

Compliance Status Report 2022

FrieslandCampina Corporate Policy
for the Marketing of Infant Foods

Contents

About this report	3
Advancing responsible marketing	4
Good nutrition for infants and young children	4
Our Policy for the marketing of infant foods	4
Covered products	5
Guiding principles for compliance	5
Management system for compliance	5
Interacting with stakeholders	6
WHO publications	6
Upcoming ATNI assessment	6
Responsible advocacy	6
Transparent engagement	6
Improving compliance	7
Highlights from our Management system for compliance	7
Follow up of actions from 2021 report	8
Key achievements 2022	8
How we did in 2022	9
Key figures at a glance	9
External allegations	10
Bureau Veritas compliance audit	10
Internal monitoring	11
Summary of non-conformances	11
Recommendations for improvement	11
Moving forward	12



About this report

This annual compliance status report aims to inform about our performance regarding our FrieslandCampina Policy for the marketing of infant foods. We published this report for the first time last year.

We transparently want to show our external stakeholders what we are doing to ensure responsible marketing of our foods for infants and young children, and which progress we have made to enhance compliance.

With the help of internal and external monitoring, we receive valuable feedback on our efforts to implement our Policy for the marketing of infant foods to ensure that we market and sell our foods for infants and young children responsibly.

This is the second compliance report on our Policy for the marketing of infant foods. In this report we provide an overview of allegations received from all sources as well as findings from external compliance audits and internal assessments in the year 2022.



Advancing responsible marketing

Responsible marketing of infant foods has a long history in FrieslandCampina and its legal predecessors. Today, we are proud that this topic receives the necessary attention within our company and that responsible marketing practices are well embedded in our daily work. We have made many efforts to continuously improve compliance by strengthening our Policy and practices over time.

Good nutrition for infants and young children

At FrieslandCampina, we are committed to provide healthy and sustainable nutrition to people at all ages, also to our youngest consumers and their parents. That's why the World Health Organization's International Code of Marketing of Breast-milk Substitutes is at the basis of all we do to contribute to optimal nutrition for infants and young children.

We believe that breastfeeding must be protected and promoted and therefore we 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.

However, if mothers are unable or choose not to breastfeed, babies should be fed healthy alternative food. FrieslandCampina produces high-quality foods for infants and young children that are safe and meet their nutritional needs.

Our Policy for the marketing of infant foods

We ensure that the WHO Code's principles for responsible marketing of our foods for infants and young children are embedded in our work. [Our global Policy for the marketing of infant foods](#) promotes and protects breastfeeding by guiding our practices, to ensure that our products are marketed responsibly.

Our Policy has continuously evolved over time. It is embedded across our business 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.

Our commitment to the WHO Code

At FrieslandCampina, we know that marketing our foods for infants and young children comes with great responsibility. We recognise that breast milk is best and that breastfeeding should not be discouraged.

We are committed to market our foods for infants and young children in the most responsible way adhering to the aim and principles of the WHO International Code of Marketing of Breast-milk Substitutes ('the WHO Code'), to promote and protect breastfeeding and to ensure the proper use of Breast-milk Substitutes, when these are necessary, on the basis of adequate information and through appropriate marketing and distribution.

We acknowledge the importance to comply to the WHO Code and subsequent relevant WHA resolutions as implemented in local legislation and codes as well as in our FrieslandCampina Policy for the marketing of infant foods.

Covered products

Products in scope of our Policy are called “covered products”. Those include, as a minimum, infant formula and formula for special medical needs for infants from birth to six months in all countries where we market our products.

However, in most countries we go beyond and apply our Policy also to products for older infants and young children. This is based on applicable national legislation and code implementing of the WHO Code as laid down by local governments in line with their national health policies.

Therefore, in most countries where we operate also follow-on formula and/or young child formula and/or infant cereals are considered as covered products and our Policy must be applied to those products in these countries.

Guiding principles for compliance

Our [“Ten Guiding principles for compliance”](#) explain our approach to the marketing of covered products. They are fully aligned with the WHO Code’s recommendations and form the basis of everything we do. They help us to market our foods for infants and young children responsibly across our business worldwide.

Management system for 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. To ensure uniform implementation of our Policy across the company and at all levels, we have put harmonized processes in place. Only when our Policy is applied in the same way everywhere, we can achieve full compliance – which is important for us as a company, for our consumers and for our stakeholders.

Key facts on our Policy

- Globally applicable in all our infant food markets
- Applicable to all FrieslandCampina employees and direct contracted partners
- Applicable to all formulas up to six months globally and beyond as defined per country based on national legislation and local code implementing the WHO Code
- We apply whatever provisions are stricter, in our Policy or in national legislation and local code
- Contains our ten Guiding principles for compliance fully aligned with all articles of the WHO Code
- Describes our Management system for compliance for implementation and application of our Policy



Interacting with stakeholders

FrieslandCampina works across industries, civil society organisations and public authorities to support transparency, engagement and continuous improvement. We are actively collaborating with all involved stakeholders to make a positive impact for both business and society.

WHO publications

We value feedback from all stakeholders as it helps to reflect on our practices and to continuously improve. In 2022, the WHO published two reports on the marketing practices of manufacturers of Breast-milk Substitutes. In one report, five case reports were mentioned for FrieslandCampina. Detailed investigation of the allegations was not possible as no details were provided and cases were outdated. As a company it is important to understand the concerns and to act upon, where needed.

Upcoming ATNI assessment

In preparation of the next assessment of the Global Access to Nutrition Initiative (ATNI) in 2023, ATNI has carried out consultation rounds with manufacturers and other stakeholders to discuss the revision of the methodology for the Breast-milk Substitutes assessment. FrieslandCampina has participated in these consultations with the aim to support ATNI to objectively assess the contribution the private sector makes to addressing global nutrition challenges. We will provide ATNI with all the data they need to perform the 2023 assessment.

Responsible advocacy

We strive to carry out our advocacy activities towards governments and within trade organizations in a transparent and ethical way and according to local legislation. When done responsibly, advocacy leads to better legislation, rules and standards, increases stakeholder engagement in public life and serves the public interest.

We launched our [FrieslandCampina Policy on Responsible Advocacy](#) in June 2022. All employees that undertake advocacy activities on behalf of FrieslandCampina must adhere to the principles laid down in this Policy. To increase awareness and enhance compliance, we provided training to employees for whom this is relevant on why responsible advocacy is part of FrieslandCampina's good business conduct and what the general principles are that everybody is expected to follow.

Transparent engagement

FrieslandCampina seeks alignment with trade associations and industry policy groups in order to carry out activities according to the same standards with regards to our Policy for the marketing of infant foods. We publish and regularly update on our website a [list](#) of trade associations and industry groups of which FrieslandCampina is a member.

New website on infant nutrition

We have created on our corporate website a separate page dedicated to [infant nutrition](#) to show our commitment to support breastfeeding and responsible marketing of our infant foods.

We share on this site our annual compliance status report including the results of our compliance monitoring, the Bureau Veritas public assurance statements from the compliance audits, and the list of trade associations and memberships to which FrieslandCampina employees participate.

Improving compliance

We have laid down harmonized processes in all areas to continuously improve compliance with our Policy. All elements of our Management system for compliance aim to support continuous improvement.

Highlights from our Management system for compliance

Responsibilities	We have set clear roles & responsibilities at all levels, from the Executive Board to the front-line staff. We appointed Topic Leaders in our Operating Companies and Business Groups who are responsible for the local day-to-day implementation of our Policy.
Training	A company-wide training programme is in place, both on global and on local level. We have several global e-learnings available in different languages. Training is provided to colleagues and direct partners in the countries to give the local perspective.
Monitoring	We perform self-assessments in our Operating Companies using a standardized tool and collaborate with external auditors to monitor compliance against our Policy.
Allegations handling	We receive, review and handle external allegations from all sources. We have an internal complaint handling process in place as well as a Speak Up System where external stakeholders and employees can raise compliance complaints openly or anonymously.
Reporting	We have a corporate compliance database in place for centralized reporting of all findings related to our Policy. We annually report about the compliance status of FrieslandCampina to raise awareness and to show the progress we have made in advancing compliance.
Continuous improvement	Each year the Executive Board endorses recommendations for improvement based on the performance of the previous year and gives guidance to the business on effective implementation. We regularly review and evaluate our Policy to look for opportunities to improve.
Transparent engagement	We have a Policy on Responsible Advocacy in place that all employees undertaking advocacy on behalf of FrieslandCampina must adhere to. We publish on our website a list of trade associations and industry policy groups that FrieslandCampina is participating to. We publish each year a compliance status report to increase transparency about the compliance of our practices on marketing of infant foods and which improvement actions we plan to take.

Follow up of actions from 2021 report

Based on the findings from the 2021 performance, we identified some key areas of improvement. Several actions have been taken to further strengthen the internal processes of our Management system for compliance, leading to compliant practices.

Improvement possibility	Action taken
Clarify roles and responsibilities of internal processes	Development of a procedural manual to explain how to implement and apply the provisions laid down in the Management system of compliance and to clarify who is responsible for this
Review roll-out of mandatory training of employees during on-boarding	Provide guidance to Operating Companies on how to ensure that new colleagues are trained on our Policy during on-boarding, e.g. that the global e-learning is part of the induction programme
Set-up plan to carry out annual self-assessment	Give instructions to Operating Companies on how to formalize the annual self-assessment by setting up an internal process. This includes determining a specific moment around the same time each year to carry out the self-assessment and defining who is responsible of carrying it out, who is audited and who is responsible to follow up any findings
Raise awareness on the corporate compliance database to facilitate monitoring and reporting	Provide training to Operating Companies on how to enter information into the database and clarification on the elements that need to be provided in the available templates
Develop strong corrective action plans with an ambitious timeline	Carry out root cause analysis together with the audited Operating Company in order to develop tangible actions to support continuous improvement and to avoid re-occurrence
Align with peers on implementing compliant practices	Continued efforts to exchange with peer companies on best practices in order to enhance compliance throughout the industry

Key achievements 2022

Actions implemented in 2022 as part of our continuous improvement mechanism:

- Update of global training material to align with the revised FrieslandCampina Policy launched in December 2021
- Execution of comprehensive global train-the-trainer programme to train management personnel in the Operating Companies who will in turn train employees in the countries
- Training of 3962 people locally in 10 Operating Companies on our Policy (1245 employees, 2259 distributor staff and 458 partner personnel)
- Start update of the global e-learning creating dedicated modules for different target groups
- Standardized use of the corporate compliance database for centralized reporting of compliance findings
- Delivery of external compliance audit by Bureau Veritas in Mexico



How we did in 2022

Constant monitoring of compliance is key to continuous improvement. It raises awareness and increases the compliance of marketing practices. Only when we monitor our own efforts we can review and challenge our practices and identify areas of improvement.

Key figures at a glance

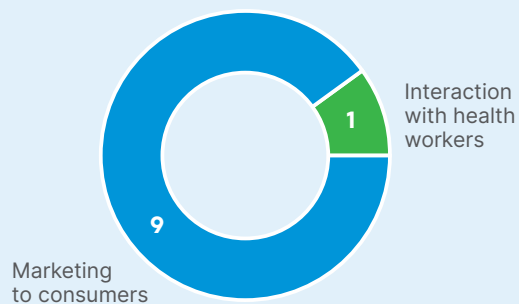
3962 employees and partners were trained in 2022 on our Policy for the marketing of infant foods.

In 2022, no compliance complaints were received via our Speak-Up system.

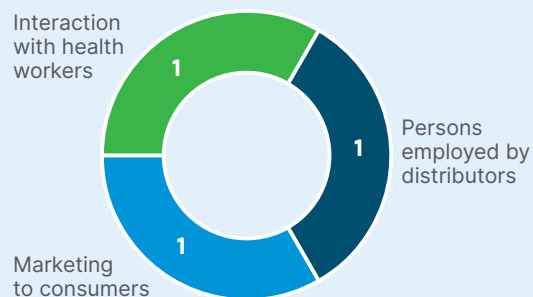
In total 19 non-conformances were observed in 5 countries.

How where the 19 non-conformances observed and in which areas?

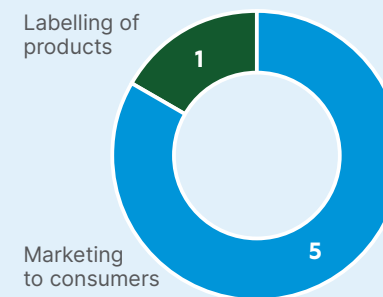
External compliance complaints



External compliance audit



Internal monitoring



External allegations

We have a uniform approach in place to handle complaints received from external sources. Our complaint handling decision tree ensures that all allegations are thoroughly assessed and followed-up accordingly. When a complaint is substantiated, it is handled locally by the concerned Operating Company, or globally when multiple Operating Companies are impacted; then the FrieslandCampina Alert system will be applied. All external complaints received must be reported into the corporate compliance database.

In 2022, three Operating Companies reported the receipt of 11 compliance complaints via competitors. 10 out of 11 reported compliance complaints were substantiated. The nature of the complaints was in most cases related to marketing and promotion of covered products to consumers in retail. Corrective actions were implemented for all substantiated cases, primarily requesting third party actors to terminate the non-compliant activity and informing about the FrieslandCampina Policy and our commitment to the WHO Code.

Bureau Veritas compliance audit

External compliance audits are an important part of our compliance programme and 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

assessment by independent third-party auditors provides a differentiated look on how our marketing practices could be seen by the outside world.

In 2022, Bureau Veritas conducted an independent assessment in Mexico, the biggest market of our FrieslandCampina Export Operating Company. Bureau Veritas interviewed remotely employees from the Export team as well as distributor staff in Mexico and carried out marketplace assessment, including visits of retail outlets and health care facilities as well as interviews with health workers.

Overall, the awareness on the Policy has increased and the number of non-conformances has been reduced compared to the previous audit in Mexico. No repeat issues were identified against the findings from the previous audit. Several opportunities for improvement and few areas of risk have been identified. Three non-conformances have been observed. The Export team has carried out root cause analysis and developed improvement actions together with the distributor.

A verification statement from the Bureau Veritas compliance audit that took place in Mexico in 2022 is available on our corporate [website](#).

Area of non-conformance	Description	Response	Improvement actions
Marketing to consumers	Promotion of covered products to consumers in retail using point of sale promotional device	We understand the observation, however, there was no evidence that activities were done at the initiation of FrieslandCampina or the distributor	• Train distributors and third parties • Regularly communicate FrieslandCampina Policy with third parties • Carry out regular random checks of retail outlets
Interaction with health workers	Insufficient evidence of institutional disclosure of sponsored HCP attendance at medical conferences	We agree with the observation, however, note that the non-conformance was based on insufficient evidence	• Review contact details of health workers in line with the FrieslandCampina Policy • Train staff on the requirements around organizing educational meetings for health workers
Persons employed by distributors	Missing compliance related clauses in contracts of distributor with third parties	We understand the observation but note that the FrieslandCampina Policy applies to directly contracted partners and not their customers	• Develop and share with distributor's customers memo on the FrieslandCampina Policy

Internal monitoring

FrieslandCampina is responsible for monitoring its own marketing practices in order to understand what works well and where we can still improve. Therefore, our Policy requires that each Operating Company annually conducts a self-assessment in order to assess compliance of its own activities and processes with the provisions of our Policy.

Eight Operating Companies carried out the self-assessment in 2022. Among the eight Operating Companies that conducted the self-assessment, three Operating Companies found in total six non-conformances. Five of the six non-conformances were observed in the area of marketing to consumers in retail, e.g. special display. One non-conformance was related to a missing breastfeeding statement on the label of a covered product. All Operating Companies conducted root cause analysis, set up corrective action plans and followed up the non-conformances found in the self-assessment.

FrieslandCampina Speak Up

Anybody - external stakeholders and employees – can raise compliance complaints against our Policy for the marketing of infant foods and national legislation or code implementing the WHO Code.

The Speak Up Phone and Webservice ([Speak Up | FrieslandCampina](#)) allows to raise openly or anonymously compliance complaints. It is available non-stop in all languages.

In 2022, no compliance complaint on our marketing practices was received via the Speak Up system.

Summary of non-conformances

A total of 19 non-conformances were observed in 2022, out of which ten compliance complaints received locally, six from self-assessment and three from the external compliance audit. There were no compliance complaints reported via the Speak Up system.

Most non-conformances (15) were observed in the area of retail marketing to consumers. For all 19 non-conformances, root cause analysis has been carried out and corrective action plans, including timeline, have been developed.

Compared to the year 2021, the total amount of non-conformances remained at the same level. There were less findings reported from the external compliance audit since only one audit was performed in 2022. There were, however, more non-conformances identified from external compliance complaints and internal self-assessment in the Operating Companies, most likely due to improved reporting via the recently established corporate compliance database.

Recommendations for improvement

The review of internal processes is essential to ensure continuous improvement. Following recommendations to improve our compliance of our marketing practices and the effectiveness of our management system are made in response to the findings of 2022.

- Strong management support: Senior management to regularly highlight the importance of compliance with the Policy and ensure that sufficient resources are dedicated for implementation.
- Prioritize activities to ensure compliance: Operating Companies to give more attention to self-monitoring and timely fixing of any confirmed non-conformances.
- Further improve compliance reporting: All Operating Companies to regularly report compliance-related findings into the corporate compliance database.
- Strengthen agreements and contacts with third parties: Operating Companies to ensure that agreements with contracted partners such as direct distributors contain compliance provisions and regularly communicate with non-contracted partners about our Policy.

Moving forward

At FrieslandCampina, we are committed to provide optimal nutrition to infants and young children. All our employees, distributors and other partners must aim to responsibly market our foods for infants and young children every day.

The report at hand gives the opportunity to reflect on our compliance status, considering monitoring results and feedback received from different stakeholders. It tracks our efforts in making progress to comply with our Policy, leading to responsible marketing practices. We are committed to openly and transparently share in this second annual compliance status report how we are doing and what more can be done to continuously improve.

To market our foods for infants and young children responsibly in compliance with our Policy, further steps must be taken to enhance understanding of our requirements, for our employees and for our partners. Dedicated training must be available to point out specific requirements. We must also improve our internal processes regarding monitoring and reporting and prioritize activities to ensure compliance. Furthermore, interactions with contracted as well as non-contracted parties must be improved as responsible marketing is a shared responsibility.

We will continuously engage to enhance compliance, collaborating with all stakeholders, as working together on today's challenges is the only way forward to improve infant nutrition and health.

