation</b>	<b>Material subjects</b>
	Nourishing by nature Governance Board, CSR implementation teams	28. Implementation of the CSR policy (Governance)
Dairy Sustainability Framework, dialogue with stakeholders, partnerships, external reporting	30. Involve stakeholders in the further development of the CSR policy	
Health and safety, involvement of employees and member dairy farmers, CSR trainings	5. Product quality and safety 24. Healthy and safe labour conditions 25. Appealing employer	
Product quality and safety, minimum standards, guidelines for suppliers, business principles	27. Code of conduct for suppliers 29. Compliance with regulations	

<sup>1</sup> Although antibiotics is a material subject, this is separately reported about in the Sustainable Dairy Chain Sector Report.

**1.3 Definitions and measuring methods**

The Corporate Sustainability department and the *nourishing by nature* Governance Board are responsible for collecting and verifying the information reported. The information is supplied by the various operating companies, the supply chain organisations of the business groups and relevant corporate and supporting departments. Environmental and HR data are retrieved on a monthly basis through the central financial data system.

No uncertainties or inherent limitations resulting from measurements, estimations or calculations were found in the data. Changes in the definitions and measuring methods

of the data compared to previous years have been indicated at the data concerned. See annex 4 Glossary and reporting definitions for a description of the reporting definitions.

**1.4 External verification**

For the FrieslandCampina CSR report 2015 an external accountant (PricewaterhouseCoopers Accountants N.V.) was asked for the first time to issue an external statement for a selection of CSR indicators. These indicators have been marked with  $\diamond$  in the key figure tables. The audit opinion has been included in annex 3 Assurance report.

GRI table Royal FrieslandCampina N.V. 2015 - In accordance with the 'Core' level of GRI G4

Indicator	Description	Reference
<b>General Standard Disclosure</b>		
<b>Strategy and Analysis</b>		
G4-1	Statement of the most senior decision-maker	AR <sup>1</sup> : Foreword by the CEO, pages 4-5
G4-3	Name of the organisation	AR: cover page
G4-4	Major brands, products and/or services	AR: pages 18-19
G4-5	Location of the head office of the organisation	AR: page 168, CSR update: 2. Profile
G4-6	Number of countries in which the organisation is operational	AR: Markets, pages 20-21
G4-7	Ownership structure and legal form	AR: page 168, CSR update: 2. Profile
G4-8	Sales markets	AR: Markets, pages 20-21, CSR update: 2. Profile
G4-9	Scope of the reporting organisation	AR: Key figures, pages 6-9, Markets, pages 20-21, CSR update: 3. Key figures
G4-10	Composition of workforce	AR: Key figures, pages 6-9, FrieslandCampina and its employees, page 52
G4-11	Employees subject to a Collective Labour Agreement	In the Netherlands 90 percent of the employees is subject to a Collective Labour Agreement. These are usually employees with permanent contracts.
G4-12	Description of the supply chain of the organisation	CSR update: 6. The value chain CSR update: 8.4.3 Guidelines for suppliers Royal FrieslandCampina N.V. distinguishes two important groups of suppliers: the member dairy farmers for milk on the one hand and the suppliers of the agricultural basic materials, packaging, installations, office supplies, catering, etc. on the other hand. In order to prevent exclusion, the suppliers from the second group must comply with the FrieslandCampina code for correct business conduct, <i>Compass</i> .
G4-13	Significant changes during the reporting period	No significant changes have taken place in the scope of the organisation during the reporting year. See also: CSR update: Annex 1. Reporting principles
G4-14	Explanation of the application of the precautionary principle by the reporting organisation	AR: pages 54-55. FrieslandCampina extensively discusses the main identified risk in the annual report. The risks vary for each region.
G4-15	Externally developed economic, environmental and social charters, principles that are endorsed by the organisation	CSR update: 8.4.2 Minimum standards FrieslandCampina scored 163 points for the Transparency Benchmark and with this held the 45th position in 2015. A score of 51.4 percent was achieved at the World Business Council for Sustainable Development benchmark Reporting Matters.
G4-16	Memberships of associations (such as sector associations) and national and international interest groups	CSR update: 8.2.2 Partnerships See: <a href="https://www.frieslandcampina.com/en/sustainability/csr-cases/memberships-collaboration-and-covenants/">https://www.frieslandcampina.com/en/sustainability/csr-cases/memberships-collaboration-and-covenants/</a>
<b>Material subjects and definition</b>		
G4-17	Companies in the annual report that have not been included in this report	AR: pages 142-143
G4-18	Process for determining of the content and specific definition	CSR update: Annex 1.2. Determination of content
G4-19	Determined material subjects	CSR update: Annex 1.2. Determination of content
G4-20	Definition per material subject within the organisation	All information about policy, strategy and the corresponding indicators are related to Royal FrieslandCampina N.V., unless stated otherwise in the report. It should be noticed, however, that FrieslandCampina and its activities cannot be regarded separately from its surroundings. Therefore most material subjects have impact both inside and outside the organisation. CSR update: Annex 1. Reporting principles
G4-21	Definition of the material subjects outside the organisation	See G4-20
G4-22	Consequences of any reformulation of information	CSR update: Annex 1. Reporting principles. The data have not been estimated.
G4-23	Significant changes compared to the previous reporting period	CSR update: Annex 1.3. Definitions and measuring methods No significant changes have taken place in scope and definition compared to the previous reporting year.

<sup>1</sup> Annual report 2015 of Royal FrieslandCampina N.V.

Indicator	Description	Reference
<b>Consultation with stakeholders</b>		
G4-24	List of stakeholders involved	CSR update: 8.2.1. Dialogue with stakeholders
G4-25	Basic principles for inventory/selection of stakeholders	CSR update: 8.2.1. Dialogue with stakeholders
G4-26	Way in which stakeholders are involved	CSR update: 8.2.1. Dialogue with stakeholders The management is formally ultimately responsible for the contacts with the stakeholders of FrieslandCampina. The CEO, CFO and COOs have been actively involved in the dialogue with the board and the member dairy farmers of Zuivelcoöperatie FrieslandCampina U.A. (the shareholders) and investors.
G4-27	Most important subjects and questions resulting from the consultation with stakeholders	CSR update: 8.2.1. Dialogue with stakeholders See for opinions of external stakeholders concerning the CSR performance the following Internet pages: - Agriterra: <a href="https://www.frieslandcampina.com/nl/duurzaamheid/mvo-in-de-praktijk/samenwerking-frieslandcampina-en-agriterra/">https://www.frieslandcampina.com/nl/duurzaamheid/mvo-in-de-praktijk/samenwerking-frieslandcampina-en-agriterra/</a> - Dutch food banks: <a href="https://www.frieslandcampina.com/nl/duurzaamheid/mvo-in-de-praktijk/samenwerking-frieslandcampina-en-voedselbanken-nederland/">https://www.frieslandcampina.com/nl/duurzaamheid/mvo-in-de-praktijk/samenwerking-frieslandcampina-en-voedselbanken-nederland/</a>
<b>Report profile</b>		
G4-28	Reporting period which the information provided is related to	1 January to 31 December 2015 inclusive.
G4-29	The date of the most recent previous report	The 2014 CSR report was published in May 2015.
G4-30	Reporting cycle	Annually
G4-31	Contact person for questions about the report	Send questions or remarks to: <a href="mailto:corporate.communication@frieslandcampina.com">corporate.communication@frieslandcampina.com</a> .
G4-32	GRI application level and GRI table	CSR update: Annex 1. Reporting principles This year, FrieslandCampina started the transition to integrated reporting. It is the intention to publish an integrated report for the year 2017.
G4-33	Policy concerning assurance	CSR update: Annex 1. Reporting principles FrieslandCampina deploys an internal audit team in order to guarantee the reliability and completeness of the reported data. Auditors will be offered a training programme followed by regular refresher courses.
<b>Management structure</b>		
G4-34	The management structure of the highest governing body and the committees responsible for the decision-making with respect to social, environmental and economic impact	AR: pages 60-65, CSR update: 8.1 <i>nourishing by nature</i> Governance Board and CSR implementation teams.
<b>Ethics and integrity</b>		
G4-56	Values, principles, standards and standards of conduct applied	CSR update: 8.4 Product quality and food safety, standards and guidelines
<b>Specific Standard Disclosures</b>		
<b>Better products (G4, aspect: Health of users)</b>		
DMA	(a) Explanation of the materiality per subject, (b) Handling of the material subject by the management and the impact of this, (c) Evaluation of the management approach	CSR update: 7.1 Better nutrition for the world, Better products, 8.1 <i>nourishing by nature</i> Governance Board and CSR implementation teams. <i>nourishing by nature</i> Governance Board and CSR implementation teams and annex 4. Glossary and reporting definitions
FP6	Percentage of the total sales volume of consumer products with reduced content of saturated fat, trans fat, sodium or added sugars.	CSR update: 7.1 Better nutrition for the world - Better products
<b>Responsible marketing</b>		
DMA	(a) Explanation of the materiality per subject, (b) Handling of the material subject by the management and the impact of this, (c) Evaluation of the management approach	CSR update: 7.1 Better nutrition for the world, 8.1 <i>nourishing by nature</i> Governance Board and CSR implementation teams and annex 4. Glossary and reporting definitions.
Own indicator	Television marketing compliant with the EU Pledge guidelines directives for children	The compliance percentage is to be found on <a href="http://www.eu-pledge.eu">www.eu-pledge.eu</a> . CSR update: 7.1 Better nutrition for the world - Responsible marketing
<b>Transparent nutritional values on labels (G4, aspect: Product and services labelling)</b>		
DMA	(a) Explanation of the materiality per subject, (b) Handling of the material subject by the management and the impact of this, (c) Evaluation of the management approach	CSR update: 7.1 Better nutrition for the world, 8.1 <i>nourishing by nature</i> Governance Board and CSR implementation teams and annex 1.3. Definitions and measuring methods.
PR3	Type of product and service information required by the organisation's procedures for product and service information and labelling and the percentage of significant product and service categories covered by these procedures.	CSR update: 7.1 Better nutrition for the world - Responsible labelling.


Indicator	Description	Reference
<b>Healthy lifestyle education</b>		
DMA	(a) Explanation of the materiality per subject, (b) Handling of the material subject by the management and the impact of this, (c) Evaluation of the management approach	CSR update: 7.1 Better nutrition for the world, 8.1 <i>nourishing by nature</i> Governance Board and CSR implementation teams and annex 1.3. Definitions and measuring methods.
Own indicator	The number of children that has participated in an education programme about healthy nutrition and exercise organised or supported by FrieslandCampina.	CSR update: 7.1 Better nutrition for the world - Education about healthy food and lifestyle
<b>Optimum valorisation of milk</b>		
DMA	(a) Explanation of the materiality per subject, (b) Handling of the material subject by the management and the impact of this, (c) Evaluation of the management approach	CSR update: 7.2 Good income for the farmers, 8.1 <i>nourishing by nature</i> Governance Board and CSR implementation teams and annex 1.3. Definitions and measuring methods.
Own indicator	Milk price (euro/litre)	AR: pages 25-26
<b>Economic performance and profitability (G4, aspect: Economic performance)</b>		
DMA	(a) Explanation of the materiality per subject, (b) Handling of the material subject by the management and the impact of this, (c) Evaluation of the management approach	The Executive Board and the CFO in particular are responsible for the financial performance of FrieslandCampina. CSR update: 7.2 Good income for the farmers, 8.1 <i>nourishing by nature</i> Governance Board and CSR implementation teams and annex 1.3. Definitions and measuring methods.
EC1	Direct economic value generated and distributed.	AR: pages 24-25
<b>Improvement of quality and quantity of milk by the Dairy Development Programme</b>		
DMA	(a) Explanation of the materiality per subject, (b) Handling of the material subject by the management and the impact of this, (c) Evaluation of the management approach	CSR update: 7.2 Good income for the farmers, 8.1 <i>nourishing by nature</i> Governance Board and CSR implementation teams and annex 1.3. Definitions and measuring methods.
Own indicator	Farmers who followed a training programme	CSR update: 7.2 Good income for the farmers
<b>Develop knowledge and skills through the Dairy Development Programme</b>		
DMA	(a) Explanation of the materiality per subject, (b) Handling of the material subject by the management and the impact of this, (c) Evaluation of the management approach	CSR update: 7.2 Good income for the farmers, 8.1 <i>nourishing by nature</i> Governance Board and CSR implementation teams and annex 1.3. Definitions and measuring methods.
Own indicator	To be determined	As from 2017, the progress of the <i>Dairy Development Programme</i> will be measured based on three indicators, being the number of farmers that has followed a training programme, the productivity per cow and the average score on Good Dairy Farming Practices (GDFP) in Vietnam, Thailand, Malaysia, Indonesia and Nigeria. Based on these indicators objectives will be formulated that will be included in the report.
<b>Climate-neutral growth (G4, aspect: Greenhouse gases, Energy)</b>		
DMA	(a) Explanation of the materiality per subject, (b) Handling of the material subject by the management and the impact of this, (c) Evaluation of the management approach	CSR update: 7.3 Now and for generations to come (including dilemma), 8.1 <i>nourishing by nature</i> Governance Board and CSR implementation teams and annex 1.3. Definitions and measuring methods.
EN3	Energy consumption within the organisation	CSR update: 6. The value chain
EN5	Energy intensity	CSR update: 7.3 Now and for generations to come - Climate-neutral growth
EN6	Reduction of energy consumption	CSR update: 7.3 Now and for generations to come - Climate-neutral growth
EN15	Direct greenhouse emissions (scope 1)	CSR update: 7.3 Now and for generations to come - Climate-neutral growth
EN16	Indirect greenhouse emissions (scope 2)	CSR update: 7.3 Now and for generations to come - Climate-neutral growth
EN17	Indirect greenhouse emissions (scope 3)	CSR update: 7.3 Now and for generations to come - Climate-neutral growth

Indicator	Description	Reference
<b>Sustainable procurement (G4, aspect: Procurement)</b>		
DMA	(a) Explanation of the materiality per subject, (b) Handling of the material subject by the management and the impact of this, (c) Evaluation of the management approach	CSR update: 7.3 Now and for generations to come, 8.1 <i>nourishing by nature</i> Governance Board and CSR implementation teams and annex 4. Glossary and reporting definitions.
FP2	Percentage of purchased volume verified as being in accordance with reliable internationally recognised and responsible production standards, specified per standard.	CSR update: 7.3 Now and for generations to come - Sustainable procurement
Own indicator	Percentage purchased green electricity	CSR update: 7.3 Now and for generations to come - Sustainable procurement
<b>Sustainable procurement (G4, aspect: Water and waste)</b>		
DMA	(a) Explanation of the materiality per subject, (b) Handling of the material subject by the management and the impact of this, (c) Evaluation of the management approach	CSR update: 7.3 Now and for generations to come, 8.1 <i>nourishing by nature</i> Governance Board and CSR implementation teams and annex 4. Glossary and reporting definitions.
EN8	Total water extraction with source	CSR update: 6. The value chain and 7.3 Now and for generations to come.
EN23	Total weight of waste per type and processing method	CSR update - 7.3 Now and for generations to come.
<b>Outdoor grazing</b>		
DMA	(a) Explanation of the materiality per subject, (b) Handling of the material subject by the management and the impact of this, (c) Evaluation of the management approach	CSR update: 7.3 Now and for generations to come, 8.1 <i>nourishing by nature</i> Governance Board and CSR implementation teams and annex 4. Glossary and reporting definitions.
Own indicator	Outdoor grazing in the Netherlands	CSR update: 7.3 Now and for generations to come - Outdoor grazing.
<b>Biodiversity</b>		
DMA	(a) Explanation of the materiality per subject, (b) Handling of the material subject by the management and the impact of this, (c) Evaluation of the management approach	CSR update: 7.3 Now and for generations to come, 8.1 <i>nourishing by nature</i> Governance Board and CSR implementation teams and annex 1.3. Definitions and measuring methods.
Own indicator	Percentage of soy meal certified by RTRS or comparable	CSR update: 7.3 Now and for generations to come - Biodiversity.
<b>Health and safety (G4, aspect: Health and safety at work and health and safety for customers)</b>		
DMA	(a) Explanation of the materiality per subject, (b) Handling of the material subject by the management and the impact of this, (c) Evaluation of the management approach	CSR update - 8.1 <i>nourishing by nature</i> Governance Board and CSR implementation teams, 8.3. Health and safety, involvement of employees and member dairy farmers, <i>nourishing by nature</i> award, 8.4 Product quality and product safety, minimum standards, guidelines for suppliers, code for correct business conduct <i>Compass</i> and annex 4. Glossary and reporting definitions. Also see AR page 34
LA6	Type of accident, absence rate, per region or gender	CSR update: 8.3.1 Health and safety
PR1	Percentage of significant product and service categories for which health and safety impact was measured.	AR page 34




## Independent assurance report

To: the executive board of Royal FrieslandCampina N.V.


The executive board of Royal FrieslandCampina N.V. ('the Company') in Amersfoort engaged us to provide limited assurance on selected Non-financial information ('Sustainability Information') in de table 'indicators' in chapter 3 'key figures' and in chapter 7 'performance' in the 2015 CSR-update and marked with symbol  (leading to a 'conclusion').

#### Our conclusion

Based on the procedures we have performed and the evidence we have obtained, nothing has come to our attention that causes us to believe that the selected Sustainability Information marked with symbol  (hereafter 'the Sustainability Information') for the year ended 31 December 2015 have not been presented, in all material respects, in accordance with the Company's Reporting Criteria:

This conclusion is to be read in the context of the remainder of our report.

#### What we are assuring

We have reviewed the Sustainability Information for the year 2015 of Royal FrieslandCampina N.V., Amersfoort, as included in table 1 'key figures' in the table 'indicators' in chapter 3 'key figures' and in table 3 'key figures pillar: now and for generations to come' in table 'indicators' in chapter 7 'performance' in the 2015 CSR-update ('the Report'). The Sustainability Information comprises the following measures marked with symbol :

- Energy efficiency;
- Green electricity;
- Carbon emissions production locations;
- Carbon emissions climate neutral growth;
- Lost time accident rate;
- Meadow grazing.

All other information in the 2015 CSR-update is not in scope of this engagement. Therefore we do not report or conclude on this other information.

A review is focused on obtaining limited assurance. The procedures performed in obtaining limited assurance are aimed at the plausibility of information which does not require exhaustive gathering of evidence as in engagements focused on obtaining reasonable assurance through audit procedures. The procedures performed consisted primarily of making inquiries of management and others within the entity, as appropriate, applying analytical procedures and evaluating the evidence obtained. Consequently, a review engagement provides less assurance than an audit.

#### The basis for our conclusion

##### Professional and ethical standards applied

We conducted our assurance engagement in accordance with Dutch law, including Standard 3000 'Assurance engagements other than audits or reviews of historical financial information'. Our responsibilities under these standards are further described in the "Our responsibilities" section of this report.

We are independent of Royal FrieslandCampina N.V. in accordance with the "Verordening inzake de onafhankelijkheid van accountants bij assurance-opdrachten" (ViO) and other relevant independence regulations in the Netherlands. Furthermore we have complied with the "Verordening gedrags- en beroepsregels accountants" (VGBA) and other relevant regulations.

##### Reporting criteria

The Company developed its reporting criteria on the basis of the 'G4 Guidelines of the Global Reporting Initiative' (GRI), which are disclosed together with detailed information on the reporting scope and reporting process and methods (pages 22-23 and 30). We consider the reporting criteria to be relevant and appropriate for our review.

##### Understanding reporting and measurement methodologies

The information in the scope of this engagement needs to be read and understood together with the reporting criteria, for which the Company is solely responsible for selecting and applying. The absence of a significant body of established practice on which to draw, to evaluate and measure non-financial information allows for different, but acceptable, measurement techniques and can affect comparability between entities and over time.

#### Our assurance approach

##### Materiality

We set thresholds for materiality at the planning stage and reassessed them during the engagement. These helped us to determine the nature, timing and extent of our procedures and to evaluate the effect of identified misstatements on the information presented, both individually and in aggregate. Based on our professional judgement, we determined specific materiality levels for each element of the Information.

##### Work done

We are required to plan and perform our work in order to consider the risk of material misstatement of the Sustainability Information. Our main procedures included the following:

- understanding the systems and processes for data gathering, internal controls and processing of other information, such as the aggregation process of data to the information as presented in the Sustainability Information;
- interviewing management and relevant staff at corporate and local level responsible for the sustainability strategy and policies;
- interviews with relevant staff responsible for providing the information in the Report, and responsible for carrying out internal control procedures on the data and the consolidation of the data in the Report;
- on a sample basis, reviewing relevant information and internal and external documentation in order to assess the reliability of the Sustainability Information;
- analytical review of the data and trends;
- reviewing internal and external documentation to determine whether the Sustainability Information, including the disclosure, presentation and assertions made in the Report, is substantiated adequately;
- assessing the consistency of the Sustainability Information and the information in the Report not in scope for this assurance report;
- assessing if the Sustainability Information has been presented in accordance with the Company's reporting criteria.


We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our conclusion.

#### Responsibilities

##### The executive board's responsibilities

The executive board of the Company is responsible for the preparation of the Sustainability Information in accordance with the Company's reporting criteria. Furthermore, the executive board is responsible for such internal control as the executive board determines is necessary to enable the preparation of the Report that is free from material misstatement, whether due to fraud or error.

##### Our responsibilities

Our responsibility is to express a conclusion on the Sustainability Information marked with symbol  based on our assurance engagement in accordance with Standard 3000. This requires that we comply with ethical requirements and that we plan and perform our work to obtain limited assurance about whether the Sustainability Information is free from material misstatement.

The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the Sustainability Information, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant for the preparation of the Sustainability Information in order to design procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. An assurance engagement aimed on providing limited assurance also includes evaluating the appropriateness of the reporting framework used and the reasonableness of estimates made by management as well as evaluating the overall presentation of the Sustainability Information.

Amsterdam, 29 April 2016

PricewaterhouseCoopers Accountants N.V.  
J.E.M. Brinkman RA

Please note: this review report is an unofficial translation of the official review report in Dutch, signed by J.E.M. Brinkman RA on 29 April 2016.

**Dairy Sustainable Framework (DSF)**

The Dairy Sustainability Framework (DSF) is a global cooperation project managed by the Global Dairy Agenda for Action (GDAA) which various stakeholders from the global dairy sector are involved in.

**Partial outdoor grazing**

A minimum of 25 percent of the cattle present at a dairy farm grazes outdoor for at least 120 days per calendar year.

**Energy efficiency**

The amount of energy used (electricity, natural gas, steam, diesel and oil) in gigajoule (GJ) for the production of a ton end product.

**Foqus planet**

*Foqus planet* is the quality and sustainability programme for the member dairy farmers in the Netherlands, Belgium and Germany. *Foqus planet* has four main themes and three parts. The main themes are farm, cow, feed and milk. These themes are reflected in the three parts, being basic requirements, outdoor grazing and sustainable development. In the area of sustainable development member dairy farmers can be rewarded with the *Foqus planet* premium.

**Greenhouse gas emissions: climate-neutral growth related to greenhouse gas emissions**

The net greenhouse gas emissions of FrieslandCampina are connected to the objective of climate-neutral growth. This concerns the Greenhouse Gas protocol-based (<http://www.ghgprotocol.org/>) emissions of the dairy farms, transport of milk from the farms to the production locations, transport between production locations and to buyers. The greenhouse gas emissions are (administratively) compensated by the purchasing of Guarantees of Origin (see explanation).

**Guarantees of Origin/Green certificates**

Guarantees of Origin or green certificates are certificates issued for each MWh electricity from renewable energy sources (wind, solar energy, co-fermentation of biomass, manure fermentation). FrieslandCampina buys these certificates to guarantee that the electricity used in the production locations of FrieslandCampina are from a renewable source.

**GRI-G4**

Global Reporting Initiative (GRI) G4 is an international guideline for reporting on sustainability and Corporate Social Responsibility.

**ISO standards**

A set of standards with specifications related to the quality management systems of an organisation (ISO 9001), the environmental management systems (ISO 14001) and implementation of CSR (ISO 26000).

**MJA3**

The multi-year energy efficiency agreements MJA3 is an agreement between the Dutch government and companies, institutions and municipalities regarding more effective and efficient use of energy.

**Lost time accidents**

The lost time accidents rate indicates how many accidents have taken place per 200,000 hours worked. This is about work-related accidents resulting in at least one calendar day of work lost, excluding the day of the accident. The lost time accidents rate is calculated as follows: (hours lost related to accidents/total number of hours worked) x 200.000.

**Outdoor grazing percentage**

The outdoor grazing percentage indicates the part of dairy farms of FrieslandCampina in the Netherlands applying (partial) outdoor grazing.

**RTRS**

The Round Table on Responsible Soy is committed to sustainable production of soy.

**Trans fat**

Trans fats are created by partially hardening fats (in industrial processes).

**Outdoor grazing**

Grazing for at least 120 days per calendar year for a minimum of 6 hours per day of all milk-producing cows present at the dairy farm.



Every day Royal FrieslandCampina provides millions of consumers all over the world with dairy products that are rich in valuable nutrients from milk. With annual revenue of 11.3 billion euro, FrieslandCampina is one of the world's largest dairy companies.

FrieslandCampina produces and sells consumer products such as dairy-based beverages, infant nutrition, cheese and desserts in many European countries, in Asia and in Africa via its own subsidiaries. Dairy products are also exported worldwide from the Netherlands. In addition, products are supplied to professional customers, including cream and butter products to bakeries and catering companies in West Europe. FrieslandCampina sells ingredients and half-finished products to manufacturers of infant nutrition, the food industry and the pharmaceutical sector around the world.

FrieslandCampina has offices in 32 countries and employs over 22,000 people. FrieslandCampina's products find their way to more than 100 countries. The Company's central office is based in Amersfoort, the Netherlands.

FrieslandCampina's activities are divided into five market-oriented business groups: 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 world's largest dairy cooperatives.

**Royal FrieslandCampina N.V.**

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