

Verification Report Self-declaration of ISO 26000 Statement according to NPR 9026+C1:2012

Rapport for:

Royal Friesland Campina

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This report was discussed with and accepted by:

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Position: Corporate Director Global Sustainability



1. Introduction

1.1 Verification Assessment

From 04-09-2023 until 21-09-2023 LRQA Nederland BV, (LRQA-TIS) performed a verification assessment at Royal FrieslandCampina NV's headquarters (FrieslandCampina) in Amersfoort with remote sessions. The assessment was based on LRQA's Project Proposal, sent to FrieslandCampina dated the 12th of July 2023 with reference RQA/23/289828.

The assessment aimed to verify FrieslandCampina's claim with regards to ISO 26000 and NPR 9026+C1:2012 (and the way in which these can be traced to the company's underlying information sources, including those documents referred to in Self-declaration ISO 26000). The claim also includes a statement on FrieslandCampina's compliance with the Dairy Sustainability Framework (DSF).

LRQA's verification process relies on the documentation associated with the CSR program outlined in the 2022 Annual Report. Additionally, a series of interviews have been conducted to either corroborate the provided information or provide additional context.

The ISO 26000 claim applies to FrieslandCampina and its subsidiary entities. While not in scope, it's noteworthy that the co-operative's members, consisting of approximately 16,000 dairy farmers located in the Netherlands, Belgium, and Germany, are considered to fall within the sphere of influence of FrieslandCampina. This classification is due to their dual role as suppliers to the organization.

1.2 Background

FrieslandCampina's strategy regarding sustainability revolves around 6 priorities.

- Better nutrition affordable for everyone
- Better living for farmers
- Better climate
- Better nature, improving biodiversity.
- Better packaging
- Better sourcing

FrieslandCampina has used several own and external, international recognized standards for the implementation of its CSR strategy:

- ISO 26000;
- Dairy Sustainability Framework (DSF);
- Foqus SHE (FrieslandCampina internal standard): The SHE management system for the subsidiaries of FrieslandCampina.
- Foqus FS/QA
- Code of Conduct Compass
- OneAudit

FrieslandCampina has answered the NPR 9026+C1:2012 questions in a Self-declaration ISO 26000, to give account for, explain and underpin its CSR and sustainability activities.

It is intended to integrate the CSR annual report in the general annual report of FrieslandCampina, from 2017.

FrieslandCampina has requested LRQA to verify the self-declaration report.



1.3 LRQA Approach

De verification assessment approach was described in LRQA's proposal of 12th of July 2023 with reference RQA/23/289828. The execution of the verification is described below:

Preparation/Strategic Assessment and Risk Assessment

Study the information regarding related topics:

- FrieslandCampina-Self-declaration-NEN-ISO-26000-2019
- FrieslandCampina-Annual Report-2022

Carry out Strategic Assessment and Risk Assessment and determine the key CSR topics in the sector. Based on these actions, LRQA identified the following issues that should be regarded during verification:

- Deadline on validity of ISO26000:2019 and NPR 9026+C1:2012
- Methods of stakeholder analysis and materiality determination.
- The internal assurance mechanisms to deal with the CSR policy, like Foqus SHE, Code of Conduct Compass and the Speak up procedure, Procurement, and the Internal Control Framework;
- Availability of people within the organisation to interview on a short notice.

These issues were part of the verification.

Systems Verification

The systems verification was performed on 4th of September remotely at FrieslandCampina's Central Office at Amersfoort.

The systems verification included the following tasks:

- Determine the Terms of Engagement: objective, boundaries, verification approach, assurance criteria, level of assurance, materiality, deliverables;

In the following days the system verification included:

- Determine FrieslandCampina's used sources of information (documentation referred to in the Self-declaration) and the way in which they were disseminated in the organisation;
- Interviews with relevant staff, discussing the various key issues identified by LRQA. The following members of staff were interviewed:
 - Peter Boterman (Corporate Director Global Sustainability Strategy)
 - Vivianne Weehuizen (Business conduct counsel)
 - Lesley Cordial (Director of Ethics and Business Conduct)
 - Linda Groot Wassink (Change and organisational Development specialist)
 - Roger van Vroenhoven (Director ESG Procurement)
 - Anouk Schwegler (Global Environmental Compliance Manager)
 - Bram van Hintum (Global director Internal Control, Enterprise Governance Risk & Compliance)
 - Aard-jan Borghuis (Projectmanager ESG reporting)
 - Floris van der Pouw (Legal counsel sustainability)
 - Alwiene Sterk (Corporate Sustainability reporting Manager)
 - Vera Vellinga (Manager Corporate Internal audit)
 - Ramon van Deventer (Corporate Director Internal audit)
 - Eric Timmermans (Global Quality Director)
- The answers on additional questions per email and the dedicated Microsoft Teams site

Terms of engagement

- *Objective:* Verification of the Self-declaration ISO 26000, based on NPR9026+C1:2012, of FrieslandCampina, December 2019
- *Boundaries:* FrieslandCampina NV and its subsidiaries, the verification is performed over the reported performance in 2022.
- *Verification approach:* LRQA's verification approach
- *Assurance criteria:* NPR9026+C1:2012
- *Level of assurance:* Limited assurance
- *Materiality:* not quantified, based on the professional judgment of the verifier



- *Deliverable:* Verification statement and this underlying verification report.

Reporting

This report was put together after the systems verification. The draft version was sent for review to Corporate Director Sustainability Strategy after which it was finalised.

2. Outcomes of the Verification Assessment

The FrieslandCampina group of companies is dedicated to supplying people around the world with exceptional nutrition, guided by its core purpose of "Nourishing by Nature." Leveraging the strength of its cooperative structure, the company exercises control over the entire value chain, spanning from the source, or "grass," to the final product, or "glass."

Within its strategic framework outlined in "Our Purpose Our Plan," one of the four pivotal strategic themes is "Nourishing a better planet." This underscores the company's commitment to taking a leadership role in promoting and embodying sustainability principles throughout its operations and offerings.

FrieslandCampina has established specific Corporate Social Responsibility (CSR) pillars, and for each of these pillars, the company has defined corresponding CSR themes. These themes are associated with key performance indicators (KPIs), which serve as metrics for setting targets and form the foundation for monitoring the progress toward achieving these targets. This structured approach allows FrieslandCampina to systematically track and assess its CSR initiatives and their impact.

Several tools are in place to manage, plan, implement and control the CSR strategy:

- Foqus SHE (Safety Health and Environment)
- Foqus planet (supplier criteria for the farmers)
- Foqus FS/QA (Food safety/Quality Assurance)
- Code of conduct Compass
- CSR reporting manual
- Speak up procedure (including whistle blowing)
- Business Practices for Suppliers
- Internal Control Framework (ICF, for corporate auditing)
- Dairy Sustainable Framework (DSF; for the dairy supply chain)
- Dairy Development Programme (DDP)

Our overall assessment indicates that FrieslandCampina effectively translates its CSR policy into concrete actions. The available documentation and feedback from interviewed staff members have revealed the existence of a robust system for handling various CSR-related matters. This system not only facilitates ongoing improvements but also enhances the overall maturity and integration of CSR principles into the overarching corporate strategy of the group and its subsidiary companies.

The following observations have been identified from the interviews and the information:

- There is not clearly defined what "Better" (in: Better nutrition, Better living for farmers, Better climate, etc) entails. Better compared to what metric. The metric is focus on internal performance vs previous year or a reference year. LRQA suggests to include a competitive metric.
- Sustainability is not an integral part of Quality Assessments. Food safety, SMETA etc are well managed, but sustainability is scattered throughout the different business entities.
- Non-member stakeholders are not a part of the CSR strategy on an individual level. There are no individual supplier criteria formulated (supplier evaluation and acceptance) regarding CSR aspects. There are goals formulated on supplier stakeholder level.

These observations must be considered as areas of improvement, and do not impede the issue of verification statement.

3. Conclusions and Recommendations

From the Verification Assessment we can conclude that the self-declaration can be traced to underlying documentation at FrieslandCampina

LRQA will issue a verification statement, which will include that LRQA has found nothing that would counter the fact that Royal



FrieslandCampina satisfies the requirements on which its self-declaration (version 2022) is based.

4. Summary of the Verification Results

NPR 9026+C1:2012 References	Observations LRQA
Principles of social responsibility (Questions 1 - 7)	The elaboration and deployment of the seven principles of social responsibility is described and justified well. A new code of conduct Compass (Code of Conduct) and Speakup are firmly grounded in the organisation. Only the own organisation is in the scope of internal audits and audits on the Human right policy. Human rights policy 2020 has been made together with internal and external stakeholders. First a risk assessment is performed and acts as a base for stakeholder visits, the goal to finish all relevant stakeholders is 2025. Visits at the local stakeholders are conducted by the Enterprise Risk Management team and Corporate Audit Team and results are documented in 20200716 Results Management Questionnaire Analyse Document Final. There is no formal CAPA procedure in place to mitigate the non-conformities, but due to the number of visits (3 in total) this is easily managed. When more visits are planned, a more robust way of documentation is recommended. The suppliers of FrieslandCampina are out of scope of this procedure, a start is made with assessing those stakeholders with SMETA and HRDD audits but is not implemented yet. Impact and transparency are founded in several procedures, changes in legislation and compliance are the responsibility of the various content experts in their various areas. Food safety and quality issues are mitigated by the management system Foqus. Internal audits are regularly performed and follow up actions are being taken. After implementation of the action, it is being reviewed for effectiveness.
Stakeholder identification and engagement (Questions 8 - 10)	The Stakeholder engagement plan is a detailed document that effectively outlines the methods and strategies for identifying and engaging with various stakeholders. It covers a wide range of stakeholders, including non-governmental organizations (NGOs). However, there may be specific issues or concerns related to the involvement of NGOs in the engagement process. Despite these challenges, the engagement approach is structured to ensure a two-way exchange of information and cooperation between all stakeholders. This bi-lateral approach aims to foster a positive and constructive relationship, allowing for productive engagement with all stakeholders, including NGOs.
Social responsibility core subjects (Determining relevance, significance, and priority) (Questions 11 - 19)	A materiality test is conducted once every three years, and the methodology for this evaluation is outlined in the report. The report effectively communicates which issues hold significance and describe the criteria employed in the determination of their importance. A pivotal tool in ascertaining these significant issues is the deployment of a questionnaire that is distributed among stakeholders.
Chain responsibility and sphere of influence (Questions 20 - 21)	The stakeholder engagement plan, as presented in the annual report, provides a clear delineation of stakeholder categories along with their respective spheres of influence. Within the Compass program, employees are encouraged to embrace social responsibility, while suppliers are guided by the principles of responsible business practices. Dairy Sustainability Framework (DSF) serves as a pivotal reference for fostering sustainability. At the farm level within FrieslandCampina, the Foqus planet program plays a crucial role in ensuring and maintaining sustainability standards.

NPR 9026+C1:2012 References	Observations LRQA
Due diligence (Questions 22 - 25)	Human rights policy 2020 data is acquired by means of self-declarations. By means of a risk analyses visits are planned and conducted at relevant stakeholders. The Corporate Audit team has an internal audit plan to mitigate as much risk as possible. Goals are set with internal and external stakeholders.
Setting the direction of an organization for social responsibility (Question 26)	Strategy is clear and well defined. With the methodologies as mentioned in DSF member reporting Guidelines for 2023 (reporting period 2022) with the DSF member reporting sheet 2023 as a result. With themes as Waste, Water, Market development, Rural Economics, Working conditions, product safety and Quality much of the topics are covered. As part of the verification process, when conducting interviews, it becomes evident that each participant possesses a strong and comprehensive understanding of the organization's strategy.
Raising awareness and building competency for social responsibility (Questions 27 - 28)	Emphasis on (psychological) safety and training of new managers. With employee surveys FrieslandCampina tries to measure several aspects of social responsibility, reported in the bi-annual Compass report. Speak up procedures and reports are integrated in the management systems and training procedures and is used frequently. 2022 has shown a drop of Speak up reports in Case Management System but is justified with logical reasons.
Building social responsibility into an organization's governance, systems, and procedures (Question 29)	FrieslandCampina employs the Foqus standard quality system to ensure safety and quality across the entire supply chain. Foqus adheres to a comprehensive set of national and international regulations and standards governing food safety and quality, including HACCP, ISO 9001, and FSSC 22000.
Communication on social responsibility (Question 30 – 33b)	FrieslandCampina shares information regarding its sustainability policy, objectives, progress, and performance through publicly accessible Annual Reports.
Reviewing and improving an organization's actions and practices related to social responsibility (Questions 34 – 37b)	Comprehensive systems for SHE Foqus and Planet Foqus are applied. External reporting is in Annual report 2022, internal reporting is done quarterly in for example 2022 Q3 internal reporting (SIA quality reporting Q3 Supervisory Board) KPI's: • GNS compliance • Net GHG emissions Scope 3 • Net CO2 emissions factory and transport (Scope 1 and 2) • Global factory water consumption • Farmers rewarded for biodiversity • Packaging materials designed for recycling • Farmers trained in DD (Dairy development markets) • Traceability to source for selected ingredients
Voluntary initiatives for social responsibility (Questions 38 – 40)	Additional information about the company's initiatives can be found on its official website for public reference and awareness.



5. References

- Focus FS&Q Manual (not publicly available)
- Focus SHE Audit Standard → OneAudit
- Focus SHE Corporate Standard Audit Tool → OneAudit
- Stakeholder Engagement Plan
- Code of Conduct – Compass
- Speak up Procedure v2*
- SIA quality reporting Q3 Supervisory Board)
- 20230614 - RFC Reporting manual v8.5
- Human Rights Policy 2020
- Case Management System (CSM, Speakup)
- ONE Audit – Manual
- Supplier Contract Template
- Global Procurement policy
- FC-BC-USA_Compass-intranet
- ICF v23Q2
- Internal Control Manual 2023
- SIA quality reporting Q3 Supervisory Board
- Self-declaration NEN-ISO 26000