

ASSESSMENT

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Send Your Feedback

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Royal FrieslandCampina N.V.

Second Party Opinion – Sustainable Financing Framework Assigned SQS2 Sustainability Quality Score

We have assigned an SQS2 sustainability quality score (very good) to Royal FrieslandCampina N.V.'s (FrieslandCampina) sustainability-linked financing framework dated 10 February 2023. FrieslandCampina has established its sustainability-linked financing framework to finance general corporate purposes. The main feature of this type of financing is the variation of the bond or loan's financial and structural characteristics, depending on whether the issuer achieves the predefined sustainability objectives. The framework is aligned with the five core components of the International Capital Market Association's (ICMA) Sustainability-Linked Bond Principles (SLBP) 2020 and the Loan Market Association, Asia Pacific Loan Market Association and Loan Syndications & Trading Association's (LMA/APLMA/LSTA) Sustainability-Linked Loan Principles (SLLP) 2022, and demonstrates a significant contribution to sustainability.

Sustainability quality score

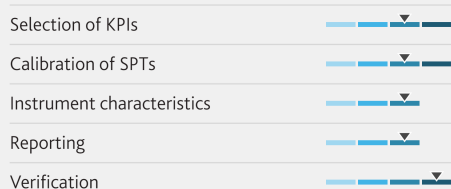
SQS2


Alignment with principles SUSTAINABILITY-LINKED

Overall alignment



FACTORS



Contribution to sustainability

Overall contribution



Expected impact

Relevance and magnitude

ADJUSTMENTS

ESG risk management No adjustment

Coherence No adjustment

Scope

We have provided a Second Party Opinion (SPO) on the sustainability credentials of FrieslandCampina's sustainability-linked financing framework, including the framework's alignment with the ICMA's SLBP 2020 and the LMA/APLMA/LSTA's SLLP 2022. Under its framework, the company plans to issue sustainability-linked bonds and sustainability-linked loans. The company selected four sustainability key performance indicators (KPIs), as outlined in Appendix 2 of this report. Our assessment is based on the last updated version of FrieslandCampina's framework on 10 February 2023. Our opinion reflects our point-in-time assessment of the details contained in this version of the framework, as well as other public and non-public information provided by the company.

We produced this SPO based on our [Framework to Provide Second Party Opinions on Sustainable Debt](#), published in October 2022.

Issuer profile

Royal FrieslandCampina N.V. (FrieslandCampina) is a Dutch multinational dairy cooperative based in the Netherlands and founded in 1871. The cooperative of dairy farmers, who are joint owners and supervisors of the company, is now one of the world's largest dairy companies with almost 16,000 member farmers. FrieslandCampina has branches in 32 countries and exports to more than 100 countries worldwide. As of year-end 2021, the company employed 22,038 workers.

FrieslandCampina is composed of four market-orientated business groups: food and beverage, trading, ingredients and specialised nutrition.

High reliance on natural capital, including land and water use; exposure to climate events; and potential changes in greenhouse gas (GHG) emissions regulation expose FrieslandCampina to high environmental risks. Furthermore, regulations and consumer preferences for greener products will drive changes in product offerings. The main social risks that companies in the sector face relate to potential consumer activism and boycotts; a reliance on external supply chains (raw materials) that could be exposed to responsible production issues; and changing consumer preferences.

Strengths

- » Science Based Targets initiative (SBTi) verified for both KPI 1 and KPI 2
- » Detailed information provided on the means for KPI 2 achievement
- » External verification conducted annually

Challenges

- » Market-based emissions reporting coupled with green energy certificates reduces the ability of KPI 1 to track and incentivize further energy efficiency improvements
- » Issuer's inability to provide historical data for KPI 3 makes benchmark analysis difficult for external stakeholders

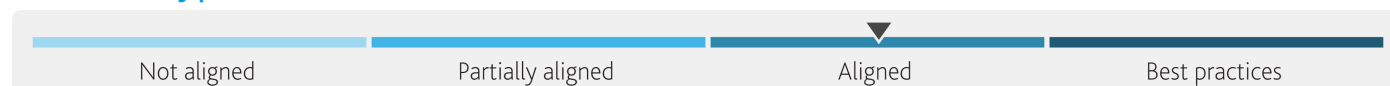
This publication does not announce a credit rating action. For any credit ratings referenced in this publication, please see the issuer/deal page on <https://ratings.moody's.com> for the most updated credit rating action information and rating history.

Alignment with principles

The sustainability-linked financing framework is aligned with the five core components of the SLLP 2022 and SLBP 2020:

- ☐ Green Bond Principles (GBP)
- ☐ Social Bond Principles (SBP)
- ☐ Green Loan Principles (GLP)
- ☐ Social Loan Principles (SLP)
- ☒ Sustainability-Linked Bond Principles (SLBP)
- ☒ Sustainability Linked Loan Principles (SLLP)

Selection of key performance indicators



Definition – ALIGNED

FrieslandCampina has clearly defined the KPIs, including the units of measurement, the rationale and process to select the KPIs, the calculation methodologies and the scope (see Appendix 2 for details). These details are disclosed in the company's audited annual public report. The company has selected KPIs covering scope 1 and 2 (KPI 1) and scope 3 (KPI 2) absolute emissions, as well as KPIs covering packaging materials designed to be recycled (KPI 3) and consumer products compliant with the FrieslandCampina Global Nutritional Standards (GNS) (KPI 4) — see Appendix 2 for details.

Measurability, verifiability and benchmark – ALIGNED

All KPIs selected by the company are measurable and externally verifiable by an independent auditor. KPI 1 and KPI 2 are SBTi verified, while KPI 3 and KPI 4 are verified by an external auditor. The calculation methodologies are consistent and in case of any future change, the issuer/borrower commits to informing investors/lenders. The definition of KPI 1 and KPI 2 depends on recognised metrics commonly used by the market to monitor and report on GHG emissions, allowing the KPIs to be benchmarked. Limited historical data for KPI 3 constrained the availability to perform a BaU analysis. FrieslandCampina has provided three years of historical data plus the baseline for KPI 1 and KPI 2 (that is 2015, 2019, 2020 and 2021). For KPI 3, the company provided one year of historical data (2020) and the baseline (2021) because there is no earlier comparable data as a result of FrieslandCampina's focus on the recyclability of plastic packaging, which was broadened to total packaging in 2020. For KPI 4, the company provided historical data from 2015 to 2020. However, the data is not directly comparable because it corresponds to the old methodology, which considers the former nutritional guidelines before the latest FrieslandCampina GNS update in 2020.

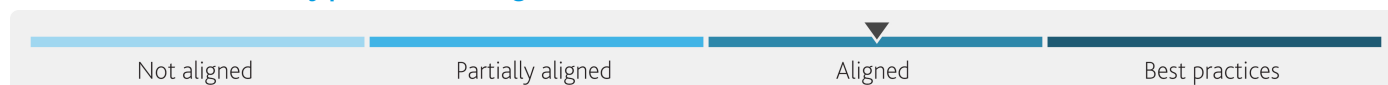
Relevance and materiality – ALIGNED

The selected KPIs are relevant, core and important to the issuer/borrower's business strategy for its current and future operations, and reflect the relevant sustainability challenges for the issuer/borrower's sector. The topics underpinning the KPIs are important in FrieslandCampina's materiality matrix (KPI 1 and KPI 2 as number one material topic, KPI 3 as number 10 and KPI 4 as number three). The level of relevance and the materiality of the KPIs are analysed in detail in the contribution to sustainability section.

Best practices identified

- » There is continuity or traceability, with independent verifiers, in case of a change in the methodology used to measure KPIs
- » The KPI related data is externally verifiable

Calibration of sustainability performance targets



Consistency and ambition – ALIGNED

The company's sustainability performance targets (SPTs) are consistent with the borrower's sustainability strategy. Environmental and social KPIs are related to FrieslandCampina's strategy guided by a long-term ambition to reach net zero by 2050 and contribute to food safety and security by providing healthy and sustainable nutrition.

The ambition of the SPTs was assessed using different benchmarks. KPI 1 and KPI 2 demonstrate an improvement beyond the business-as-usual (BaU) trajectory. Assessing KPI 3 presents some difficulties because of the insufficient availability of historical data, with only 2020 data available, limiting the ability to discern the level of significant improvement compared with the issuer's BaU. Concerning KPI 4, even though historical data is not directly comparable to SPTs because of methodological changes, it allowed comparison with the current level of ambitiousness which demonstrated that significant improvements were achieved in the past (2015-2020). In terms of peers and international standards, KPI 1 and KPI 2 are more ambitious than those of peers and are aligned with international standards. KPI 3 is broadly aligned with peers and legal requirements. KPI 4 indicates a higher level of ambitiousness than most of its peers. The benchmark against international standards was not conducted for KPI 4 because the company's guidelines deviate, even so slightly, to allow for the nuances of the business. The level of ambition of the SPTs has been analyzed in detail in the contribution to sustainability section.

The means for achieving the SPTs, as well as any other key factors beyond the issuer's direct control that may affect the achievement of the SPTs, are disclosed to the investors/lenders. The means are considered credible.

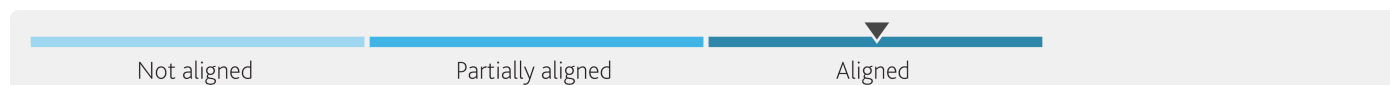
Disclosure – BEST PRACTICES

The timeline, baseline and trigger events until the maturity of the bond/loan will be publicly disclosed in the instrument's documentation. The issuer/borrower has shared the rationale for choosing the baseline year for all KPIs. The selected baselines are relevant and reliable. The company has disclosed the means for achieving the SPTs, as well as any other factors beyond the issuer/borrower's direct control that may affect the achievement of the SPTs. We consider the means credible, with the company taking actions and initiatives to achieve the SPTs.

Best practices identified

- » Disclosure of the means for achieving the SPTs as well as their respective contribution in quantitative terms to the SPTs, as well as any other key factors beyond the issuer/borrower's direct control that may affect the achievement of the SPTs
- » The means for achieving the SPTs are credible
- » Disclosure of the timeline, baseline and trigger events, including relevant intermediate targets
- » The selected baselines are relevant and reliable

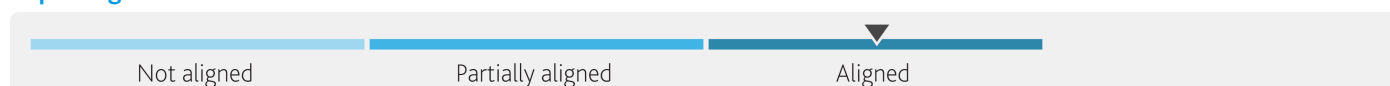
Instrument characteristics



Variation of structural characteristics – ALIGNED

FrieslandCampina has confirmed that instruments issued under its financing framework will be subject to variations in their structural and financial characteristics depending on the achievement of the selected KPIs and applicable SPTs on the target observation dates. The exact mechanism and impacts will be detailed for each instrument in the corresponding financing instrument documentation (i.e., final terms). The relevant final terms of a given instrument issue will specify the KPIs, SPTs and trigger event applicable to that specific issue. FrieslandCampina will notify the relevant stakeholders of the achievement or not of the SPTs as soon as possible in any event by the deadline specified in the relevant financing instrument documentation. The issuer commits to always using KPI 1 in conjunction with KPI 2.

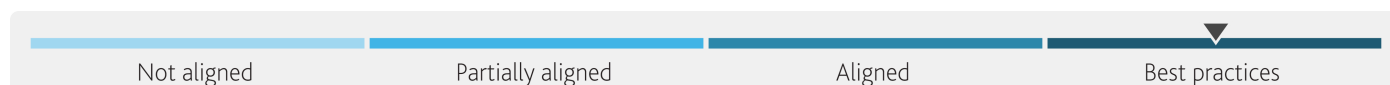
Reporting



Transparency of reporting – ALIGNED

The issuer has committed to disclose all relevant information in its annual report. The reporting will be published annually and for any significant changes for the whole period that is relevant for assessing the SPTs and related trigger event. The intended scope and granularity of reporting are clear and cover information on the performance and monitoring of the selected KPIs and any relevant information enabling investors to monitor the progress of the SPTs. The reporting will also include a verification assurance report relative to the SPTs outlining the performance against the SPTs and its related impact, as well as the timing of such impact, on an instrument's financial performance. When relevant, information may also include any reassessments of the KPIs, a restatement of the SPTs, and pro forma adjustments of baselines or the KPI scope.

Verification



Verification process – BEST PRACTICES

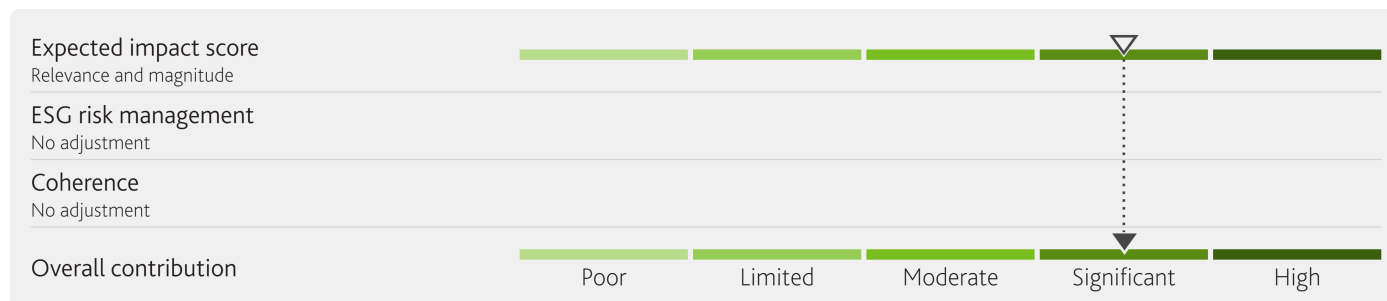
The performance of each KPI against the SPT will be externally verified on an annual basis and in case of significant changes affecting the SLB/SLL's financial and/or structural characteristics, until the last trigger event. On the score observation date, an independent external auditor will provide a verification assurance report outlining the KPIs' performance. The verification of the performance of the KPIs against their SPTs will be publicly disclosed on the company's website.

Best practices identified

- » Verification will be conducted until maturity of the bond or loan

Contribution to sustainability

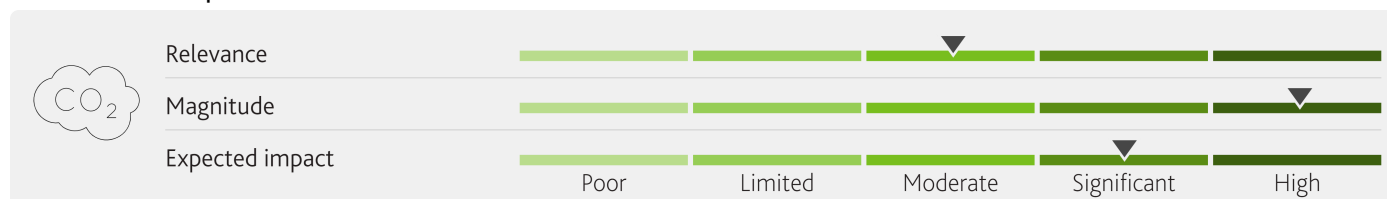
The framework demonstrates a significant expected contribution to sustainability.



Expected impact

The expected impact of the environmental and social KPIs and SPTs on sustainability objectives is significant. Because of the lack of information on how the KPIs will be weighted for individual issuances, we assume that the KPIs are equally weighted. While acknowledging the critical role that dairy products play in providing affordable essential nutrients to consumers, it is also important to recognize the significant contribution of alternative solutions, such as plant-based alternatives, to the environment. According to IPCC¹, halving the consumption of meat, dairy products and eggs in the European Union (EU) would lead to a 40% reduction in ammonia emissions and a 25%-40% reduction in non-CO₂ GHG emissions, primarily from agriculture. An increase in the share of plant-based products will play an important role in accelerating the issuer's 2030 target and achieving the 2050 net zero target.

KPI 1 - Absolute scope 1 and 2 GHG emissions in kt CO₂



KPI 1 reflects a significant sustainability challenge for FrieslandCampina's current and future operations, and relevant sustainability challenges for the dairy sector. The relevance of KPI 1 is reflected in FrieslandCampina's materiality report, which ranks GHG emissions in factory and transport as the top sustainability challenge. In our environmental risk heatmap for agriculture we consider the sectors exposure to climate events and potential changes to GHG emissions regulations as high risks. The scope of the KPI includes emissions from fuel combustion in production facilities and processes, as well as from the transportation of milk. FrieslandCampina intends to reduce emissions by incorporating technologies such as filtration, mechanical vapour recompression and on-site renewable energy production. KPI 1 captures only 4% of FrieslandCampina's total GHG emissions, limiting its role in reducing the overall emissions. While the company reports on both location-based and market-based emissions in its scope 2 GHG accounting, the KPI only tracks the market-based emissions which is accounted as zero. Such market-based methodology, applied through the purchase of green energy certificates, raises concerns as it does not correlate with the actual energy use nor captures energy efficiency improvements (or deteriorations). Lack of a location-based method for KPI 1 is not an accurate reflection of scope 2 because renewable energy generation projects do not always result in a reduction in electricity consumption nor a physical reduction in emissions from fossil fuel consumption from the grid. This is because the renewable energy supplied to the grid is usually balanced by an increased demand for electricity from the grid. An increase in FrieslandCampina's overall energy use will contribute to this demand and likely result in the rise of grid emissions as well. For these reasons, although the issuer has committed to using KPI 1 in conjunction with KPI 2 (scope 3), the overall relevance of KPI 1 is moderate because of the aforementioned limitations in the scope 2 accounting methodology.

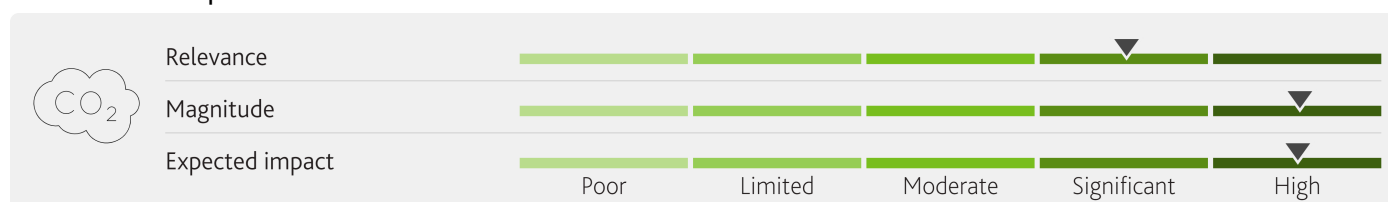
The magnitude of the ambition of KPI 1 SPT is high, based on a combination of benchmarking approaches, and the assessment of the means for achievement presented by the issuer. The selected SPT demonstrates an overall high ambition and is more ambitious than the company's BAU trajectory. The objective to reach 365 kiloton of carbon dioxide equivalent (kt CO₂e) of scope 1 and 2 GHG emissions by 2030 would represent a 63% reduction in absolute emissions from the 2015 baseline or a 6.4% annual average reduction. The SPT is considered more ambitious than the BAU trajectory because the 2030 estimate (versus 2021) demonstrates a 47.2%

reduction with an annual average reduction of 6.8%, while the actual 2021 reductions (versus 2015) were 30% and 5.8%, respectively. Of note, the choice of using market-based emissions in this KPI could lead to potential pitfalls as discussed earlier in this section.

In terms of performance, the issuer appears to be one of the most ambitious compared with its direct peers in Europe and overseas. Bel Group's target is 75.60% by 2035 (versus 2017), demonstrating a similar trend to FrieslandCampina. Arla is on the same trajectory with a 63% target by 2030 (versus 2015). Lactalis Group, Fonterra and Danone are less ambitious, with reduction targets of 50% by 2033, 30% by 2030 and 50% by 2030, respectively. In terms of international competitors, Meiji Holding targets 50% by 2031, Synlait targets 45% by 2028 and Yili Group has not disclosed its targets.

Compared with international standards, the issuer's target has been independently validated by the SBTi and confirmed to be fully aligned with its 1.5 C scenario. Although being aligned with the SBTi is broadly considered the best market practice because companies' carbon reduction targets are in line with climate science, it is also important to acknowledge that there are limitations with offsetting scope 2 emissions through the green energy certificates.

KPI 2 - Absolute scope 3 emissions in Mton CO₂e



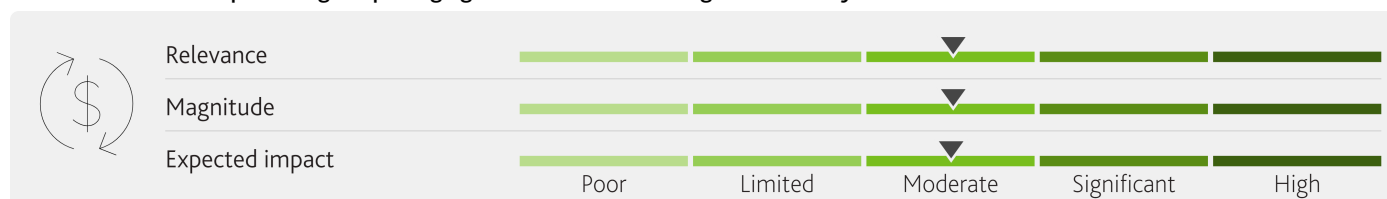
KPI 2 is a significant sustainability issue for FrieslandCampina's current and future operations, and is a relevant sustainability challenge for the industry sector. It covers 78% of FrieslandCampina's total reported emissions as of 2015, and the issuer commits to always using KPIs 1 and 2 together, representing 82% of the total GHG emissions. Considered high risk in our environmental risk heat map, the reduction in scope 3 emissions also reflects FrieslandCampina's number one sustainability challenge "GHG emissions at farms" on its materiality matrix. Included in scope 3 are emissions from member dairy farms' milk production and other upstream supply-chain processes, including purchased dairy products and basic dairy products, packaging, select raw materials and external manufacturing. Challenges remain in expanding the scope of this KPI because downstream emissions have been excluded as reduction strategies are still undergoing development.

The magnitude (ambition) of the SPTs is high, based on a combination of benchmarking approaches. It represents an ambitious trend compared with the BAU trajectory. The objective is to reduce scope 3 emissions in 37.5% to 12,518 KtCO₂e in 2030 from 20,016 KtCO₂e in 2015. This equates to an average annual variation of 3.1%. The SPTs are considered more ambitious than the BAU trajectory, with the total variation for 2030 (versus 2021) at 30.4% and an annual average variation of 3.9%, compared with those for 2021 (versus 2015) at 10.1% and 1.8%, respectively.

In terms of performance, the issuer appears to be one of the most ambitious compared with its direct peers in Europe and overseas. Arla, Danone and Kerry Group all have 30% targets by 2030 and Bel Group has a target of 25% by 2035. By virtue of not having a scope 3 target, Fonterra and Lactis Group are less ambitious than FrieslandCampina. Peers in overseas markets also demonstrate a less ambitious target, including Synlait at 30% by 2028 (versus 2020), Meiji Holdings at 30% by 2031 (versus 2020) and Yili Group without a target.

Compared with international standards, the issuer's target for scope 3 was thoroughly evaluated and reviewed by SBTi as part of the validation process for scope 1 and 2 temperature alignment. Although SBTi does not classify scope 3 targets by temperature and validate them, FrieslandCampina's scope 3 targets are considered aligned to the 1.5 C scenario. Of note, there is currently no applicable sector-specific standard on emissions.

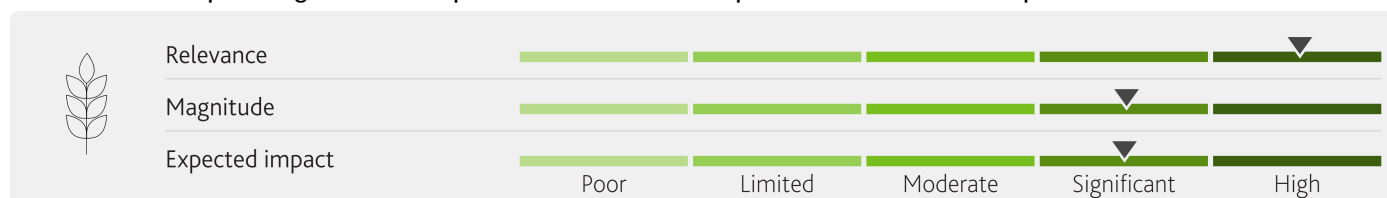
Certain limitations have been identified related to the credibility of the means for achievement. While the NH₄, N₂O and CO₂ reduction through improvements in feed, breeding and better manure management appears to be largely credible, the impact of carbon storage in the soil remains a concern. Its impact could potentially be weak because of ecological uncertainties, risks of non-permanence from the reversal in land use or changes in market practices. Such risks could eventually reverse storage efforts and lead to carbon losses from the soil.

KPI 3 - Increase in the percentage of packaging materials that are designed to be recycled

KPI 3 reflects one of the significant sustainability issues for FrieslandCampina's current and future operations, and relevant sustainability challenges for the industry sector. Covering 100% of the sales volume, the recyclability of packaging ranks 10 on FrieslandCampina's materiality matrix and our environmental risk heat map does not include packaging as high risk. With half a million tonnes of dairy products wasted every year and around 2.5 litres of wastewater generated for every litre of milk produced, water and food waste appears to be the most important in the waste management category ([FAO](#)). In low-income countries, on average, loss of milk and dairy products during post-harvest handling and storage, as well as during distribution and retail, is relatively high at 7% and 9%. Although KPI 3 addresses an important issue of waste management for the sector, it does not contemplate the full circularity potential by integrating the use of recycled packaging for its products. Reducing unnecessary packaging and reusing certain parts of packaging take precedence in the [waste hierarchy](#) (reduce, reuse and recycle), and such efforts are left out of scope in this KPI.

The magnitude (ambition) of this KPI is moderate, based on a combination of benchmarking approaches. BAU assessment only dates back to 2020 because before this date, only the recyclability of plastic packaging was measured. SPTs leading up to the 2025 target year (versus the 2021 baseline) demonstrate a less ambitious average annual variation of 1.4% than 3.4% in 2020 (versus 2021). The inability to achieve 100% recyclability by 2025 is explained by the technical challenges in recycling the remaining parts of packaging (e.g., sleeves, plastic on aerosols). Although further technological advancement would overcome such challenges, the actual means of achievement remain unclear. The issuer's target appears to be aligned with local peers. Although the vast majority of the sector has 100% recyclable packaging targets for 2025 (in some cases, only plastic), scopes and baselines are, in many cases, different thereby constraining the ability to benchmark. Some peers seem less ambitious in defining the scope of packaging recyclability (restricting it to some countries or brands). In contrast, others include more ambitious targets, such as the percentage of recycled materials in packaging or a reduction in packaging volume.

As of today, there are no sector standards for the percentage of recyclable packaging. Therefore, the benchmark assessment cannot be conducted. However, in the EU, where around 45% of the issuer's revenue is derived, the regulatory target for recycled packaging appears to be relatively ambitious. For example, in the Netherlands, national legislation requires all plastic packaging to be recyclable by 2025, and all packaging manufacturers to use a certain percentage of recycled materials in their products (to be increased each year) while also being responsible for recycling and collecting the final waste. By 2030, [EU](#) legislations require plastic packaging should be 55% recycled, and 100% recyclable. Although FrieslandCampina's SPTs appear to be largely aligned with the EU's regulatory requirement, challenges remain in increasing the recycled rate to 55% in 2030 from 26% in 2021 (28.2% in 2020). While the ability to recycle packaging is partially dependent on the local government's capacity and regulation, further efforts should be made by the issuer to facilitate collecting, reusing, recycling and composting in practice.²

KPI 4 - Increase the percentage of consumer products on the market compliant with the FrieslandCampina Global Nutritional Standards

KPI 4 reflects a highly significant sustainability issue for FrieslandCampina's current and future operations, and relevant sustainability challenges for the industry sector. According to the issuer's materiality matrix, healthy products with nutritional value are one of the most significant issues (number three out of 25) for the issuer and its stakeholders.

The Food and Agriculture Organization (FAO) argues that the prevalence of undernourishment increased to around 9.8% in 2021 from 8.0% in 2019. Updated forecasts indicate that around 670 million people will still suffer from undernourishment in 2030, or 8% of

the total world population. In both rich and poor countries, low disposable income is one of the main obstacles to accessing nutritious foods, and more than 3 billion people cannot afford the average cost of the cheapest healthy diet³. Children in low- and middle-income countries are more exposed to nutrition deficiency in the prenatal and infant stages, as well as in the initial years of childhood. While they are concurrently being exposed to high-fat, high-sugar, high-salt, energy-dense and micronutrient-poor foods, which are usually cheaper but also inferior in nutrient quality⁴. Governments across the world are introducing taxes, nutrition labelling and marketing restrictions on products that are high in fat, sugar and salt to discourage its excessive consumption and prevent health issues, which strain public resources. Amid this change in the regulatory environment, food manufacturers face the challenge of adapting their products to meet the guidelines established by the new policies.

KPI 4 covers 53% of the consumer products volume in scope (around 63% of sales), of which lower-income countries targeted by the company (Indonesia, Pakistan, the Philippines and Sub-Saharan Africa [Nigeria and Ivory Coast]) represent 29% of total consumer product sales. The company is focusing its efforts on lower-income countries to achieve the KPI 4 because higher-income countries have already reached their maximum compliance potential with the FrieslandCampina GNS. The current level of GNS compliance in lower-income countries is 56%, and to achieve the overall KPI 4 target of 74% by 2025, a growth of 13% is needed.

The company is already implementing measures to increase the nutritional value of its products and has been adapting its GNS to the different methodological changes from the Choices International Foundation since 2016.

The magnitude of the ambition of KPI 4 is significant, based on a combination of benchmarking approaches. The issuer was able to provide non-comparable historical data corresponding to the former methodological guidelines, demonstrating that significant improvements were achieved in the past (2015-2020). The issuer's target appears to be further ambitious than most of its peers who do not necessarily align themselves with a global standard for their nutritional targets. Moreover, FrieslandCampina is committed to targeting its products to consumers from vulnerable countries with a higher risk of undernutrition or micronutrient deficiencies. The company generates its own nutritional guidelines taking as reference the Choices International Foundation standards, which is based on World Health Organization's guideline⁵ and indicates the levels of required nutrients more meticulously than many national regulations in lower-income countries in which the company has a presence. The company states that it strongly aligns its own GNS to these externally set of standards and only has minimal deviation to allow for the nuances of FrieslandCampina's business.

ESG risk management

We have not applied a negative adjustment for ESG risk management to the expected impact score. Although the nature of its operations can create potential environmental risks, the company seems to detain robust internal policies and procurement processes addressing ESG matters. However, some challenges related to animal welfare remain in the dairy sector overall⁶.

Coherence

We have not applied a negative adjustment for coherence to the expected impact score, because the issuer's policies were coherent with the selected KPIs and SPTs. KPI 1 and KPI 2 targeting the reduction in GHG emissions is part of FrieslandCampina's strategy and its half-year report makes reference to their Climate Plan published in April 2022, with its targets validated by SBTi confirming those related to global production and its transport activities are in line with the Paris Climate Agreement. KPI 3 on recyclability and KPI 4 on nutritious foods are aligned with the overall strategy of the company, which aims to achieve circularity and provide affordable nutrition.

Appendix 1 - Mapping KPIs to the United Nations' Sustainable Development Goals

The four KPIs included in FrieslandCampina's framework are likely to contribute to six of the United Nations' Sustainable Development Goals (SDGs), namely:

UN SDG 17 Goals	KPI	SDG Targets
GOAL 1: No Poverty	KPI 4 Increase the percentage of consumer	1.5: Build the resilience of those in vulnerable situations and reduce exposure to climate-related events and other disasters
GOAL 2: Zero Hunger	KPI 4 Increase the percentage of consumer	2.1: End hunger and ensure access by all people to safe, nutritious and sufficient food all year round
GOAL 2: Zero Hunger	KPI 4 Increase the percentage of consumer	2.2: End all forms of malnutrition and address nutritional needs of children, pregnant and lactating women and older persons
GOAL 8: Decent Work and Economic Growth	KPI 3 Increase the percentage of packaging	8.4: Improve global resource efficiency and endeavour to decouple economic growth from environmental degradation
GOAL 12: Responsible Consumption and Production	KPI 3 Increase the percentage of packaging	12.5: Substantially reduce waste generation through prevention, reduction, recycling and reuse
GOAL 13: Climate Action	KPI 1 Absolute Scope 1 & 2 GHG Emissions in kt CO ₂ , KPI 2 Absolute Scope 3 Emissions in Mton CO ₂ e	13.1: Strengthen resilience and adaptive capacity to climate-related hazards and natural disasters in all countries

The mapping of the United Nations' SDGs in this SPO considers the KPIs and associated sustainability objectives documented in the issuer's financing framework, as well as resources and guidelines from public institutions, such as the ICMA's SDG Mapping Guidance and the UN's SDG targets and indicators.

Appendix 2 - Summary of KPIs in FrieslandCampina's framework

Environmental KPI	Baselines		SPTs		Sustainability Objectives	Unit
	2015	2021	2025	2030		
Absolute Scope 1 & 2 GHG Emissions in kt CO2	987	691	N/A	365	Climate Change Mitigation and Adaptation	kt CO2
Absolute Scope 3 Emissions in Mton CO2e	20,016	17,989	N/A	12,517	Climate Change Mitigation and Adaptation	kt CO2
Increase the percentage of packaging materials that are designed to be recycled	N/A	90% (Baseline)	95%	N/A	Responsible Consumption and Production, Climate Action.	% circularity

Social KPI	Baseline	SPT	Sustainability Objectives	Unit
	2020	2025		
Increase the percentage of consumer products on the market compliant with the FrieslandCampina Global Nutritional Standards	70%	74%	Zero Hunger, Good Health and Well-Being.	% of consumer products on the market compliant with FrieslandCampina GNS

Moody's related publications

Second Party Opinion analytical framework:

» [Framework to Provide Second Party Opinions on Sustainable Debt](#), October 2022

Topic page:

» [ESG Credit and Sustainable Finance](#)

Endnotes

[1 IPCC Special Report on Climate Change and Land](#)

[2 Ellen Macarthur Foundation - Our vision for a circular economy for plastics.](#)

[3 FAO - 2022 The state of food security and nutrition in the world](#)

[4 World Health Organisation - Obesity and overweight, 9 June 2021](#)

[5 Joint WHO/FAO consultation \(2003\). Diet, nutrition, and the prevention of chronic diseases. Joint WHO/FAO consultation: Geneva. Technical Report Series No. 916](#)

[6 Invited review: The welfare of dairy cattle — Key concepts and the role of science](#)

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