



FrieslandCampina [nl](#)

nourishing by nature

On the way to net climate-neutral dairy in 2050

Our progress in 2022



Introduction

Nourishing by nature is what drives us at FrieslandCampina. Our aim is to provide better nutrition for people all over the world, and a good living for our farmers, now and for generations to come.


This also means that we aim to produce nutrition in balance with nature and climate. Our sustainability programme *Nourishing a better planet* is all about making our value chain integrally sustainable and includes six priorities. Significantly reducing the greenhouse gas emissions of our operations – and thus make a contribution to the Paris Agreement’s climate targets – naturally is one of the priorities of *Nourishing a better planet*.

The climate plan we published in 2022 includes our climate targets and shows what we have accomplished in recent years, what we are confronted with today, what our plans are and what we are doing to implement these plans. It also provides insight into the methods we use to calculate and report our targets and the reductions we achieved.


[Download the climate plan](#) 

Nourishing a better planet


Six priorities

 **Better nutrition**
affordable for everyone

 **Better living for farmers**

 **Better climate**
climate-neutral future

 **Better nature**
improving biodiversity

 **Better packaging**
100% circular

 **Better sourcing**
100% responsible

Progress in 2022

In this 2023 addendum to the climate plan, we demonstrate the progress FrieslandCampina has made in implementing its climate plan in 2022, and the steps we will take in 2023 to achieve our targets for 2030. On the way to net climate-neutral dairy in 2050.



Our climate goals

Good nutrition, produced in balance with the planet

Greenhouse gas emissions 2015-2030

↓ -63% Scope 1&2 production & transport

↓ -33% Scope 3 milk from our farmers

↓ -43% Scope 3 other* e.g. raw materials and packaging

2050 Net climate-neutral dairy (scope 1, 2, 3)

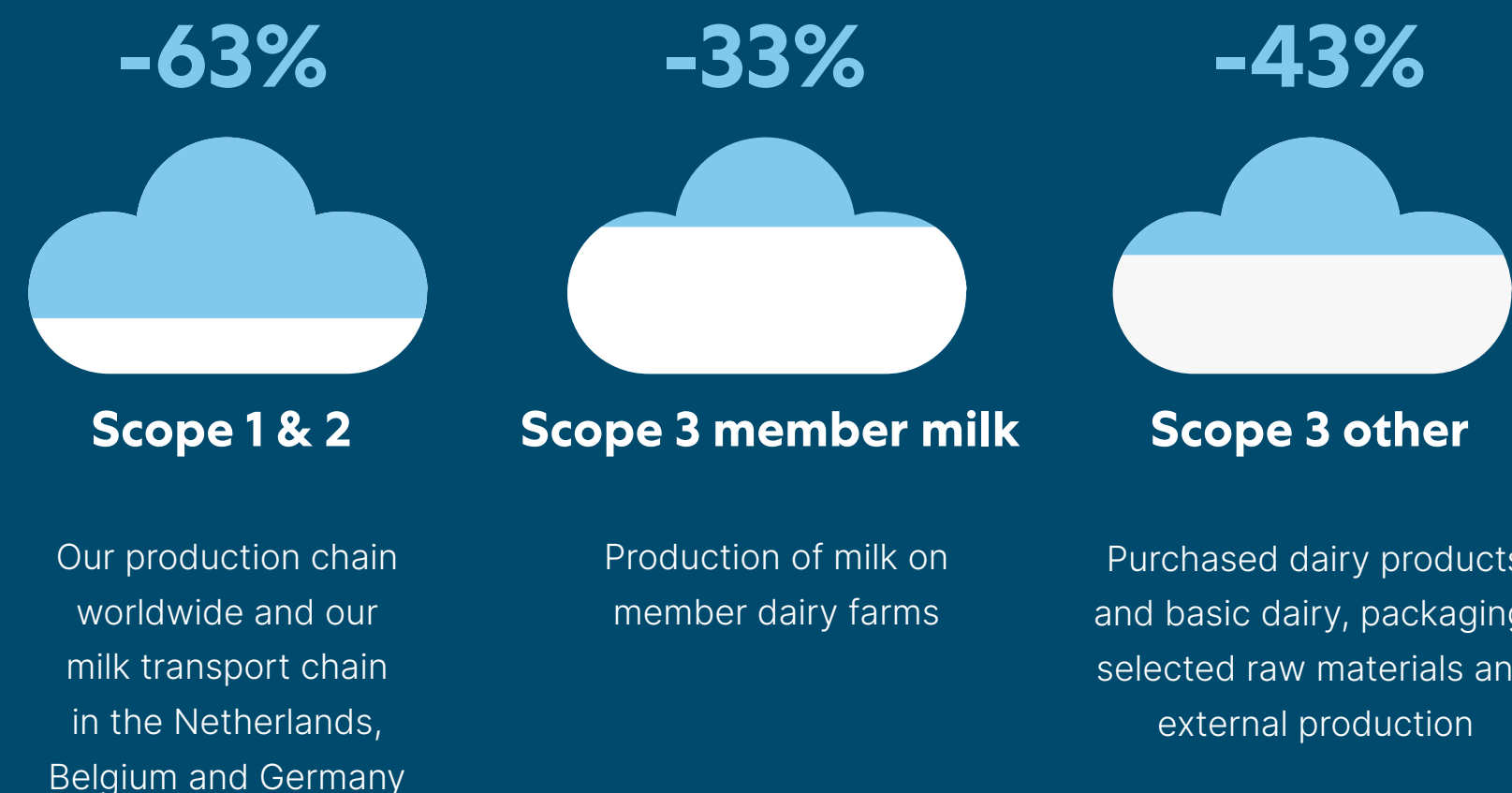
Goal: in line with the Paris Agreement Limit warming to 1.5 °C

*Targets set at 70% of the category of emissions

Our climate targets for 2030

Our 2030 climate goals

Greenhouse gas emissions 2015-2030



Targets set for >70% of the total scope 3 emissions. Our climate targets have been validated by SBTi in June 2022. SBTi has classified our scope 1 and 2 targets as in line with a 1.5°C course of action.

FrieslandCampina's emission reduction targets contribute to the Paris Agreement's 1.5°C target

We consider it important for our climate targets and actions to be specific, measurable and effective. The globally leading Science Based Targets initiative (SBTi) has assessed our climate targets. SBTi is an initiative of the United Nations Global Compact, the World Resources Institute (WRI), the World Wide Fund for Nature (WWF) and CDP. More than 3,000 companies globally are affiliated with the SBTi. SBTi has concluded that FrieslandCampina's 2015-2030 greenhouse gas reduction targets aiming for a reduction of 63% in its scope 1 and 2 emissions are in line with the 1.5 degree Celsius targets of the Paris Agreement. It has also concluded that FrieslandCampina is committed to reducing the absolute greenhouse gas emissions of scope 3 by 37.5% within the same time period.

SBTi FLAG

In 2022, SBTi published guidelines for emissions from Forest, Land and Agriculture (FLAG). For FrieslandCampina this means that we will be breaking down our SBTi targets into fossil emission and FLAG emission targets. We will do this before the end of 2024.

Greenhouse Gas Protocol

Our progress is reported in our annual reports. We use the relevant Greenhouse Gas Protocols for this purpose.

Scope 1 & 2



Milk transport & production

Scope 3 member milk



Greenhouse gas emissions from milk production on member dairy farms

Scope 3 other



Procured dairy products Selected raw materials Packaging

Scope 3 other: targets to be set



Facilities and other Other raw materials Transport & warehousing Retail & B2B Customers End of life packaging


Climate plan implementation in 2022

Reported 2022 results

Nourishing a better planet Better climate

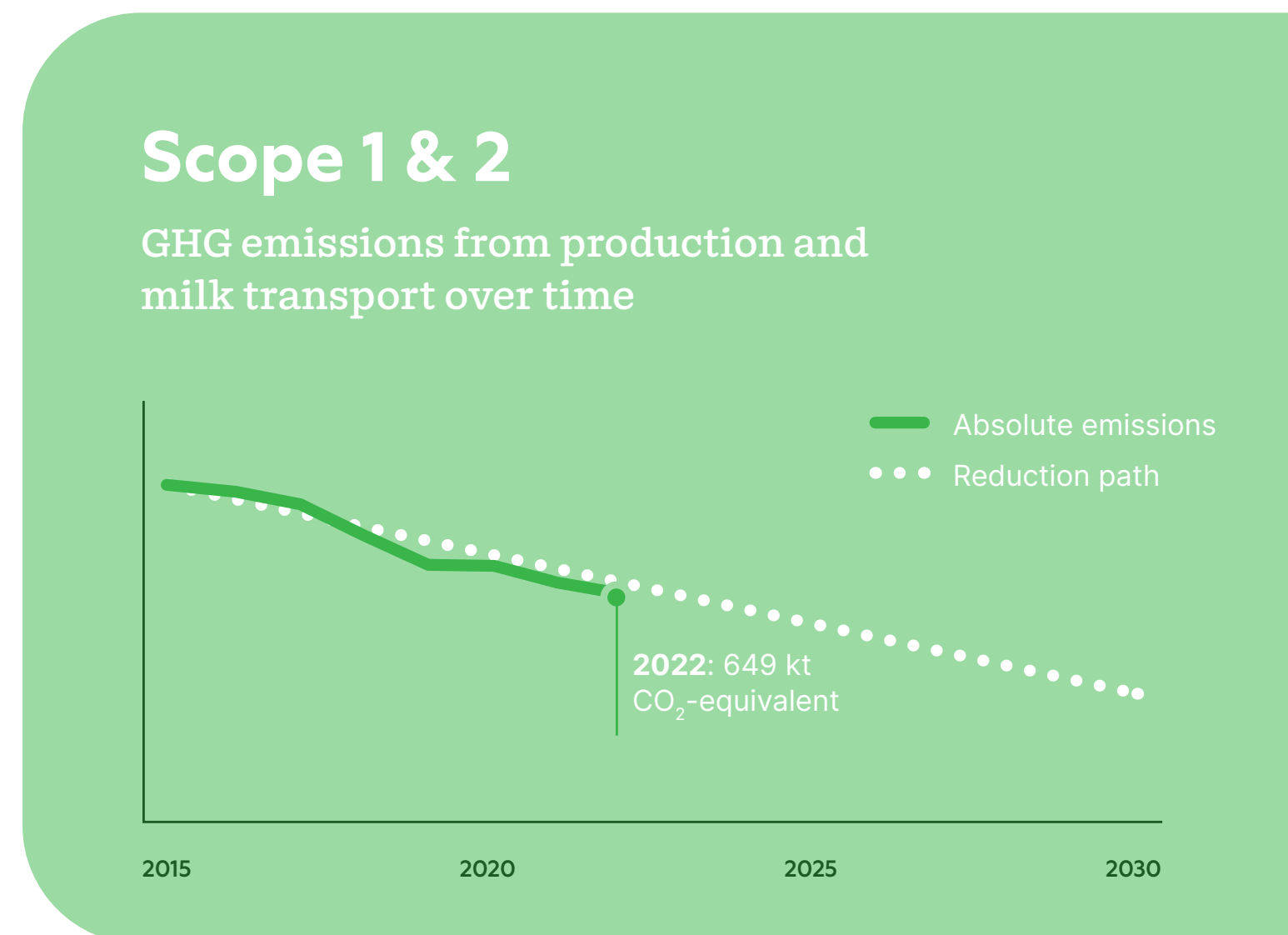
	2022	2021	Δ%
Greenhouse gas emissions from production and transport (scope 1 and 2) – kt CO ₂ equivalent	649	691	-6.1
Greenhouse gas emissions on member dairy farms (scope 3 - member milk) – kt CO ₂ equivalent	10,823	11,099	-2.5
Use of 'green electricity' (percentage of total electricity consumed at production facilities)	100	100	
Green electricity consumption from own chain (percentage; produced by member dairy farmers and others)	53	50	
Energy consumption (GJ/tonne product)	2.72	2.79	-2.5
Recyclable packaging (percentage)	91	90	
Dairy Development (number of local dairy farmers in Dairy Development countries participating in a training programme)	70,101	70,385	-0.4



For more information about Royal FrieslandCampina N.V.'s developments and results in 2022, see our [annual report](#) 

Scope 1 & 2

Milk transport and production



Results and developments 2022

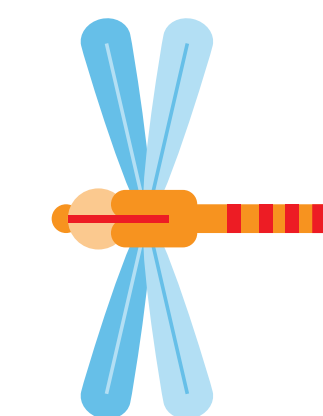
- 100% green electricity consumption of our production facilities, new own solar generation in Maasdam, the Netherlands and San Pedro Laguna, Philippines
- Investments in new CO₂-reducing processes such as the new reverse osmosis plant in Lutjewinkel, the Netherlands

- Stop powder production in Dronrijp and Leeuwarden, the Netherlands
- Closure of production facility in Laksi, Thailand

Sustainability tool

- DOT Climate dashboard for our production facilities

-6.1%
GHG emissions
2021-2022



Optimisation of production network

In 2022, greenhouse gas emissions from production and milk transport (scope 1 and 2) decreased by 6.1 percent, in comparison to 2021, to 649 kt CO₂ equivalent (2021: 691 kt). This reduction in emissions was the result of various initiatives, such as investments in new energy efficient processes. This includes the new reverse osmosis system in our plant in Lutjewinkel in the Netherlands. In addition, we optimised the production network. This has resulted in the closure of powder dryers in Dronrijp (2021) and Leeuwarden (2022) in the Netherlands, the closure of the fresh product production facility in Laksi, Thailand (2022) and the disposal of powder

installations in Aalter, Belgium (2021). Decreased production volumes and the lower production of CO₂-intensive products, such as milk powder, also contributed to a reduction in greenhouse gas emissions. The production network will be further optimised in 2023. The production facility in Rotterdam will be closed, whereby part of the production will be relocated to the production facility in Maasdam. The disposal of the facilities in Germany (Heilbronn, Schefflenz and Cologne) as of 1 April 2023 will also affect the company's CO₂ emissions and energy consumption.

The milk of FrieslandCampina's member dairy farmers in Germany and Belgium will remain within FrieslandCampina's production network. The result of all of this is that our member milk will be processed by a smaller number of production facilities, which increases efficiency and thus reduces emissions.

At the end of 2023, the new facility in Jakarta in Indonesia is expected to start up initial production. This location makes use of renewable electricity and thermal energy, produced from agricultural waste in the region, such as rice husks.

Energy

Energy consumption

The relative energy consumption by production facilities per tonne product was 2.72 GJ/tonne in 2022. As a result, relative energy consumption dropped by 2.5 percent in comparison to 2021 (2.79 GJ/tonne). This drop is explained by the introduction of energy efficiency measures and a change in the volume mix. The total energy consumption in 2022 amounted to 14,098 GJ/tonne (2021: 15,118 GJ/tonne).

Guarantees of Origin

A programme to purchase Guarantees of Origin for the use of renewable energy has been in place since 2011. Eighty nine percent of the electricity purchased by our production facilities in the Netherlands was covered by electricity generated by our own members; on a global basis this corresponds to 53 percent. The production of all Dutch Campina products is covered by the generation of green electricity produced by our own cooperative. In 2022, the company purchased Guarantees of Origin for almost 486,000 MWh (2021: 475,000 MWh) from 1,194 member dairy farms (2021: 1,022).

In-house production of renewable energy

In 2022, we started generating new electricity in-house using solar panels installed at our production facilities in Maasdam, the Netherlands and in San Pedro Laguna, the Philippines. This electricity was subsequently purchased through means of a power purchase agreement.

Energy from rice waste

In the near future, the production of Frisian Flag Indonesia at the new facility in Jakarta will run on rice husks. Project manager Wahyu Utomo tells us about this biomass installation.

“The installation consists of a control room, a storage depot for rice husks and a boiler room. Sixty tonnes of rice husks will be burnt here every day. The heat that is released during this process is used for the production and pasteurisation processes. This is enough to produce approximately 16.4 tonnes of steam per hour, which is sufficient to run the full production process at the end of 2023. This means that we will have eliminated 99.9 percent of our fossil gas consumption,” Wahyu proudly explains. “We now only need to make use of it in case of maintenance.” The husks come from the rice fields in the surrounding area, which means that the transport required to supply the husks is limited. “The farmers use a small portion of the husks themselves as fertiliser and as animal feed, but the rest can now be used as biomass in the boiler.” It is a win-win situation. “Financially, it is interesting for us and for the local farmers supplying the husks; but its biggest value is the gain for our planet,” Wahyu emphasises. “As a company we aim to be a frontrunner in sustainability. I am happy that in the 25 years I have been working at Frisian Flag, I can contribute to this. This is my legacy for the next generation.”



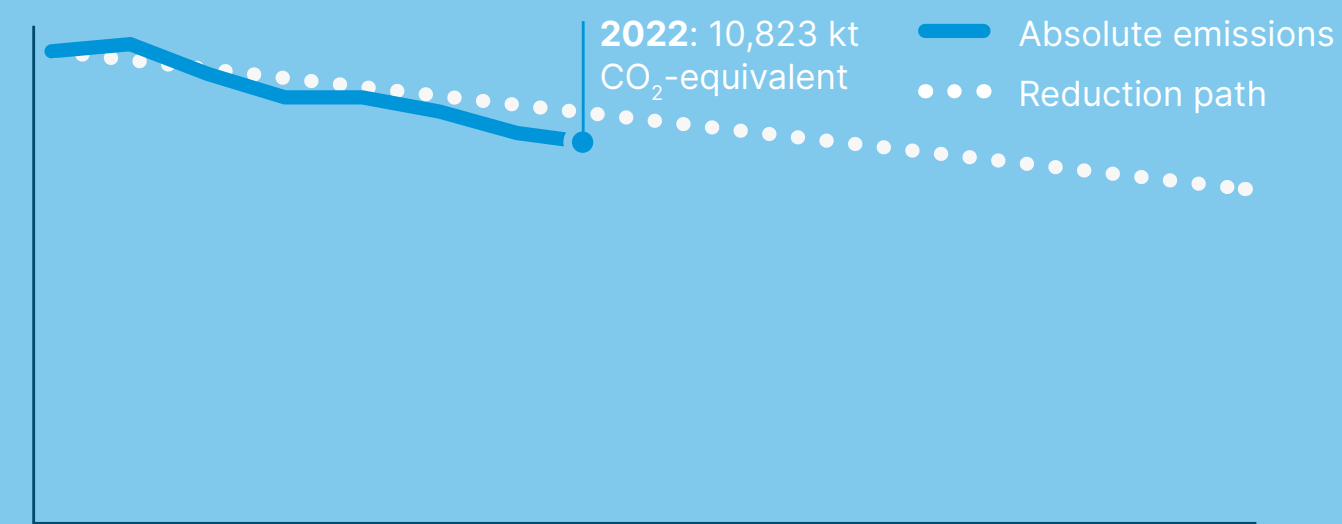
Scope 3

Member milk



Scope 3 member milk

GHG emissions from milk production on member dairy farms over time



Results and developments 2022

- Renewed Foqus planet Sustainable development methodology with higher reward to our member farmers for CO₂ reduction at their farms
- Pilot project with DSM's feed additive Bovaer® at 158 FrieslandCampina dairy farms to lower the methane emitted by cows with 28%
- Approximately 3,708 member dairy farms generated green electricity

- 41 member dairy farms were operating a mono-manure digester and they collectively produced over 10 million m³ biogas, leading to a reduction of 13.8 kt CO₂ equivalent

Sustainability tool

- Measures tool
- Carbon footprint monitor

-2.5%

GHG emissions
2021-2022

A large part of our scope 3 greenhouse gas emissions is due to the production of milk on member dairy farms in the Netherlands, Belgium and Germany. Dairy farmers can reduce the emission of greenhouse gases at their farms; for example by implementing measures relating to the feed for their cows, through purchased resources, land use (cultivation of roughage), in the stable and the storage of manure, and in relation to energy. FrieslandCampina is undertaking various actions to ensure that together with member dairy farmers we achieve the targets set for 2030, namely a 33 percent

reduction in greenhouse gas emissions. We encourage dairy farmers by rewarding their results, we offer support by providing knowledge and insight and through means of programmes, we conduct research and we valorise new developments in cooperation with member dairy farmers, partners and customers. The following provides an overview of our various initiatives in 2022, and the plans for this year.



Rewarding results

Foqus planet: higher remuneration for sustainability

Foqus planet is FrieslandCampina's quality and sustainability programme for its member dairy farmers. The 'Sustainable Development' component consists of the translation of FrieslandCampina's sustainability strategy to the farm level. Member dairy farmers receive premiums on the basis of their results in the areas of climate, biodiversity, pasture grazing, animal health and animal welfare. Members are thus encouraged to make their farms more sustainable, step by step, in their own way.

In 2022, a new methodology for Foqus planet Sustainable Development was devised with the members that went into effect as of 2023. This new methodology makes more money available for sustainability at the farm. In addition, members will

be provided with prior insight into what certain sustainability results at the farm could specifically yield financially. The new methodology also makes it possible to emphasise certain aspects of the sustainability approach for a specific period. For example, attention currently specifically focuses on combating climate change. This is why, starting in 2023, member dairy farmers will receive higher compensation for sustainability results achieved in the area of climate. The premium for the results member dairy farmers achieve in relation to greenhouse gas reductions can run up to as high as 1.50 euros per 100 kilos of milk. This provides an incentive and makes it possible for member dairy farmers to continue to invest in making their own dairy farm more sustainable.



On the way to PlanetProof




FrieslandCampina also produces dairy products that comply with various labels, including the independent 'On the way to PlanetProof' label of 'Stichting Milieukeur'. The farmers supplying milk for these products, are required to meet extra conditions and therefore receive a premium price for their milk. Examples include lower greenhouse gas emissions and higher scores relating to animal welfare and biodiversity. In addition, 'On the way to PlanetProof' also sets standards relating to pasture grazing and 'protein from own land'. Complying with all of these high demands requires a great deal of effort and professionalism on the part of the dairy farmer. We ask our customers for higher compensation for these efforts and results. The larger part of this compensation directly goes to member dairy farmers who meet the criteria associated with the quality label. The remaining part goes to the collective, the cooperative, for sustainability improvements at the farm. This enables our member dairy farmers to continue to invest in sustainability. FrieslandCampina is focused on constantly expanding the portfolio of products with this quality label, to enable more member dairy farmers to supply milk for this special milk stream and to be rewarded for their efforts.

For more information on this topic visit the [On the way to PlanetProof](#) website.

Support through knowledge and insight

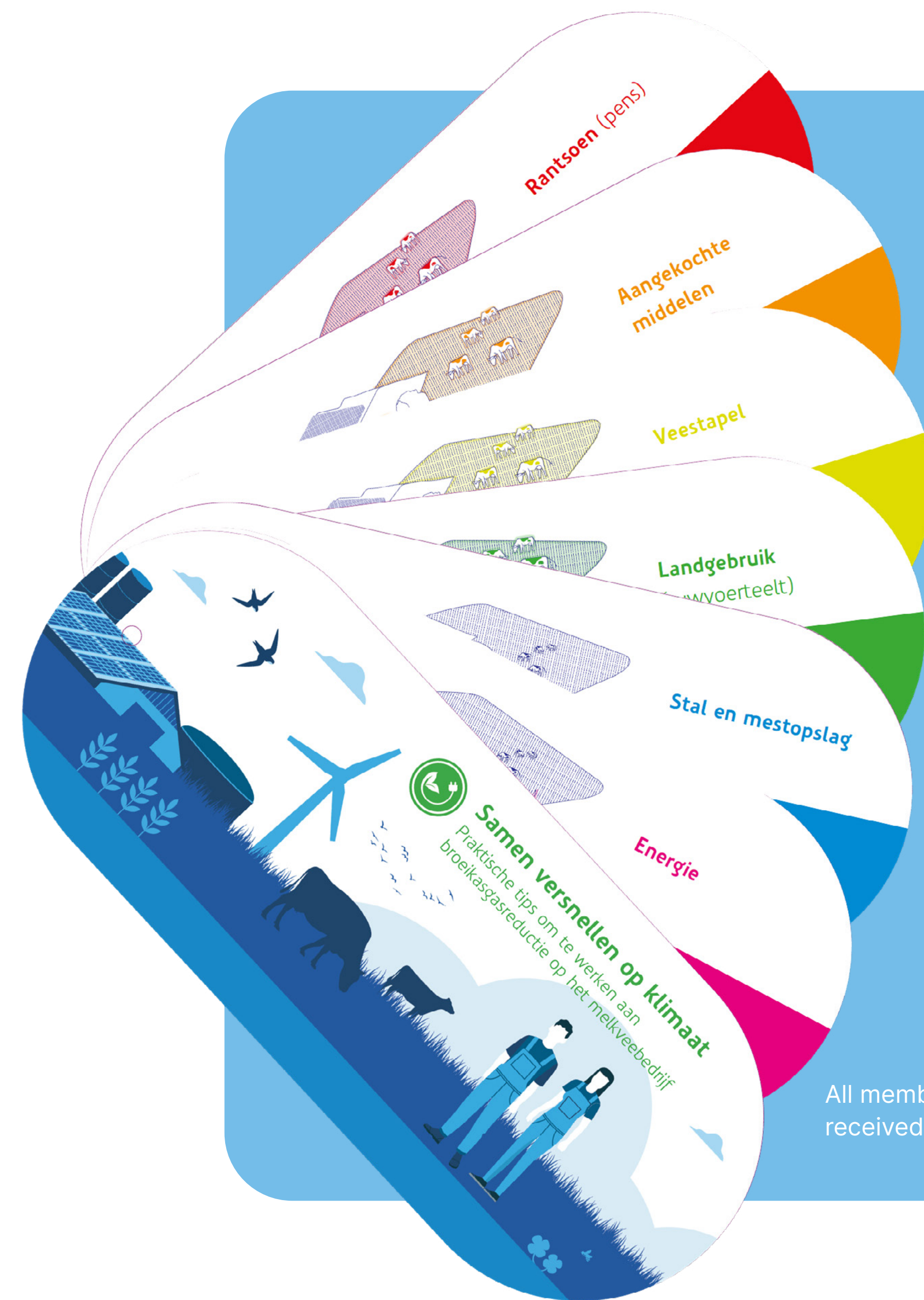
Accelerating climate actions

Aside from higher remuneration for reducing greenhouse gases under the Foqus planet quality and sustainability programme, FrieslandCampina has developed various resources that support members in reducing greenhouse gas emissions. In 2019-2020, FrieslandCampina already organised workshops on reducing greenhouse gas emissions and strengthening nature for member dairy farmers. In connection with the corona pandemic, these workshops were temporarily halted. Starting in 2023, FrieslandCampina, together with external consulting firms, will once again organise various workshops throughout the country for member dairy farmers. Up until the end of April, approximately 600 dairy farms attended a workshop. During the workshops, dairy farmers start working on reducing greenhouse gas emissions in actual practice. The workshops also make use of FrieslandCampina's [Measures Tool](#)  This is a unique online tool that provides dairy farmers with insight into the effect of certain measures on the climate and biodiversity themes as well as the premiums they may be

eligible to receive for their efforts in these areas, which they can then reinvest in limiting greenhouse gas emissions. To date in 2023, the Measures Tool was used approximately 3,500 times. Throughout the year, will continue to encourage dairy farmers and their advisors to continue to use this tool, or to start using it. In addition, in 2023, all members received a 'climate brochure' with tips on how to work on reducing greenhouse gases at the dairy farm, and which also provides insight into the maximum possible greenhouse gas reduction of each measure for an average dairy farm.



Accelerating on climate, together



All member dairy farmers received a climate brochure.

Programme-driven support

Green power generation

In 2022, approximately 3,708 member dairy farmers generated green electricity through means of wind turbines, solar panels and manure fermentation (2021: 3,400). In 2022, the company purchased Guarantees of Origin for almost 486,000 MWh (2021: 475,000 MWh) from 1,194 member dairy farms (2021: 1,022). Visit [frieslandcampinaopwek.nl](https://www.frieslandcampinaopwek.nl) to check out current electricity generation by member dairy farmers.

In 2023, FrieslandCampina will continue to support and encourage member dairy farmers to generate green electricity on their farms. This year, together with member dairy farmers, we will also assess other renewable energy initiatives, such as energy storage, smart electricity consumption and efficiency, and the use of hydrogen.

Boost for mono-manure fermentation

Due to a combination of member dairy farmers who would like to contribute to lowering the environmental burden and rising energy prices, interest in manure fermentation rose in 2022. A mono-manure digester supplies green energy and reduces methane emissions from manure by approximately 80 percent. In combination with manure stripping, the nitrogen emitted by the overall farming operation (stable, manure storage and application of fertilisers) is approximately halved. FrieslandCampina encourages member dairy farmers to make use of mono-manure fermentation by informing them about the available options and by paying them a respectable price for the energy generated and the greenhouse gas reduction. In 2022, approximately 500 dairy farmers attended an open house on mono-manure digesters. Member dairy farmers with specific plans for mono-manure fermentation received 1,000 euros in support for completing a feasibility study. This enabled 68 farms to apply for a permit and grant. At the end of 2022, 41 member dairy farms were operating a mono-manure digester and they collectively produced over 10 million m³ biogas (2021: 8 million m³) and due to the reduction in methane emissions from manure, this resulted in a reduction of 13.8 kt CO₂ equivalents. The guarantees of origin of the biogas were used to reduce the greenhouse gas emissions from Dutch production facilities. In 2023, the 1,000 euros provided to member dairy farmers applying for a grant under the Renewable Energy Production Incentive Scheme (SDE++) for mono-manure fermentation, will be extended.



Programmes and pilots

Carbon sequestration

Land-based dairy farms have the potential of sequestering CO₂ in the soil. When the CO₂ is sequestered for a long period of time (in the form of carbon) in the soil and in landscape elements, dairy farmers make a contribution to lowering greenhouse gas emissions.

The most effective measures to increase the sequestration of carbon in the soil is to maintain permanent grasslands, keeping arable land 'green' in winter and making use of green fertilisers. Currently, Foqus planet Sustainable Development already provides remuneration for the 'permanent grasslands' component in order to stimulate carbon sequestration in the soil, among other things.

A proper scientific rationale and an international standard for long-term sequestration are essential. The climate plan sets out how FrieslandCampina cooperates with various parties to be able to independently and scientifically responsibly monitor carbon sequestration.

FrieslandCampina's member dairy farmers use the ZuivelNL Central Database KringloopWijzer, a livestock life cycle management guide, for monitoring their nutrient cycle and the emission of greenhouse

gases. In 2023, the KringloopWijzer reporting for 2022 will provide an initial indication of carbon sequestration at the farm level. This indicator will have to be further optimised to be able to serve as a basis for remuneration via Foqus planet Sustainable Development.

FrieslandCampina has initiated projects designed to be able to reward dairy farmers for carbon sequestration in the soil through means of certification by the Dutch National Carbon Market Foundation (SNK). Following a pilot project in the Province of Friesland, FrieslandCampina at the end of 2022 initiated a 10-year, national project focussed on carbon sequestration using permanent grassland. Participants in this project receive compensation from FrieslandCampina for the amount of CO₂ sequestered in the soil over the long-term.

Feed additives

There are ongoing pilots on a number of member dairy farms relating to feed additives that can contribute to reducing emissions.

Bovaer

In March 2022, FrieslandCampina, in cooperation with DSM and Agrifirm, initiated a pilot to acquire practical experience

at the farm level with the livestock feed additive, Bovaer, which significantly lowers the methane emitted by cows. 158 member dairy farms participated in this project. This additive was fed to approximately 20,000 cows. The pilot demonstrated that the methane inhibitor can be used effectively in daily practice at a dairy farm. Bovaer is expected to be certified in 2023, after which the reduction realised by this pilot (7.6 kt CO₂ equivalent in 2022) will be included in the KPI for greenhouse gas emissions reported by FrieslandCampina.



SilvAir

In 2022, another pilot was conducted with the feed product SilvAir, together with Provimi. The active substance in SilvAir is nitrate, a protein-rich substance based on natural salts that also naturally occurs in the feed of dairy cows. This means that SilvAir can partly replace existing ingredients in animal feed. For certain types of dairy farms with a high share of corn silage in the animal feed ration, the use of SilvAir can have a neutral and even a positive effect on feed costs. To gain practical experience, a small number of member dairy farmers with diverging rations fed their cows this feed additive over a period of three months during the stabling season.

During the pilot, enteric methane emissions on the participating farms was reduced by an average of 3.6%. Converted, this is a reduction of 10 to 25 grams of CO₂ equivalents per kilogramme of milk (based on the KringloopWijzer method), with which a total of approximately 20 tonnes of reduction in CO₂-equivalents has been achieved.

FrieslandCampina is conducting pilots with the feed additive Bovaer and feed product SilvAir, and also conducted pilots with Agolin in 2020/2021, to assess whether their use can be incorporated into farming operations and how dairy farmers perceive the benefits and drawbacks. Maintaining or improving animal health and welfare, and the safety and quality of the milk are strict preconditions in

this respect. The challenge remains that feed additives must be able to be incorporated into farming practices at dairy farms.

Involving suppliers and advisors

In addition to the programme focused on member dairy farmers, FrieslandCampina constantly is in dialogue with larger and smaller livestock feed companies, veterinarians, accounting offices, banks and representatives. FrieslandCampina has asked these third parties to continue to support dairy farmers in taking steps to reduce the impact on the climate. We also made the supporting materials available to member dairy farmers, such as the climate brochure, available to suppliers and advisors, and they are making full use of them.

Deforestation-free soy

The cooperatives Agrifirm and FrieslandCampina are devoting joint efforts to creating a fully separated, deforestation and conversion-free soy supply chain for Europe. Both cooperatives are working together on this, because they believe that this development towards an independently controlled and physically closed soy supply chain must and can go faster.

All soy products in the feed concentrates that FrieslandCampina's member dairy farmers purchase from Agrifirm are already RTRS certified. The global standards for responsible production, processing and trade of soy are met in this respect. On top of the current RTRS certification, both cooperatives are looking for additional guarantees. Different loads may be merged when soy is transported from small and large agricultural farms and

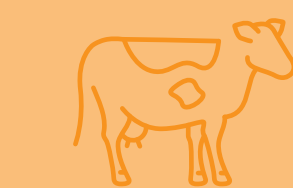
suppliers of soy. As a result, it is not entirely clear whether 100% of the soy that ultimately arrives in the Netherlands meets the additional demands and extra guarantees. FrieslandCampina and Agrifirm aim to work towards 100% certainty as the standard. In 2022, the first loads of 100% guaranteed deforestation-free soy for livestock feed were delivered.



Scope 3

Other categories

Scope 3 other



Procured dairy products



Selected raw materials



Packaging



Reduction goal 2030

Results and developments 2022

- We are preparing for improved reporting of our scope 3 other greenhouse gas emissions in 2023
- 91% of our packaging is ready for recycling or reuse
- 70,101 local dairy farmers trained in Dairy Development countries among other things on reducing environmental impact
- Installation of solar panels in Pakistan and Nigeria at livestock farms and milk collections centers via Dairy Development

Sustainability tool

- RESPACKT for sustainable packaging

Improved data quality


The lower figure on this page illustrates the level of development of the emission categories, as well as the adoption of targets. As indicated in the climate plan, FrieslandCampina's focus in the past few years was on monitoring and reducing the greenhouse gas emissions of our own processes and the production of milk on member dairy farms (scope 1 and 2, and scope 3 – member milk). As a result of this, the reporting, data quality and systems for these scopes are very elaborate, with extensive datasets, in support of plans and implementation. The other emission sources in our value chain were identified in 2020. On the basis of continuously improved data and data quality, our teams are working on reduction plans.

In the first half of 2023, we are making preparations for obtaining *limited assurance* over 2022 for the scope 3 emission reduction targets for categories other than the reported scope 3 emissions from the production of milk on the farms of our member dairy farmers.

Emission category	1. impact assessment		2. Target definition	3. Strategy		4. Implementation
	Impact (Mton CO ₂ -eq. 2015)	Data quality		Opportunity assessment	Reduction Plan	
Scope 1 & 2 (marked based) -63%	1,0	●	●	●	●	●
Scope 3 - member farmers -33% Raw milk	13,8	●	●	●	●	●
Scope 3 - other categories* -43%	~6,2	◐	●	◐	◐	◐
Scope 3 - not under target	~6,4	◐	◐	◐	◐	◐

*purchased dairy products and basic dairy, packaging, selected raw materials and external production

FrieslandCampina has many suppliers of products and services in many different countries. To acquire better insight into what emissions are occurring where in the chain, FrieslandCampina is working on improving its greenhouse gas bookkeeping. A number of important steps towards this goal were taken in 2022:

- Whereas previously we used a global average to calculate the emissions of purchased milk and milk products, these emissions were further broken down in 2022. In this respect, the breakdown of emissions has been linked to the emission factors as described in [FAO 2019](#) 
- Steps were taken in respect of country-specific emission factors per kilo of milk. This is not yet possible for all countries where we purchase milk and milk products.
- Steps were also taken in respect of country-specific emission factors per kilo of milk for other purchased products. Where possible, external databases are used for this purpose.

The improved data and data quality ensures that we can work with a greater focus, and therefore more effectively, on reducing our climate impact. The improvement of our greenhouse gas bookkeeping affects the level of FrieslandCampina's emissions. The results will be published on our website in mid-2023.

More recyclable packaging

FrieslandCampina is developing a circular and climate-neutral packaging portfolio. In a circular packaging chain, new packaging is made of recycled and/or renewable materials. The aim is that by 2025, at least 95 percent of our packaging is designed such that it is suitable for recycling or reuse. This also applies to plastic packaging, 55 percent of which is suitable for recycling or reuse. In addition, we are aiming for a reduction in greenhouse gas emissions in production, transport and processing after use.

In 2022, we started to identify these emissions in greater detail, to be able to start implementing the right measures. In this respect, due consideration must be given to finding a balance between recyclability and greenhouse gas emissions. In addition, we encouraged better recycling chains and the responsible use of materials in the production of packaging. Since improved recycling does not always go hand-in-hand with lower greenhouse gas emissions and consumer acceptance, choices will have to be made over the coming years.

Dairy Development

Part of the scope 3 purchased dairy category is the local purchase of dairy in eight countries. In these countries, FrieslandCampina makes use of dairy supplied by local suppliers, generally small dairy farms. The global and local teams work together to provide structural knowledge and to improve the livelihood of local dairy farmers. Just as we do for our member dairy

farmers, we aim to provide local dairy farmers with the knowledge and tools required to implement effective agricultural practices (including sustainable agriculture) and to earn a good income, so as to enable them to produce high-quality nutrition in balance with climate and nature. With our Dairy Development activities, we help dairy farmers to reduce the emission of greenhouse gases. The local teams develop country-specific reduction plans, since the farming structure, local conditions and the potential for achieving reductions differ by country and/or region. In 2022, 70,101 dairy farmers in Dairy Development countries participated in a training programme.



Local solar solutions for renewable energy in Pakistan and Nigeria

To reduce CO₂ emissions and combat ever-increasing costs of traditional energy sources, FrieslandCampina has motivated and facilitated 52 dairy farmers in Pakistan to install solar panels.

In Nigeria the FrieslandCampina Dairy Development team took an initiative to pilot 2 milk collection centers (12 ton capacity) on renewable energy via solar panels. Also solar power boreholes were provided to villages where milk is collected.

In both countries we will continue strengthening sustainable solutions for 2023 and beyond.

Investments in progress

Implementing FrieslandCampina's climate plan requires a significant extra investment in time, money and resources in this decade and thereafter.

FrieslandCampina is committed to realising the targets set out in this climate plan and expects it will need to invest an estimated additional 1.5 billion euros up until 2030 to meet its climate targets. The company expects to finance part of this from the pricing for sustainability dairy and through general funds, such as existing government grants. Our resolve and commitment to achieving our targets and arriving at net climate-neutral dairy have not gone unnoticed. Large customers with whom we are working together are increasingly prepared to invest in making our chain sustainable, so that we also enable them to achieve their sustainability objectives. With a new continuous credit facility negotiated in 2022 and an ESG-linked Schuldschein [private placement] in 2023, FrieslandCampina furthermore links its sustainability objectives even more tightly to the company's financing.

Linking sustainability and financing

In October 2022, FrieslandCampina negotiated a new continuous credit facility for 1.25 billion euros for a period of five years (plus two one-year extension options). It replaces the current 1 billion euro credit facility. The new facility has been made available by a group of thirteen national and international banks. The credit

facility is linked to four performance indicators relating to sustainability in accordance with FrieslandCampina's existing climate, sustainability and nutritional objectives. As such, the continuous credit facility includes an adjustment to the interest rates linked to achieving sustainable results. Two performance indicators focus on reducing scope 1, 2 and 3 greenhouse gas emissions. The other two focus on making packaging recyclable and improving the nutritional value of FrieslandCampina's products in accordance with the FrieslandCampina Global Nutritional Standards.

ESG-linked Schuldschein

In March 2023, FrieslandCampina successfully issued a 300 million euro Schuldschein [private placement] linked to Environmental, Social and Governance (ESG) goals. Through a mechanism coupled to sustainability, FrieslandCampina commits to ESG-related performance targets on the basis of four core performance indicators (KPIs). These KPIs consist of targets relating to reducing scope 1, 2 and 3 greenhouse gas emissions, packaging and healthy nutrition. For every year that FrieslandCampina meets the sustainability KPIs, it will receive a reduced interest rate margin, whereby an independent auditor will validate the results. The targets are in line with FrieslandCampina's sustainability programme *Nourishing a better planet*.

Preparing for CSRD

The European Commission aims to streamline company ESG reporting in line with the financial reporting. This enables interest groups to assess the economic activities of companies on an equal basis and to better assess the extent to which they create sustainable financial and non-financial value.

Inspiring and activating employees for sustainability

In the autumn of 2022, FrieslandCampina organised its first sustainability week, in which 40 locations worldwide participated. Litter was cleaned up, trees were planted and the Footprint Challenge started, in which more than 2,000 employees participated. In total, over 60,000 sustainable actions were taken in six weeks. By doing this, employees reduced their ecological footprint by 7.9% during the challenge. In 2023, the sustainability week and the Footprint Challenge will take place again. A sustainability game is also being launched, in which employees learn how FrieslandCampina works on sustainability and they are encouraged to start new sustainable initiatives.

In November 2022, the European Commission adopted the Corporate Sustainability Reporting Directive (CSRD); this requires FrieslandCampina to include elaborate ESG information in its management report, starting with the 2025 reporting year. In the run up to the introduction of the CSRD, FrieslandCampina has already begun improving its annual reporting on environment, society and management. For example, over the course of 2022, several structural changes were introduced in terms of policy, implementation and management of sustainability goals. A Chief Sustainability Officer has been appointed as a member of the Executive Leadership Team, which has further reinforced governance relating to ESG issues. In addition, a Sustainability Committee has been established as part of the Supervisory Board, which strengthens the supervision of the company's sustainability strategy.

With these changes to the organisation structure and all the steps that have been taken in the past year, FrieslandCampina has created the necessary conditions for expeditiously addressing policy and implementation. In this way we assure that we continue to make the necessary progress.

FrieslandCampina and Agrifirm are working together on local oat and soy cultivation

Since 2022, FrieslandCampina has introduced various plant-based dairy alternatives to the market, such as Chocomel plant-based and Debic Vegan-top, a plant-based alternative to whipping cream. At the beginning of 2023, the Campina brand expanded its product range with three plant-based drinks: an oatmeal beverage, a soy beverage and barista haver [barista oatmeal]. This way FrieslandCampina is providing for the growing demand for variety; currently as much as 43% of Dutch consumers consumes dairy, as well as plant-based products. The cultivation of protein-rich crops and the consumption of more plant-based proteins is also being stimulated by the Dutch and European governments. FrieslandCampina is investigating whether member dairy farmers are able to start producing the raw materials required to produce plant-based products locally. This is why, in 2022, we initiated a small pilot, which we will carry forward into 2023. The main thing is that we learn and gain experience together, with the objective of realising an attractive earnings model for the farmer. This year, thirty Dutch member dairy farms are participating in a pilot to gain experience cultivating oats and soy. These crops are used as raw materials for the production of plant-based food products. This pilot is an initiative of FrieslandCampina and Agrifirm. A total of 200 hectares oats and 50 hectares soy is involved.

