

Compliance Status Report 2021

FrieslandCampina Corporate Policy
for the Marketing of Infant Foods



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About this report

FrieslandCampina has committed to promote and protect breastfeeding and to contribute to providing optimal nutrition to infants and young children. Our Policy for the Marketing of Infant Foods aims to ensure that we market and sell our foods for infants and young children responsibly.

As part of our Management System for Compliance, we monitor and review our own efforts to ensure that our processes are robust, leading to compliant marketing practices. We want to transparently inform our stakeholders about the progress we have made in implementing our Policy for the Marketing of Infant Foods.

This is the first status report on compliance with our Policy showing how we work to ensure responsible marketing of our foods for infants and young children. It provides an overview of non-conformances with our Policy as well as the compliance complaints reported from all sources in the year 2021.



Commitment to responsible marketing

At FrieslandCampina, we want to provide healthy and sustainable nutrition to all people, at all ages, now and in the future. Therefore, we are committed to optimal infant and young child health and nutrition.

Like the World Health Organization (WHO), we believe that breastfeeding must be protected and promoted. We acknowledge and support the WHO recommendation that exclusive breastfeeding is the best way to ensure healthy growth and development of infants during the first months of life and that breastfeeding should continue along with the introduction of safe and appropriate complementary feeding up to two years of age or beyond.

When mothers cannot or choose not to breastfeed for whatever reason and a safe alternative to breastfeeding is required, there is a legitimate role for Breast-milk Substitutes, produced according to strict compositional and safety standards.

At FrieslandCampina, we are responsible for our marketing practices. Therefore, it is important that we market our foods for infants and young children in the most responsible way and that the aim and principles of the WHO International Code of Marketing of Breast-milk Substitutes ('the WHO Code') are well rooted in our company's way of working.

Our commitment to the WHO Code

At FrieslandCampina, we are committed to adhere to the aim and principles of the WHO Code and subsequent relevant WHA resolutions:

"To contribute to the provision of safe and adequate nutrition for infants and young children, by the protection and promotion of breastfeeding and by ensuring the proper use of Breast-milk Substitutes, when these are necessary, on the basis of adequate information and through appropriate marketing and distribution." (Article 1. Aim of the Code)



Our Policy for the Marketing of Infant Foods

Our global [Policy for the Marketing of Infant Foods](#) puts the WHO Code into practice. This Policy applies to Covered Products and applies worldwide to Royal FrieslandCampina N.V., its subsidiaries and all legal entities in which it has management control and all its and their employees and distributors as well as partners involved in the marketing of Covered Products.

An updated Policy

Since the publication of our first Standard for the Marketing of Infant Foods in 2013, we continually improved the compliance of our marketing practices and strengthened our internal processes. We have revised our Standard in 2017 and published a Policy for the Marketing of Infant Foods, setting up our Guiding Principles for Compliance.

In 2021, we performed an extensive review of our Policy which led to the integration of our Standard into the Policy. During this revision, we considered learnings from external assessments and the results of ATNI's Global Index for the Marketing of Breast-milk Substitutes from 2021 to improve and professionalize our Policy. The Policy 2.0 was launched in December 2021 and contains now:

- Ten WHO Code aligned Guiding Principles for Compliance to progress in responsible marketing practices
- A description of our Management System for Compliance to continuously improve our processes

Products in scope of our Marketing Policy

As a minimum, Covered Products include infant formula and formula for special medical needs for infants from birth to six months in all countries where we market our products.

In addition, in countries where applicable national legislation and local code implementing the WHO Code lays down marketing restrictions for other foods for infants and young children, those are considered as Covered Products and this Policy is applied to those products in these countries.



Guiding Principles for Compliance

Our "Ten Guiding Principles for Compliance" are at the heart of everything we do. They help us to market our foods for infants and young children responsibly across our business worldwide.

Our "Ten Guiding Principles for Compliance"

- Address all the articles of the WHO Code
- Align our marketing practices with the WHO Code's recommendations
- Explain our approach to the marketing of Covered Products
- Describe the behavior that is expected from FrieslandCampina employees, distributors and partners involved in the marketing of Covered Products.

ATNI's recommendations

During the revision of our Policy, we also looked into the topics raised by the Access to Nutrition Initiative (ATNI) in its Global Index for the Marketing of Breast-milk Substitutes from 2021. This helped us to identify areas of improvement and to evolve our Policy.

- We have revised the definition of Covered Products, which helps our local teams to understand better which of our foods for infants and young children are in scope of our Policy in their market.
- We have clarified the global application of our Policy, making it clear that the provisions of our Policy must be followed also when mandatory provisions in national legislation and local code implementing the WHO Code are less strict.
- We have added a commitment to our Policy to annually report about the compliance status of FrieslandCampina with our Policy to increase transparency about the compliance of our marketing practices.



1 Breast milk is best



2 We adhere to the Code and comply with national legislation and local code



3 Parents have the right to an informed choice based on independent advice



4 Covered products are not promoted to consumers



5 Covered products are not promoted in health care facilities



6 Interaction with health workers is subject to strict conditions



7 Our performance management system stimulates compliance



8 Our product labels provide clear and understandable information



9 Our products are of high quality and based on sound science



10 Compliance is ensured by monitoring and training

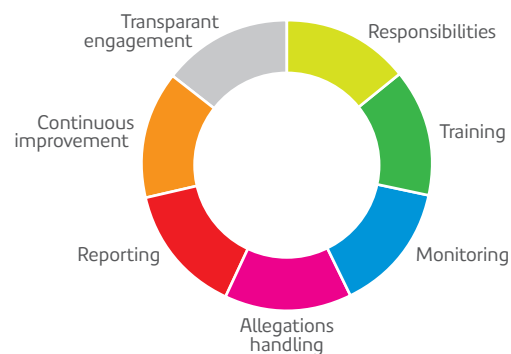
Working towards compliance

At FrieslandCampina we are aware that the implementation and application of our Policy for the Marketing of Infant Foods throughout the company and at all levels is key to achieve compliance.

Management System for Compliance

We have put processes in place to ensure that our Policy is implemented and applied in the same way in every country where we market our Covered Products. This is described in our Management System for Compliance.

- We define who within FrieslandCampina is responsible for the development, implementation and application of our Policy.
- We have appointed Topic Leaders in our Operating Companies and Business Groups that market and sell our foods for infants and young children.
- A company-wide training programme and an audit programme for compliance monitoring have been set up.
- Our Management System for Compliance also puts in place provisions for reporting, allegations handling, continuous improvement and transparent engagement.



In 2021, a total of 7739 people in 12 countries were trained on our Policy for the Marketing of Infant foods: 2731 employees, 4895 distributor staff and 113 partner personnel.

Improving compliance

Laying down our Management System for Compliance is important to ensure that our activities are carried out according to the same high standards in all countries where we operate – this is important for us as a company, for our consumers and for our stakeholders.

When we updated our Policy for the Marketing of Infant Foods in 2021, we put on paper the internal processes we already have in place for years to implement and apply our Policy worldwide. It is, however, for the first time that we transparently present our Management System for Compliance in our Policy.

In addition, we are always looking for ways to continuously improve compliance with our Policy. Actions implemented in 2021 as part of the upgrade of our Management System for Compliance:

- Set-up a corporate compliance database for centralized reporting of compliance complaints, confirmed non-conformances, self-assessment results and training activities
- Development of self-assessment tool
- Strengthen the corporate alert system for compliance complaints through the creation of a decision tree
- Publication of first compliance status report

We are on the right track

In the 2021 Global Access to Nutrition Index (ATNI), FrieslandCampina ranked third, and in the Breast-milk Substitutes (BMS)/Complementary Foods Marketing Index FrieslandCampina ranked sixth amongst nine global BMS companies. The Index benchmarks the marketing policies and practices of the world's largest manufacturers of formulas and foods for infants and young children. This benchmark scores and ranks their level of compliance with the WHO Code based on their policies, internal management systems and disclosure of information, as well as on-the-ground assessments.

Our Management System for Compliance was considered as one of the strongest of those evaluated. The commitments in our Policy show the highest alignment (89%) with the ATNI criteria, compared to the other companies. Also, the score for our management system for implementing our Policy has further improved (from 77% to 82%). This shows that we are on the right track and that regular evaluation and revision is important to constantly improve.

Our reply to the BMS Call to Action

FrieslandCampina has actively engaged with all stakeholders leading up to the publication of the BMS Call to Action. We appreciated the opportunity to participate in the dialogue between industry and civil society organizations, enabling us to support the ambition of improving the health and nutrition of mothers, infants and young children around the globe.

FrieslandCampina has provided a response to the Call to Action by addressing all the points raised. We have committed to uphold our Policy even in jurisdictions where laws and regulations are less stringent than our Policy, or absent. We have already included this in our revised Policy that was launched in the end of 2021. Evidently, in countries where national law is more stringent than our Policy, adherence to national law always takes precedence.

In our response we also confirmed our support to national governments, regulators and legislators, as well as other authoritative bodies, in their efforts to promote and protect breastfeeding, to develop health policies and national standards regarding BMS marketing and to create an environment that holds everyone responsible to the same, uniform rules. FrieslandCampina fully supports national legislation that is aligned with the WHO Code.

We strive to carry out our advocacy activities in a transparent and ethical way and according to local legislation. Therefore, we have recently published our FrieslandCampina Policy on Responsible Advocacy, which is inspired by the Responsible Lobbying Framework. All FrieslandCampina employees that undertake advocacy activities on behalf of FrieslandCampina must adhere to the principles laid down in this Policy.

We also committed to continue working with ATNI. We support the aim of ATNI to objectively assess and improve the contribution the private sector makes to addressing global nutrition challenges. We are actively providing ATNI with all the data they need to perform their assessment and we use the results of their monitoring to further progress in the future.

Responsible advocacy

FrieslandCampina engages with public authorities in view of working towards positive outcomes for both business and society. When done responsibly, advocacy leads to better legislation, rules and standards, increases stakeholder engagement in public life and serves the public interest. FrieslandCampina works across industries, civil society organisations and public authorities to support transparency, engagement and continuous improvement. Our commitments in relation to responsible advocacy are laid down in the [FrieslandCampina Policy on Responsible Advocacy](#).

Our compliance status 2021

This is our first report about compliance with our Policy for the Marketing of Infant Foods as part of our commitment to increase transparency about the compliance status of our marketing practices. Monitoring and reporting on findings is important to identify areas of improvement.

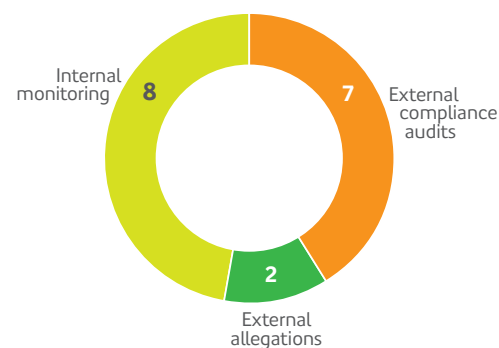
Monitoring our practices

We obtain information about our compliance status in different ways: through independent third-party assessment, via compliance complaints from external parties and from internal investigations. We always look into all allegations received and thoroughly review all evidence before an allegation is considered as substantiated or not.

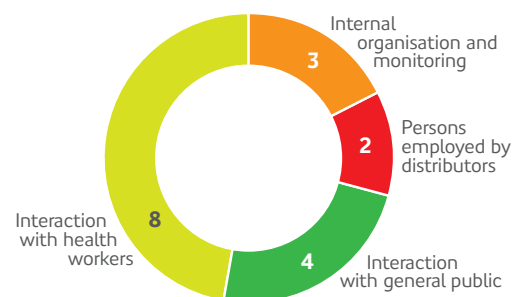
Our performance at a glance

Non-conformances observed in 2021 through monitoring and audits:

How were the non-conformances observed?



In which areas were the non-conformances observed?



External compliance audits

Independently of any other measures taken by governments to implement and monitor the application of the WHO Code, FrieslandCampina is responsible for monitoring its own marketing practices. External audits are carried out in regular intervals in our Operating Companies to assess the level of compliance with our Policy for the Marketing of Infant Foods. External monitoring provides an independent assessment on what works well and what can be improved.

External audits are undertaken by independent third-party auditors. Qualified, knowledgeable experts experienced in WHO Code auditing are engaged to undertake regular audits in FrieslandCampina Operating Companies. The audit plan, which includes location, timing and extent of work to be conducted, is proposed by Corporate Regulatory Affairs and approved by the Executive Board and the President Business Group Specialised Nutrition.

The independent external audits performed by Bureau Veritas are an important part of our compliance programme. In 2021, FrieslandCampina has engaged Bureau Veritas to undertake audits in Malaysia, Indonesia and Nigeria. All audits were completed in 2021.

The following activities were conducted to review our marketing practices and to assess our internal processes:

- Review of documentation and records relating to specific areas of compliance with reference to Covered Products
- Interviews with FrieslandCampina employees and distributor staff
- Interviews with health workers employed in the area of infant and maternal nutrition. For the purpose of avoiding bias and to protect confidentiality, Bureau Veritas arranged interviews with health workers independently and did not disclose that assessment of FrieslandCampina was done.
- Visual assessment of healthcare facilities and retail locations including modern trade, pharmacies, traditional trade and e-commerce. Bureau Veritas independently selected the facilities and locations that were inspected.

In total 7 non-conformances were observed. In terms of numbers and severity of non-conformances, the Operating Companies have improved their overall level of compliance compared to the previous Bureau Veritas audit executed in their market. The findings identified where FrieslandCampina can improve in terms of internal processes, self-assessment, and raising awareness amongst employees and business partners.

All Operating Companies carried out root cause analysis and developed corrective action plans for the non-conformances observed. For non-compliances attributable to third party retailers, regular monitoring and systematic communication when new non-compliances are observed are part of the corrective action plans to raise awareness and encourage responsible marketing practices amongst retailers.

Bureau Veritas assurance statements

Verification statements have been prepared by Bureau Veritas on the findings of the external audits in the FrieslandCampina Operating Companies that took place during 2021.

The assurance statements contain a summary of the observed non-conformances, the opportunities for improvement and the well managed compliant practices for each of the Operating Companies audited.

Summary of the non-conformances identified, response and corrective actions

Malaysia

Non-conformance	Response and corrective action
Distributor personnel had not received training on the FrieslandCampina Policy.	Made training plan covering business partners and employees.
Annual self-assessment had not been undertaken.	Carry out self-assessment in 2022.
One example of Covered Product placement was observed that may be perceived as a special display.	Product display is considered in line with local industry self-regulatory guideline, however, requirements on display could be refined. Established internal approval process of product display at retail outlets.
Covered Products were being offered at discount prices and/or with promotional incentives by three online retailers, however no evidence suggested that these activities were done at the request or initiation by the Operating Company.	Made training plan to cover major e-commerce business partners. Developed internal guidance to facilitate the development of online e-store. Follow local industry guideline on e-commerce which has been developed as self-regulatory tool.

Indonesia

Non-conformance	Response and corrective action
One instance of distribution of products for professional evaluation to HCPs which is not allowed by local law.	Activity occurred due to interpretation of local law vs. FrieslandCampina Policy. Activity was stopped immediately, and internal local guidelines were prepared.
Annual self-assessment was done, but unclear whether all requirements were comprehensively addressed.	Carry out complete self-assessment in 2022.

Nigeria

Non-conformance	Response and corrective action
Educational material used electronically did not contain the mandatory statement "breast milk is best".	Included the complete breastfeeding statement in all materials.

During the audits in these countries, several best practices were observed. These included (among others):

- During interviews, employees demonstrated overall good awareness of the requirements of FrieslandCampina's Policy
- Approval of marketing and educational materials is monitored, and approvals are tracked in e.g. Malaysia
- FrieslandCampina requirements are communicated to relevant third parties through provision of training in e.g. Indonesia
- Training records for employees, distributors and merchants are well maintained in e.g. Nigeria

External allegations

External monitoring raises awareness and increases the compliance of marketing practices. Two compliance complaints from external stakeholders were received/handled in 2021.

One complaint was about violating a local Code of Ethics on seven points, of which only two were substantiated. They concerned the shelf presence of Covered Products with an expired approval code and misleading promotion of Covered Products. The imposed penalties were applied in the course of 2021. Corrective actions have been implemented.

The other complaint concerned sampling of Covered Products in a healthcare facility in a country where local legislation prohibits the provision of free product samples to the health care system. The practice has been stopped and internal guidelines have been issued.

Internal monitoring

Monitoring our own marketing practices is important to understand where we can still improve. Therefore, an annual self-assessment must be conducted by each Operating Company in order to assess compliance of activities and processes with our Policy.

Eight non-conformances were found in three Operating Companies in 2021. The non-conformances detected through internal monitoring were in the areas of interaction with the general public, interaction with health workers, and internal organization and monitoring.

All Operating Companies conducted root cause analysis on the non-conformances found in the self-assessment and followed up with corrective action plans.

FrieslandCampina Speak Up

Our Speak Up system allows external stakeholders as well as FrieslandCampina employees to raise open or anonymous compliance complaints against our Policy, national legislation or local codes related to the marketing of Covered Products.

Our Speak Up Phone and Webservice ([Speak Up | FrieslandCampina](#)) are available non-stop in all languages. All compliance complaints are handled by the FrieslandCampina Business Conduct Team.

In 2021, one anonymous compliance complaint was received regarding sales targets for Covered Products in one country. The initiated investigation did not lead to evidence of a non-conformance.

Key areas of improvement

In order to ensure continuous improvement, marketing practices and internal processes must be reviewed to improve compliance. To act on the findings of 2021, we have defined some key areas of improvement next to the specific corrective actions developed in the audited Operating Companies.

- Clarify roles and responsibilities of internal processes
- Review roll-out of mandatory training of employees during on-boarding
- Set-up plan to carry out annual self-assessment
- Raise awareness on the corporate compliance database to facilitate monitoring and reporting
- Develop strong corrective action plans with an ambitious timeline
- Align with peers on implementing compliant practices

Moving forward

We are proud to publish our first status report on compliance with our Policy for the Marketing of Infant Foods. Our plan is to publicly report our compliance record each year from now on. This shows that we are committed to openly and transparently sharing on how we are doing and what more can be done.

Making progress in complying with our Policy is key. We work hard to continuously improve our internal processes and challenge ourselves on the compliance of our marketing practices. We are focusing on topics such as training and internal monitoring to continue to improve compliance. We also keep reflecting on feedback we receive from external stakeholders on the areas in which we can improve.

We are dedicated to contributing to provide optimal nutrition to infants and young children. All our employees, distributors and other partners must be aware of our commitment to protect and promote breastfeeding and to responsibly market our foods for infants and young children.

We will continue to collaborate with public health authorities, civil society organizations and peers as we believe that constructive engagement will enable us to face challenges together and to make progress in improving infant and maternal nutrition and health.



