



**FrieslandCampina** n.v.

nourishing by nature

# Modern Slavery Statement 2021

This statement is published in accordance with the California Transparency in Supply Chains Act 2012, Section 54 of the United Kingdom Modern Slavery Act 2015 and the Australian Modern Slavery Act 2018. It sets out the steps undertaken by Royal FrieslandCampina N.V. (hereinafter FrieslandCampina), the reporting entity, to prevent modern slavery in its business and supply chain. This statement applies to all FrieslandCampina subsidiaries for the financial year 2021.<sup>1</sup>

## 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 and operations (2) our governance and policies (3) modern slavery risks in our operations and supply chain, and (4) our due diligence process.

All subsidiaries have been informed on the statement before publishing, and the managing directors of the relevant reporting entities have been consulted.

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<sup>1</sup> All controlled subsidiaries, some local exceptions may apply. Principal subsidiaries can be found in the [2021 Annual Report](#).

## 1. Our business and operations

Fully owned by Zuivelcoöperatie FrieslandCampina U.A. with 15,703 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, and 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

FrieslandCampina is headquartered in Amersfoort, the Netherlands, and is the parent company of 62 principal subsidiaries<sup>2</sup>. A detailed list of our principal subsidiaries can be found in FrieslandCampina's [2021 Annual Report](#). In 2021, 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 10,564 farms in the Netherlands, Belgium and Germany. FrieslandCampina has branch offices in 32 countries. In total, we work with approximately 19,300 suppliers of, amongst others, raw materials, transport, and services.

### Our markets and products

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



<sup>2</sup> Principal subsidiaries are the entities that carry activities.

## **2. Our human rights governance and policies**

### **Our human rights governance**

Considering the importance and specificity of human rights, FrieslandCampina has a Human Rights governance in place. The Human Rights working group defines the FrieslandCampina standards and guidelines across our value chain, this group consist of experts from global functions e.g. Legal and Human Resources. This group meets bi-monthly. Secondly, the Human Rights committee is responsible for the implementation of the Human Rights agenda discussing actions required on current cases, monitoring and acting on key performance indicators (KPIs) progress, and providing guidance on the execution of strategy and policy implementation to the global functions. Its members will include the Chief People Officer, the Corporate Affairs Director, the Organisational Development & Change Director, the Global Director Legal and Business conduct, a human rights subject matter expert, and FrieslandCampina business representation. The Committee will meet quarterly.

Following the Committee's guidance, the human rights core 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.

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

### **Our policies**

#### **Human Rights Policy**

In relation to human rights & modern slavery, FrieslandCampina adopted a Human Rights Policy in 2019. The Human Rights Policy sets out FrieslandCampina's policy in the area of, for example, preventing child labour and forced labour, promoting freedom of association, and access to water and sanitary facilities. The policy is translated into guidelines which are implemented in 2022. The policy was developed in collaboration with internal and external stakeholders and approved by FrieslandCampina's 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 potentially be affected.

FrieslandCampina will investigate speak up concerns (Speak Up) that are 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.

#### **Compass for Good Business Conduct**

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 other topics, the code covers human rights, including child labour and forced labour. All employees are required to adhere to Compass. Compass can be accessed by employees through the intranet and by third parties through the website.

External business partners including 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 any of its employees, they are encouraged to raise these concerns through the **Speak Up** procedure, 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 report in their own language and 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 including recommendations 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 about the Speak Up procedure can be found [here](#). Implementation of the Compass programme (including Speak Up) is monitored by Corporate Business Conduct.

### 3. Modern slavery risks in our operations and supply chains

#### Modern slavery risks in our operations

FrieslandCampina has 65 production facilities in over 15 countries, where over 10,000 employees work. These facilities include production facilities for cheese, infant nutrition, milk (powder), ambient milk, yogurt, special types of butter and more. We follow strict safety and hygiene protocols so our employees can work safely and the products are of the highest quality. In addition to continuously inspecting our products and processes ourselves, we also rely on independent external authorities.

With our human rights risk assessments, we are able to identify possible modern slavery and human rights risks in our operations. In the 2020 risk assessments, a number of potential risks surfaced. For example, contract workers deserve special attention; their position is not well regulated in all countries where FrieslandCampina is active, which increases the risk that their right to freedom of association, in particular of trade unions, may not be respected or that they work excessive hours. We also discovered that more attention should also be paid to human rights training for employees. Another point of attention is fair wages and working hours. FrieslandCampina pays at least the legal minimum wage in all countries (and usually more than that), but that is not always enough to be considered to provide for a livelihood, which means that employees are inclined to work (voluntarily) overtime.

Each two years we will conduct a risk assessment, where each year other OpCos are assessed. We follow the OECD due diligence guidelines in assessing, addressing and developing plans to prevent and mitigate identified risks.

#### Modern slavery risks in our supply chains

FrieslandCampina acknowledges it operates in a high-risk sector (agriculture). Many of the products we make come from the member dairy farmers within our own chain. In addition, we make products for which we need ingredients from outside our chain, such as fruit, or raw materials for packaging. Purchasing these in a responsible and sustainable manner is important to us.

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.

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 the 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 and forced labour.

Another raw material used in some of our products is **palm and palm kernel oil**. We use palm oil for coffee creamer, fat powders, toppings and sweetened condensed milk.

We only purchase Roundtable for Sustainable Palm Oil (RSPO)-certified palm- and palm kernel oil. No less than 90% of the world's palm oil production comes from Indonesia and Malaysia, and 40% comes from farmers operating or producing on a small scale. We acknowledge that these countries are higher risk which is why we stand behind standards and principles of organisations such as RSPO as this methodology is the most efficient and effective way of audits and assurance. We acknowledge that sourcing from countries like Indonesia and Malaysia might create challenges with regard to living conditions, biodiversity and the environment. For that reason, our policy focuses on sustainable production, traceability, good incomes for farmers and the preservation of biodiversity. 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](#).

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.

#### **4. Assessing and addressing modern slavery risks**

To further identify human rights risks, FrieslandCampina completed various risk assessments in 2020. In 2021 we focused on following up on the findings of these assessments. For example, FrieslandCampina developed a human rights training module and started training employees who primarily come into contact with this topic. In 2021 a total of 345 employees were trained in recognising the risk of human rights violations. Aside from training, all operating companies were provided with additional guidelines with specific points of reference for implementing the policy.

##### **Risk assessment, prevention, mitigation**

FrieslandCampina continuously works on improving its human rights performance, by conducting human rights due diligence. Every two years, a human rights risk assessment will be conducted within FrieslandCampina operations. In 2022, a new risk assessment will be conducted. Several of the identified human rights risks may relate to or overlap with modern slavery risks and will be mitigated accordingly.

Currently, we do not carry out separate risk assessments or audits among 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. Each year, 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 2021, FrieslandCampina monitored 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 2021, the number of Speak Up reports totalled 151, virtually the same number as in 2020 (155). One Speak Up report has been received in 2021 on human rights, particularly about working hours and labour discrimination. 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**

FrieslandCampina makes an active contribution to banning human rights violations, including child labour and forced labour. FrieslandCampina aims to create a safe workplace and speak up environment, which allows all its employees to bring up any form of human rights violation for discussion.

In 2021, the Human Rights e-learning has been developed. From 2021 onwards, our employees will be trained via the e-learning. In 2021, in total 345 employees were trained in recognising the risk of human rights violations. Next to the mandatory training for employees the Human Rights digital environment is established which contains the Human Rights Policy and guidelines and is accessible to all employees.



## **Looking forward**

Our human rights efforts are continuous work-in-progress in our organisation. 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 organisation. Progress will be reported in the annual report.

In 2022 we expand the guidelines for our OpCos to give them further points of reference for implementing the Human Rights Policy. We continue to train employees, including managers, to enable them to recognise and train other employees about human rights risks to create a safe workplace environment. In addition, we take a next step in identifying and mitigating these risks by carrying out a second risk assessment. The findings from this analysis will be transformed into measures designed to further reduce the violation of human rights.



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 24<sup>th</sup> May 2022.