



FrieslandCampina 

nourishing by nature

Modern Slavery and Human Trafficking Statement 2020

This statement is published in accordance with the California Transparency in Supply Chains Act 2010, Section 54 of the United Kingdom Modern Slavery Act 2015 and the Australia Modern Slavery Act 2018. It sets out the steps undertaken by Royal FrieslandCampina N.V. (FrieslandCampina), the reporting entity, to prevent modern slavery in its business and supply chain. This statement applies to all FrieslandCampina subsidiaries for the financial year 2020.¹

Introduction

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

The following statement will provide an overview of (1) our business (including our company structure and supply chain), (2) our markets and products (including certain raw materials) in the United States of America, the United Kingdom and Australia, (3) our human rights governance and (4) policies and our due diligence process.

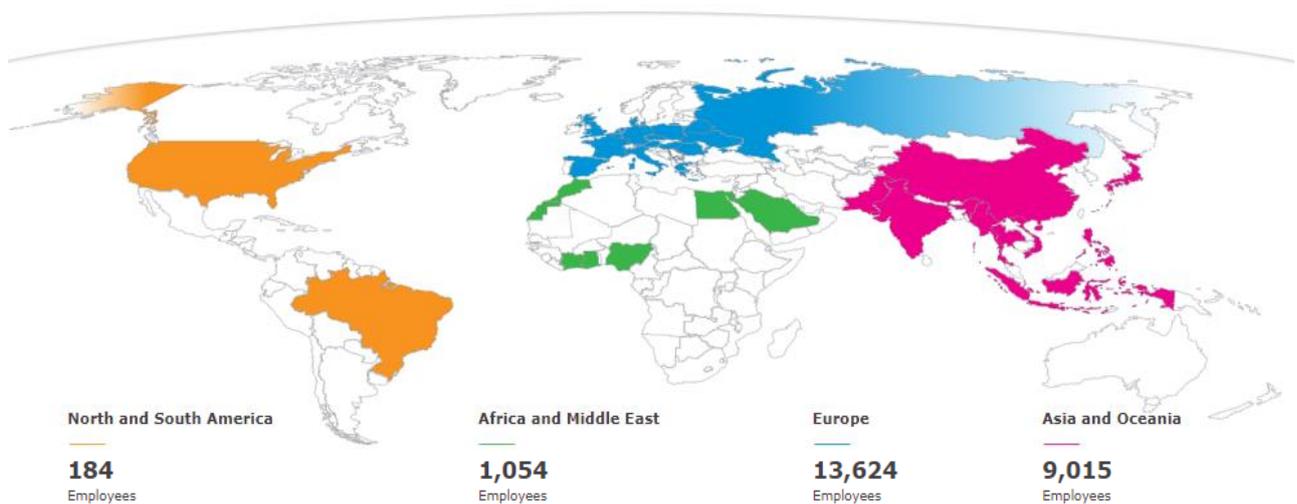
¹ All controlled subsidiaries, some local exceptions may apply. More information available on request. Principal subsidiaries can be found in the [2020 Annual Report](#). In 2020, our subsidiaries were not consulted in relation to this statement.

1. Our business

Fully owned by Zuivelcoöperatie FrieslandCampina U.A. and with 16,995 member dairy farmers in the Netherlands, Belgium and Germany, FrieslandCampina is one of the world's largest dairy companies. Our operations include the collection, processing, production of milk products for consumers such as milk, yogurt, cheese, infant nutrition and desserts, products for the professional market such as cream and butter products for consumers, as well as the provision of ingredients and semi-finished products for producers of infant nutrition, the food industry and the pharmaceutical sector in over 100 countries.

Our structure

Royal FrieslandCampina N.V. is headquartered in Amersfoort, the Netherlands and is the parent company of 62 principal subsidiaries². A detailed list of our principal subsidiaries can be found in our [2020 Annual Report](#). In 2020, FrieslandCampina had a revenue of over €11 billion.



Our supply chain

Being one of the largest dairy producers, the supply chain of FrieslandCampina is extensive. We source from over 11,000 farms in the Netherlands, Belgium and Germany (95% of total dairy volume). FrieslandCampina has branch offices in 38 countries. In total, we work with approximately 29,000 suppliers, amongst others raw materials, transport, and services.

² Principal subsidiaries are the entities that carry activities.



1. Our markets and products

FrieslandCampina has many brands for consumers available in supermarkets worldwide as well as brands for food services professionals and industrial customers. A detailed list of our main brands can be found on our [website](#).

Below, we highlight the brands sold in the United States of America, the United Kingdom and Australia.

United States of America

In the United States of America, we have 12 subsidiaries, which employ approximately 200 employees in total. The following subsidiaries are our main subsidiaries:

- **Jana Foods LLC., Iselin, New Jersey**
 - Primary markets cheese such as A Dutch Masterpiece, Kroon Cheese (produced in the Netherlands)
- **Best Cheese Corporation, Purchase, New York**
 - Primary markets cheese such as Parrano, Robusto, and Melkbus (produced in the Netherlands)
- **FrieslandCampina Ingredients North America Inc., Paramus, New Jersey**
 - The products that are marketed by FrieslandCampina Ingredients North America are purchased from FrieslandCampina Netherlands BV. Approximately 70% of products are produced in the Netherlands. The rest is produced in Australia, New Zealand and the United States of America



United Kingdom

- **FrieslandCampina UK Ltd., Horsham**
 - Markets flavoured milk drinks such as Yazoo®, Chocomel, and Barista coffee (produced in Belgium); Mondelice yogurt and dessert (produced in Germany)
 - Employs approximately 40 employees, 39 on direct FrieslandCampina contract



Australia

- **No principal subsidiaries**

- Multiple FrieslandCampina products sold, such as Kroon Cheese, Frico Cheese (produced in the Netherlands); milk products such as Black & White (produced in the Netherlands); and ingredients such as GOS (produced in Australia)
- No employees



Raw material

FrieslandCampina acknowledges it operates in a high-risk sector (agriculture). Our main ingredient is **dairy**. FrieslandCampina processes the raw milk produced by dairy farms owned by members of Zuivelcoöperatie FrieslandCampina U.A. FrieslandCampina processes this raw milk into dairy products and ingredients. Approximately 95% of the raw milk is produced by our member farmers in the Netherlands, Belgium and Germany; the other 5% by local dairy farmers in amongst others Nigeria, Vietnam, Thailand, Malaysia, Indonesia, Pakistan and Romania.

FrieslandCampina is a member of the Dairy Sustainability Framework, which aims to create a common framework for sustainable dairy farming across the sector. The Dairy Sustainability Framework includes aspects relating to child labour, forced labour and human trafficking.

Case study: Raising awareness on child labour

In the dairy farming sector, it can happen that children help their parents with certain tasks on the farm. For children this often forms part of growing up in a rural environment.

FrieslandCampina acknowledges that the agriculture is a sector with a relatively high risk of child labour and understands the distinction between family work (light tasks that do not harm the child in any way) and child labour (work that disrupts compulsory schooling and that damages health and personal development, on the basis of hours worked and working conditions, the child's age, the activities performed and existing dangers). Child labour is not tolerated by FrieslandCampina.

We make sure that our employees in our dairy supply chain will be trained on risks of child labour, the distinction with family work, and know how to act in case of child labour. We also will train our local dairy suppliers on the risks of child labour.

Regarding the products sold in the United States of America, the United Kingdom and Australia, we identify several raw materials that carry high modern slavery risks, as these raw materials are sourced in countries reported to have a high prevalence of modern slavery by international organisations and NGOs.

FrieslandCampina strives to source 100% of raw materials from sustainable sources. While we only purchase raw materials from sustainably managed sources and use SEDEX, a collaborative platform to assess (non-certified) suppliers, we acknowledge the

limitations of these approaches. Our sustainability and traceability achievements are audited every year.

In case of violation of applicable standards, FrieslandCampina engages with the supplier to remediate the damage. As a last resort measure, FrieslandCampina will end the relationship with the supplier.

For **cocoa**, FrieslandCampina is a member of the Dutch Initiative on Sustainable Cocoa (DISCO), a public-private partnership active in the Dutch cocoa and chocolate sector working to sustainably improve the livelihoods of current and future cocoa farming families, taking effective actions contributing to ending all forms of child labour.

We only purchase Rainforest Alliance certified cocoa (formerly UTZ). Sourcing countries include Ivory Coast and Ghana.

Another raw material used in some of our products is **palm- and palm kernel oil**. We only purchase Roundtable for Sustainable Palm Oil (RSPO)-certified palm- and palm kernel oil.

A list of our suppliers can be found [here](#) and a list of the mills that supply us further upstream in the palm oil supply chain [here](#). Most of our palm oil comes from Malaysia and Indonesia.

2. Our human rights governance

Considering the importance and specificity of human rights, from 2021 onwards, FrieslandCampina will have a Human Rights Committee in place. The committee will be responsible for discussing action required on current cases, monitoring and acting on key performance indicators (KPIs) progress, and providing guidance on the execution of strategy and policy implementation. Its members will include the Chief People Officer, the Corporate Affairs Director, the Organisational Development & Change Director, a human rights subject matter expert, and FrieslandCampina business representation. The Committee will meet every eight weeks.

Following the Committee's guidance, the human rights team will be responsible for designing and executing global programs and policies, providing expertise support to operating companies and acting as process owner in case of human rights issues. The team will gather representatives of business & human rights and sustainability departments and will meet every eight weeks, prior to the Committee's meeting.

Programs and policies will then be implemented and executed by operating company (OpCos) teams who will also provide input and report to the human rights team. OpCo Teams are composed of representative from legal, human resources and corporate affairs departments and meet on an as needed basis.

We intend to focus on modern slavery issues such as child labour, forced labour and debt bondage.

Our policies

In relation to human rights & modern slavery, FrieslandCampina adopted a **Human Rights Policy** in 2019. The policy was developed in collaboration with internal and external stakeholders and approved by the Executive Board. The policy is derived from international principles, including the United Nations Universal Declaration on Human Rights, the United Nations Guiding Principles on Business and Human Rights, and the OECD Guidelines for Multinational Enterprises. With this policy, FrieslandCampina commits to engage into a meaningful dialogue with stakeholders, especially those that may be potentially affected.

The Human Rights Policy covers modern slavery and human trafficking topics such as child labour, forced labour and access to remedy. In addition, specific modern slavery standards will be developed before the end of 2022 (including internal accountability standards and procedures in case these standards are not met by employees or contractors).

FrieslandCampina will investigate Speak Up concerns that qualify, raised by employees and stakeholders and, where appropriate and permitted by law, will take immediate, corrective measures in response to human rights violations. It will also use its grievance mechanisms to learn where existing policies and practices can be improved. We will start designing the monitoring of compliance with the Human Rights Policy as of 2021.

In relation to good business conduct in general, FrieslandCampina has several policies in place. In order to promote responsible entrepreneurship, FrieslandCampina applies its Code of Conduct: **Compass for Good Business Conduct** throughout its own operations. Among others, the code covers human rights, including child labour and forced labour. All employees are required to adhere to Compass. Compass is distributed among employees and can be accessed through the intranet and website.

Suppliers are also required to sign the **Business Practices for Business partners** as a supplement to a contract.

In case an employee or a third party has concerns about potential misconduct of FrieslandCampina or one of its employees, they may raise these concerns through **Speak Up** – FrieslandCampina's mechanism for addressing these concerns.

In case the concern raised relates to modern slavery issues such as child labour or forced labour, Speak Up is the channel to share those concerns. Speak Up is available 24/7 and allows reporters to remain anonymous through phone and web services operated by an external service provider.

Concerns related to salient human rights fall under the responsibility of the Integrity Committee. If deemed necessary, an investigation is initiated by the Speak Up Committee. Based on the investigation report and a recommendation by the investigators, the Integrity Committee decides on the case. Throughout the procedure, the reporter receives updates and is informed about the outcome. Concerns of retaliation following referral to Speak Up will be investigated.

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

3. Due Diligence

In 2020, FrieslandCampina carried out due diligence in the supply chain. From 2021 onwards, FrieslandCampina will take measures to follow up on identified risks, in accordance with the UN Guiding Principles on Business and Human Rights.

Risk assessment, prevention, mitigation

FrieslandCampina continuously works on improving its human rights performance, by conducting human rights due diligence. Several of the identified human rights risks may relate to or overlap with modern slavery risks. Risks identified as part of the 2020 risk assessment – for instance in relation to non-member dairy farmer milk supply - did not relate to the countries and products mentioned in the 2020 modern slavery statement. Details of the Human Rights Risk Assessment can be found in the 2020 Annual Report.

Currently, we do not carry out separate risk assessments or audits in respect of our suppliers with respect to modern slavery and human trafficking and no key performance indicators are used for measuring the effectiveness of our policies.

Ongoing efforts to combat modern slavery

FrieslandCampina is committed to strengthening its due diligence process. In 2021, measures will be taken to reduce identified modern slavery related risks. These efforts will be undertaken together with local teams. In addition, in coming years a policy will be developed regarding the position and deployment of contract workers and the working hours of those contract workers.

Effectiveness

In 2020, FrieslandCampina started monitoring its human rights progress on the basis of two KPI's, one of which relates to the total number of significant incidents of non-compliance with our human rights policy within our operations, in relation to child labour, forced labour, freedom of association, and working hours. In 2020, the number of Speak Up reports totalled 155, virtually the same number as in 2019 (156). Four Speak Up complaints are received in 2020 on human rights, specifically about the position of employees versus contract workers and freedom of association / working hours. Compliance with KPIs is assessed in our annual report by our external auditor.

Remediation

If there is an indication of modern slavery or a specific case is identified, or a Speak Up concern is raised, the Speak Up procedure will be activated. Where appropriate remedy will be provided.

Training and capacity building

In 2020, as part of human rights risk assessments, the management teams of nine participating countries (a total of 112 "key employees") were trained by FrieslandCampina human rights team on human rights including the United Nations Guiding Principles on Business and Human Rights. These employees were also trained on some of the human rights challenges faced by the company.

Additionally, a human rights training and awareness including modern slavery issues will be developed in 2021 and rolled out to strategic employees in 2021 and onwards.

Looking forward

Our human rights efforts are continuous work-in-progress in our organization. We expect to conduct risk assessments every two years and follow up on findings after each assessment. We will continue training our employees and integrating our human rights policy in our organization. Progress will be reported in the annual report.

Signed by:

Hein (H.M.A.) Schumacher

Chief Executive Officer
Royal FrieslandCampina N.V.

Hans (J.G.) Janssen

Chief Financial Officer
Royal FrieslandCampina N.V.

This statement was approved by the Executive Board of FrieslandCampina N.V. on 22nd June 2021.