

FrieslandCampina Broadening Access To Nutrition

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FrieslandCampina Broadening Access To Nutrition

At FrieslandCampina we want to help combat malnutrition by broadening availability and affordability of healthy and/or fortified foods for specific populations at a higher risk of malnutrition. Especially for consumers who have limited access to food that is healthy and that they can afford, like lower income groups. Our Broadening Access to Nutrition (BATN) program is aimed to actively reach these people, with products that have an optimal nutritional value for a price they can afford. Our activities and objectives to do so, are described in this document and are part of the Broadening Access To Nutrition program. The Broadening Access To Nutrition program is one of the four programs of the [FrieslandCampina nutrition policy](#). This policy is based on the [WHO Global Action Plan](#) and is in line with two of the [Sustainable Development Goals](#) of the United Nations: reduce hunger in the world and promote good health and well-being.



Scope

The scope of the Broadening Access To Nutrition Program is global and covers the lower income and higher income markets where FrieslandCampina is active. In these markets we have commercial and non-commercial initiatives to reach specific populations who are at a higher risk of malnutrition as a result of limited availability of healthy and affordable foods that cover their dietary needs.

Commitment

Our commitment is to help combat malnutrition (undernutrition, micronutrient deficiencies as well as overweight/obesity) by broadening the availability and affordability of nutritious foods that can help to improve the nutritional quality of the diet for specific populations who are at a higher risk of malnutrition. For people with special dietary needs (e.g. children, pregnant women, elderly, overweight/obese people) we provide tailored nutrition products as part of our regular business model. For those who are at a higher risk of malnutrition because of their socioeconomic situation (e.g. lower income groups) we provide affordable nutrition products as part of our BATN business model.

Objectives

It is our objective to:

- increase the share of *affordable nutrition products* in our lower income markets (Sub-Saharan Africa (i.e. Nigeria, Ivory Coast, Ghana), Indonesia, Malaysia, Pakistan, Philippines, Thailand, Vietnam) to at least 15% of sold volume in 2025.
- increase the share of *affordable nutrition products* that complies with the criteria for Affordable Nutrition of the FrieslandCampina Global Nutritional Standards in our lower-income markets to at least 50% in 2025.
- report our volume share of *tailored nutrition products* and *affordable nutrition products*, which is an indicator of our efforts to reach specific populations with a higher risk of malnutrition (breastmilk substitutes for children <36 months of age are excluded)
- support at least one non-commercial food aid or dairy development initiative in each of the markets where FrieslandCampina is active with a substantial consumer dairy product portfolio in 2025.

Our Market Strategy

In the **lower income markets** where FrieslandCampina is active with a substantial consumer dairy product portfolio (= Indonesia, Malaysia, Pakistan, Philippines, Sub-Saharan Africa (i.e. Ghana, Ivory Coast, Nigeria), Thailand (incl. Myanmar), Vietnam), considerably large groups of the population have limited or no physical or economical access to milk and milk products. As part of our *commercial activities*, and next to our *regular business model* which is focussing on the higher income groups, we developed the *BATN business model* for affordable nutrition products to reach the people who, according to World Bank data, have a daily per capita income between 75%-200% of the relevant poverty line. This corresponds to a great extend to the part of the population that, according to Food Prices for Nutrition data¹, can't afford a healthy diet or a nutrient adequate diet.

In the *BATN business model* we focus on small single serve packages and small family packages. We combine this with special attention to the distribution channels that are used by this target group (e.g. general trade). We strive to improve their physical access, also in remote and rural areas, and sell at price points attractive to the target group. Based on research data, the nutritional situation in the market is analysed. To help combat undernutrition and micronutrient deficiencies, the products are fortified with relevant vitamins and minerals. Local targets on distribution are set based on our OBPPC strategy. Pack size, price, promotion and distribution of our affordable nutrition products are adapted to make sure the lower income groups are reached. On FrieslandCampina level the target and impact are measured by the volume share sold of affordable nutrition products in our lower income markets.

In the **higher income markets** where FrieslandCampina is active with a substantial consumer dairy product portfolio (= Belgium, Germany, Greece, Hong Kong, Hungary, Netherlands, Romania, Singapore, United Arab Emirates), milk and milk products are basic foods that are affordable and available for the great majority of the people. It is part of our commercial *regular business model* to meet the nutritional needs of different

¹ World Bank - Food Prices for Nutrition project:
<https://www.worldbank.org/en/programs/icp/brief/foodpricesfornutrition>

types of consumer groups. Our portfolio is characterised by a wide variety of nutritious dairy products in different product/price combinations.

However, World Bank data² show that in some of these higher income markets a considerable group within the population can't afford a healthy diet. We will analyse if it is feasible to implement our *BATN business model* in some of these markets.

In both **lower and higher income markets** where we operate, there are specific populations that have a higher risk of malnutrition related to special dietary needs because of their age, health, lifestyle, or other circumstances, but not primarily related to their socioeconomic situation. As part of our *regular business model*, based on scientific publications³ we analyse what the nutritional needs of these people are and how we can improve their access to nutritious products to fulfil their special dietary needs via tailored nutrition products.

Next to this, in both **lower and higher income markets** FrieslandCampina developed *non-commercial activities*. With food aid and school milk/feeding programs we try to reach the least privileged people with nutritious products that comply to the criteria of the Global Nutrition Standards (GNS)*. And with our dairy development program we contribute to food security by sharing expertise with local dairy farmers.

ALL MARKETS		
BATN MARKETS		NON-BATN MARKETS
Indonesia, Philippines, Pakistan, Sub-Saharan Africa, Vietnam, Thailand, Malaysia		Netherlands, Belgium, Germany, Hong Kong ¹ , Singapore ¹ , UAE ¹ , Romania ¹ , Hungary ¹ and Greece ¹
Commercial	Regular Business Model	Tailored Nutrition for specific populations
	BATN Business Model	Affordable Nutrition concepts on basis of GNS criteria for Affordable Nutrition
Non-commercial	BATN	Food Banks, Red Cross, School Milk programs Community Programs and Dairy Development Program.

¹ Under investigation

Global Nutritional Standards for Affordable Nutrition and Tailored Nutrition

At FrieslandCampina, we are continuously improving the nutritional value of our products. To guide this, we apply the [FrieslandCampina Global Nutritional Standards \(GNS\)](#). The GNS criteria for *Affordable Nutrition* are the nutritional criteria that are applicable for products that are intended for lower income populations. For the products that are intended for other specific populations with special dietary needs the GNS criteria for *Tailored Nutrition* apply.

² World Bank - Food Prices for Nutrition project:

<https://www.worldbank.org/en/programs/icp/brief/foodpricesfornutrition>

*) except when specifically requested by or agreed with the authorities or the administration of the Food Bank/School/Community Project (e.g. full cream milk donated to undernourished children, treats/desserts donated for a special occasions like Christmas, Diwali or Eid al Fitr).

³ <https://www.frieslandcampinainstitute.com/publication-library/>

GNS criteria for affordable nutrition

There are affordable nutrition criteria for milk, milk-based, dairy based breakfast and cereal-milk products. Products in this group are aimed at consumers and families in our lower income markets who, as a result of limited access to food that is healthy and affordable, have a higher risk of malnutrition. As this population could be facing at the same time both deficiencies of macro- and micronutrients, as well as obesity and diet-related non-communicable diseases, it is required to have minimum levels of 'nutrients to secure', not to exceed the 'nutrients to limit', and to enrich the product with relevant micronutrients to a minimum level. The relevance is based on international and national data regarding micronutrient deficiencies, and by the results of our nutritional surveys in South East Asia (e.g. SEANUTS) and Africa (e.g. AfricaNutrition).

GNS criteria for tailored nutrition

Products in this group are aimed at target groups with special dietary requirements eg. pregnant women, elderly, overweight people, children. Criteria with regard to nutrients to secure and nutrients to limit are applicable. Where relevant for the specific target group, tailor-made fortification is possible to a relevant level and when in accordance with applicable legislation.

Monitoring

The progress and compliance to the objectives of the Broadening Access To Nutrition Program is measured and is part of the Better Products Monitoring. The results of the Better Products Monitoring are verified by an external party and published in the FrieslandCampina annual report and on the Corporate website. The results of the monitoring of our non-commercial activities are published on the Corporate website.

Cooperation with stakeholders

Preventing and combating malnutrition is a shared responsibility of consumers, governments, and NGOs, as well as food producers and food suppliers. FrieslandCampina sees it as part of its responsibility to constantly contribute to addressing this challenge and to work together with these stakeholders worldwide. To create impact, we will work together, where we can, with Research Institutions, Governments and NGO's to create impact.

Definitions

Malnutrition

Malnutrition refers, according to the World Health Organization⁴, to deficiencies, excesses, or imbalances in a person's intake of energy and/or nutrients. The term malnutrition addresses 3 broad groups of conditions:

- undernutrition, which includes wasting (low weight-for-height), stunting (low height-for-age) and underweight (low weight-for-age);
- micronutrient-related malnutrition, which includes micronutrient deficiencies (a lack of important vitamins and minerals) or micronutrient excess; and
- overweight, obesity and diet-related noncommunicable diseases (NCDs) (such as heart disease, stroke, diabetes and some cancers).

Specific populations

Specific Populations are people who are at higher risk of malnutrition than people in the general population, due to their socioeconomic situation and/or due to special dietary needs because of their age, health, lifestyle, or other circumstances e.g.:

- Infants
- Children from age 2 up to 12 years
- To be pregnant and lactating women
- Elderly (and others with a higher need for protein)
- Overweight/obese persons
- Lower income families

Access to Nutrition

The Food and Agriculture Organization of the United Nations (FAO) recognizes food accessibility as an essential component of food security. The FAO defines this as: A situation that exists when all people, at all times, have physical, social and economic access to sufficient, safe and nutritious food that meets their dietary needs and food preferences for an active and healthy life.

Food security has four dimensions: food *availability*, economic and physical *access* to food, food *utilization* and *stability* over time. When food is actually or potentially physically present, *access* refers to the question, whether or not *households and individuals* have sufficient physical and economic access to that food.⁵

⁴ <https://www.who.int/news-room/fact-sheets/detail/malnutrition>

⁵ [The State of Food Security and Nutrition in the World 2022. Rome: FAO.](#)

Non-commercial activities

With our non-commercial activities, such as food aid, school milk programmes and the dairy development program we ensure that nutritious products that comply to the criteria of the Global Nutritional Standards (GNS) are available for the most deprived people.

BATN Business model

A business model that applies to the marketing and sales of affordable nutrition products. It is tailored in package size, price, promotion, distribution and partners to be able to reach the target group (see below).

Target group of BATN business model

In our lower income markets the BATN business model focusses on lower income families. Our target group is the population that has a daily per capita income of 75-200% of the relevant poverty line, as defined by the World Bank in 2022⁶. For the lower-middle income economies, who have a poverty line of \$3,65, this equals \$2,73 - \$7,30 per day. For upper-middle income economies, who have a poverty line of \$6,85, this equals \$5,14 – \$13,17 per capita per day (2017 PPP). This group corresponds to a great extend with the population that, according Food Prices for Nutrition⁷, can't afford a nutrient adequate diet or a healthy diet. In marketing research this group is generally indicated as SEC C2/D households.

OBPPC strategy

OBPPC stands for Occasion, Brand, Package, Price, Channel of distribution. For each Occasion it defines the optimal Brands in the appropriate Packages at the right Prices in the distribution Channels of choice to reach the target group and to make sure the products offered are available and affordable for them.

Food Prices for Nutrition

In Food Prices for Nutrition (World Bank)⁸ the costs of diets are measured by using the least cost combination of locally available foods in 174 countries to meet the needs of a representative adult requiring 2330 kcal per day at three levels of diet quality: a healthy diet, a nutrient adequate diet, and an energy sufficient diet.

- *Energy sufficient diet*: Minimum costs to meet energy requirements using the least expensive, available starchy staple food in each country.
- *Nutrient adequate diet*: Minimum cost to meet energy and nutrient requirements (23 macro and micro-nutrients, with upper as well as lower bounds).
- *Healthy diet*: Minimum cost to meet food-based dietary guidelines, based on food group classifications; a behaviorally realistic way to meet nutrient needs and other

⁶ <https://www.worldbank.org/en/news/factsheet/2022/05/02/fact-sheet-an-adjustment-to-global-poverty-lines#12>

⁷ World Bank - Food Prices for Nutrition project:
<https://www.worldbank.org/en/programs/icp/brief/foodpricesfornutrition>

⁸ World Bank - Food Prices for Nutrition project:
<https://www.worldbank.org/en/programs/icp/brief/foodpricesfornutrition>

needs, including proportionality, norms, culture, and protection of health against Non Communicable Diseases (NCDs).

The costs are based on national average prices in 2017, expressed in terms of purchasing power parity (PPP) dollars per day. Comparing these outcomes with the available income per capita in those countries gives an insight in the amount of people who can't afford these diets, assuming that the costs of food are 52% of the household income. At a global level it was calculated that the costs for an energy adequate diet are \$0,75/person/day, for a nutrient adequate diet are \$2,00/person/day and for a healthy diet are \$3,50/person/day (2017 PPP).

Lower income markets

Lower income markets are those markets where FrieslandCampina is active with a substantial consumer dairy product portfolio and where the Gross National Income (GNI) per capita is below \$13.205 per year (year 2022). This is based on the classification of the World Bank. In the World Bank classification these markets are indicated as 'lower-middle economies' and as 'upper-middle economies'.

These markets are:

Sub-Saharan Africa (i.e. Ghana, Ivory Coast, Nigeria)	}	= lower-middle income economies (World Bank)
Indonesia		
Pakistan		
Philippines		
Vietnam		
Malaysia	}	= upper-middle income economies (World Bank)
Thailand (incl. Myanmar)		

Higher income markets

Higher income markets are those markets where FrieslandCampina is active with a substantial consumer dairy product portfolio and where the GNI per capita is above \$13.205 per year (year 2022). This is based on the classification of the World Bank. In the World Bank classification these markets are indicated as 'high income economies'.

These markets are:

Belgium	}	= high income economies (World Bank)
Germany		
Greece		
Hong Kong		
Hungary		
Netherlands		
Romania		
Singapore		
United Arab Emirates		

Nutrients to secure

Milk has a high nutritional quality as it naturally contains important nutrients that we want to retain as much as possible in our products. For most of the product groups, we have set criteria concerning minimum amounts of protein and calcium. These nutrients are indicators for the presence of other valuable nutrients in milk. Some product groups (e.g. butter, meat substitutes and cereal based products) are characterized by their

natural content and contribution to the intake of other valuable nutrients like fiber or specific micronutrients. For these product groups, different nutrients to secure apply, based on product group characteristics.

Nutrients to limit

As stated by the WHO, in the fight against non-communicable diseases (obesity and food-related diseases) it is important to reduce the intake of sugar, salt, saturated fatty acids and trans-fat. Limiting the intake of these nutrients, as well as the energy content per serving, is part of the Global Nutritional Standards. Criteria have been based on the [Choices International Program Criteria](#), set by an independent, International Scientific Committee. Furthermore, legislation, Codex Alimentarius and scientific expert group opinions were considered in setting the standards.

Nutrients to enrich

For certain target groups it may be necessary to increase the intake of specific nutrients. The BATN program includes fortification with nutrients of which deficiencies occur or are likely to occur. Products aiming at lower income populations in our lower income markets, who are at risk for malnutrition, have to comply to enrichment with relevant micronutrients (5 out of 10) to a minimum level. According to the WHO, iodine, vitamin A, and iron are the most important micronutrients in global public health perspective as their deficiency represents an important threat to the health and development of populations⁹. In addition, nutritional surveys in South East Asia (e.g. SEANUTS) and Africa (e.g. AfricaNutrition) show inadequate intakes of vitamin D and Calcium, as well as vitamins A, B1, B2, C and zinc. Also vitamin B12 is important because of its role in anaemia.

⁹ <https://www.who.int/news-room/fact-sheets/detail/malnutrition>