



FrieslandCampina 
nourishing by nature

Compliance Status Report 2023

FrieslandCampina Corporate Policy
for the Marketing of Infant Foods

Contents

About this report	3
Responsible marketing of infant foods	4
Based on WHO standards	4
Dedicated to compliance	4
Our commitment to support breastfeeding	4
Our Policy for the marketing of infant foods	5
Scope in line with local law	5
Continuous improvement	5
Main activities 2023	6
Public reporting	6
Raising awareness	7
Our 2023 Performance	8
Key figures and achievements	8
Feedback on performance	9
External compliance complaints	9
Bureau Veritas compliance audit	10
Bureau Veritas audit programme	10
Internal monitoring	10
FrieslandCampina Speak Up	11
Summary of non-conformances	11
Recommendations for improvement	11
Looking ahead	12



About this report

FrieslandCampina is dedicated to sustainable nutrition. This involves creating food systems that are healthy for both people and the planet. By focusing on producing in balance with nature, we aim to nourish the world's growing population with better and affordable nutrition.

Accordingly, we strive to provide high-quality, safe, and nutritious products to support the health and development of infants and young children, especially when breastfeeding is not an option. This supports the well-being of the youngest and most vulnerable members of society and offers a valuable option for parents and care givers.

Our Policy for the marketing of infant foods reflects our commitment to responsible marketing practices that support and promote breastfeeding, in line with the World Health Organizations' International Code of marketing of breast-milk substitutes. It underscores the importance of responsible marketing of infant nutrition, ensuring that it is conducted in a way that protects the health of infants and young children.

In doing so, FrieslandCampina demonstrates that corporate responsibility and care for consumer health can go hand in hand with sustainable practices.

This annual compliance status report serves as a testament to our dedication to ethical marketing standards for infant nutrition products. This report aims to transparently inform our stakeholders about the progress we have made in implementing our Policy, demonstrating our adherence to regulations and our own standards, and highlighting our proactive approach to enhancing our practices.

By sharing the nature of allegations and the outcomes of external audits and internal assessments in 2023, the report provides a clear view of our efforts to enhancing compliance in our marketing activities. In addition, it shows the progress made over the year, highlighting areas of advancement, and providing recommendations for further improvements.

Continuous improvement and learning are key to adapting and upholding these commitments, ensuring that the well-being of the youngest members of society is always a priority. By committing to these ethical standards, we support the health and optimal nutrition of infants and young children globally, laying a strong foundation for a healthier future generation.

Mireille Einwachter
Chief Sustainability Officer



Harvey Uong
President Specialized Nutrition



Responsible marketing of infant foods

FrieslandCampina's commitment to responsible marketing reflects our deep understanding of the vital role that nutrition plays in the early stages of life. By adhering to the principles of the World Health Organizations' Code, we support the health and well-being of infants and young children worldwide.

Based on WHO standards

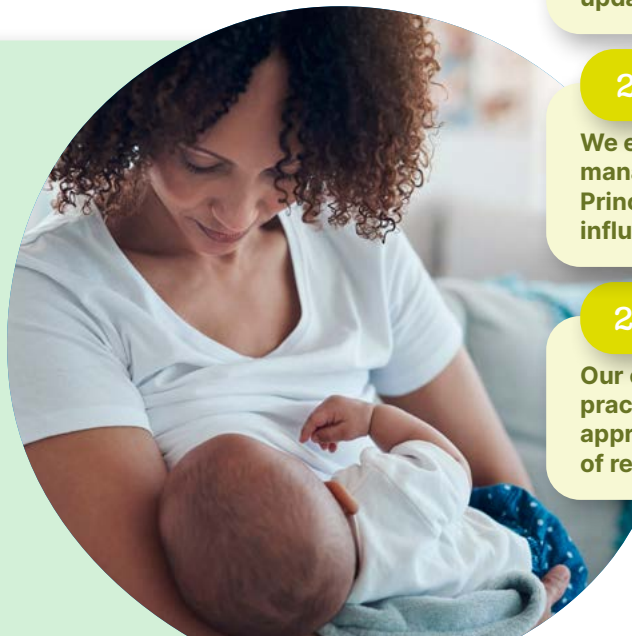
We aligned our marketing practices of our foods for infants and young children with the global standards that support and encourage breastfeeding. That's why the World Health Organization's International Code of marketing of breast-milk substitutes ('the WHO Code') forms the basis of all we do to contribute to optimal nutrition for infants and young children.

Dedicated to compliance

FrieslandCampina has a longstanding commitment to responsible marketing of infant foods, a practice that is deeply ingrained in our company's operations and that of its predecessors. Over decades, we have taken significant steps to enhance compliance and integrate responsible marketing principles into our daily activities. With pride we look back at a long history of continuous commitment, sharing some milestones from the past 20 years.

Our commitment to support breastfeeding

We believe that breastfeeding must be protected and promoted. 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. By adhering to the aim and principles of the WHO Code, we promote and protect breastfeeding and ensure the proper use of breast-milk substitutes, when these are necessary, on the basis of adequate information and through appropriate marketing and distribution.



2003

We introduced the first marketing principles for infant formula at Friesland Coberco Dairy Foods (pre-decessor of FrieslandCampina).

2009

We published the first FrieslandCampina Standard for infant formula marketing post FrieslandFoods and Campina merger.

2013

The Executive Board assumed full accountability for the revised FrieslandCampina Standard for infant food marketing and the development of an internal guideline for responsible marketing.

2017

We released the first Policy for the marketing of infant foods, establishing Guiding Principles for Compliance in line with the WHO Code and updating the Standard and internal guideline.

2021

We enhanced our Policy with a global compliance management system and alignment of the Guiding Principles for Compliance with the WHO Code, influenced by ATNI's Global Index.

2023

Our continuous monitoring and improvement of practices up to 2023 highlight a forward-thinking approach, ensuring that we remain at the forefront of responsible marketing in the industry.

Our Policy for the marketing of infant foods

Our global Policy for the marketing of infant foods is designed to ensure that our foods for infants and young children are marketed in a responsible manner, aligning with the WHO Code's recommendations.

Our Policy for the marketing of infant foods

Guiding principles for compliance

Our ten "Guiding principles for compliance" serve as a framework for responsible communication and behavior, guiding employees, distributors, and partners to uphold the highest standards of integrity in all marketing activities related to the products covered by our Policy. These principles ensure that our marketing strategies for foods intended for infants and young children are in adherence with the WHO Code.

Management system for compliance

A robust management system for compliance is crucial for maintaining high standards in the organisation. By implementing harmonized processes and ensuring uniform application of policies in all our countries, we can achieve full compliance. This not only benefits FrieslandCampina but also our consumers and stakeholders, reinforcing our commitment to continuous improvement and adherence to established policies.

Scope in line with local law

Foods for infants and young children that are in scope of our Policy are called "covered products". This includes at the very least infant formula and specialized formula for medical conditions affecting infants up to six months old, in all markets where our products are sold.

Additionally, our Policy extends to include products for older infants and/or young children in countries in which we are present, aligning with the implementation by local governments of the WHO Code in national legislation or local code in these countries.

Consequently, in many of these countries, follow-on formula, young child formula, and/or infant cereals are also subject to our Policy. FrieslandCampina is the only company that is applying its Policy to all infant and/or young child products defined as breast-milk substitutes in local legislation or code.



Continuous improvement

Implementing a harmonized Management system for compliance three years ago was a significant step towards ensuring consistent application of our Policy across all markets. By harmonizing processes, this system not only facilitates adherence to our Policy but also fosters an environment of continuous improvement. This approach reflects our understanding that effective compliance is not static but requires ongoing effort and refinement to address evolving challenges and opportunities. It also demonstrates a commitment to maintaining high standards of compliance, which is essential for the integrity and reputation of FrieslandCampina.

Main activities 2023

We have carried out several activities in 2023 as part of our continuous improvement mechanism and commitment to transparency and interaction with external stakeholders.

Public engagement	Enhancing Compliance	Monitoring and Reporting
• Provide input to ATNI's breast-milk substitutes index assessment • Develop a position on the WHO guidance on digital marketing of breast-milk substitutes for local advocacy • Publish the external annual compliance status report 2022 • Support the creation of the Specialized Nutrition Europe Code of Practice on interaction with health care professionals	• Handle compliance complaints received in the Business Groups • Solve non-compliances observed in the Business Groups • Organize online refresher trainings on the Policy • Launch of two new global e-learning (in English, Chinese and Bahasa Indonesia), an ACE Academy essential (in English) and a ACE Field Sales Academy learning (in Vietnamese)	• Publish the Bureau Veritas assurance statement of Mexico compliance audit 2022 • Renew the compliance audit programme with Bureau Veritas for 2023-2026 • Carry out the Bureau Veritas compliance audit in Vietnam 2023 • Report to the Executive Board and the Business Groups about the compliance status 2022

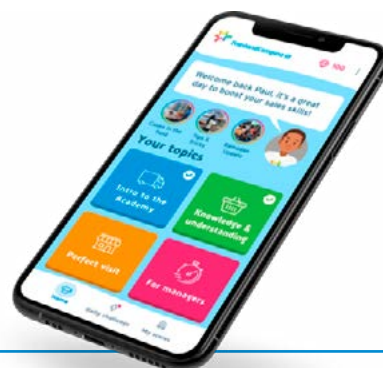


Public reporting

We demonstrate our dedication to transparency by publishing essential compliance documents on our [corporate website](#). This includes the annual compliance status report detailing monitoring outcomes and Bureau Veritas' assurance statements from the compliance audits. We also share a directory of trade associations and industry groups that FrieslandCampina is affiliated with and a stakeholder dialogue [policy](#) and [table](#).

Raising awareness

The 2022 compliance status report has highlighted education and training as crucial area for enhancement within the management system. To address this, a series of training and awareness raising toolkits have been developed and rolled out last year.



Basic global e-learning

The basic e-learning introduces the WHO Code and our Policy, explains our ten Guiding principles for compliance and why is it important to comply to these rules.

It is mandatory for all FrieslandCampina employees directly or indirectly involved with foods for infants and young children, including the highest management.

Advanced global e-learning

The new advanced global e-learning provides more details on our ten Guiding principles for compliance and showcases how to apply them in practical day-to-day situations.

It's specifically aimed at FrieslandCampina staff involved in communication, marketing and sales of our infant foods.

ACE Academy Essential

The global ACE programme is our integrated approach for all our commercial activities. ACE training is facilitated by the ACE Academy.

The new ACE Academy Essential on the marketing of infant foods comprises information on how to market our products for infants in a responsible and compliant way. It also explains why responsible marketing practices benefit not only our consumers, but also FrieslandCampina.

ACE Academy Field Sales

The ACE Academy Field Sales has been developed for training the executional capabilities of our General Trade field force working for our distributor partners that do not have access to the global e-learning and the ACE Academy.

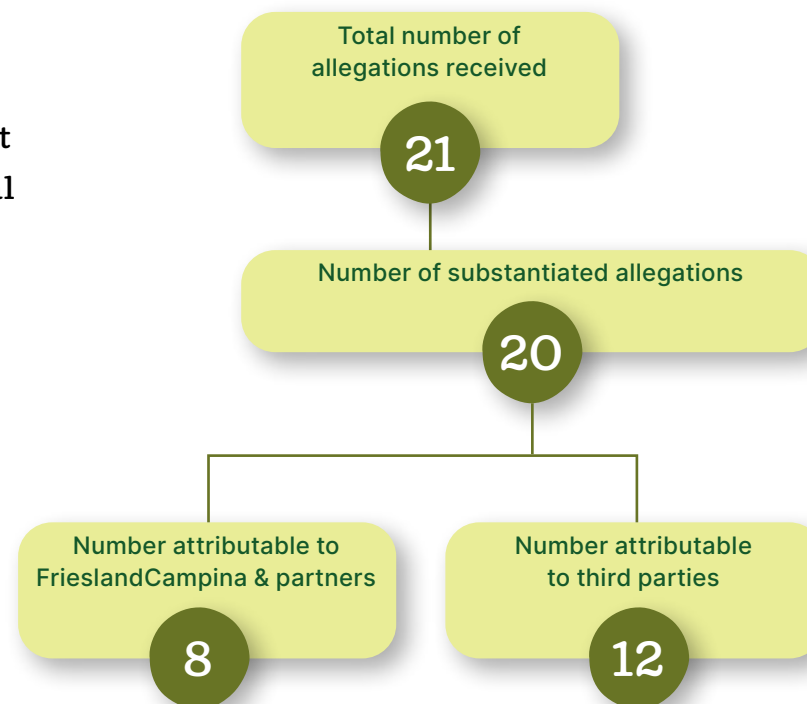
A new online learning module on marketing infant foods has been launched specifically for our field sales teams in Vietnam, with market-specific content and media.

Our 2023 Performance

Continuous monitoring of compliance is essential for the ongoing enhancement of marketing practices. It not only fosters awareness but also boosts adherence to established standards. Through diligent self-assessment and the incorporation of feedback from both internal and external monitoring, we can critically evaluate our current practices. This process is crucial in identifying potential areas for improvement and ensuring the responsible marketing and sale of infant foods, in alignment with our Policy.

Key figures and achievements

- 3993 employees, partner staff and distributor personnel were trained locally.
- 1920 employees completed the basic and advanced global e-learning.
- No compliance complaints were received via our Speak Up system.
- 20 non-conformances, partly due to activities from third parties, were observed in 6 countries.



What kind of non-conformances were observed?

Promotion to the general public	16	
Interaction with health workers	2	
Persons employed by distributors & partners	1	
Internal organisation	1	

How were the non-conformance observed?

External compliance complaints	9	
Bureau Veritas audit	5	
Internal monitoring	6	

Feedback on performance

There are different ways on how we receive feedback on our performance. Each of these feedback mechanisms play a crucial role in maintaining high standards and improving the overall performance of our organization.

External Feedback	Internal Feedback
Compliance complaints received from external parties	Monitoring through internal programs like "Speak Up" and the corporate alert system
Audits conducted by independent third-party auditors	Self-assessments conducted by employees

External compliance complaints

FrieslandCampina has implemented a standardized procedure for addressing complaints from external sources. This involves a decision tree that ensures comprehensive evaluation and action on all reported issues. Substantiated complaints are managed at the local level by the relevant Operating Company or on a global scale if they affect multiple entities, utilizing the FrieslandCampina corporate alert system. Additionally, all received external complaints are recorded in the corporate compliance database to maintain oversight and ensure accountability.

In 2023, four Operating Companies received 10 compliance complaints from competitors, NGOs, or local government agency. 90% of these complaints were confirmed to be valid and were all conducted by third parties.

The complaints pertained to the marketing and promotional practices of covered products to consumers (mostly price promotions initiated by independent retailers) and to interaction with health care professionals.

In response, corrective measures were taken for all verified complaints, which mainly involved instructing the involved third parties to cease the non-compliant activities and educating them about our Policy and adherence to the WHO Code.



Bureau Veritas compliance audit

In 2023, Bureau Veritas has carried out a compliance audit in Vietnam. Interviews with FrieslandCampina staff and one distributor responsible for sales and marketing were done. Assessments of e-commerce and visits of retail stores and of health care facilities were also carried out.

The audit showed that overall awareness of the requirements of our Policy and the local code is good and that the number of non-conformances

were reduced compared to the previous audit executed in 2019. Several opportunities for improvement and several areas of risk have been identified.

Five non-conformances have been observed in different areas. The Vietnam team has carried out root cause analysis and developed corrective action plans. The Bureau Veritas assurance statement includes a summary of the non-conformances and opportunities for improvement and is available on our [corporate website](#).

Area of non-conformance	Action taken	Action taken
Promotion to the general public	- Retail price promotions of covered products (not initiated by FrieslandCampina) and special display of covered products in retail - Website had non-compliant or missing breastfeeding statement - Interaction with pregnant women in health care facilities	- Regular communication with third parties and development of guidelines on marketplace compliance and reporting for field sales staff - Set up process for monitoring and reporting compliance - Organize refresher training on the Policy for relevant personnel
Persons employed by distributors & partners	Missing mandatory clauses relating to the Policy in contract with marketing agency	Review of contract to include relevant provisions
Internal organization	Objectives of medical team included covered products in a way that could be perceived as sales targets	Align medical team's targets and objectives for 2024 with the Policy

Bureau Veritas audit programme

Since 2014, a corporate audit program has been implemented, engaging the external auditing firm Bureau Veritas to independently evaluate the compliance of our infant foods business with the Policy. These external compliance audits are integral to our compliance program, conducted at regular intervals within all our Operating Companies that sell our foods for infants and young children. The audits raise awareness on the importance to adhere to our Policy. In addition, the involvement of independent third-party auditors offers an objective perspective on our marketing practices, reflecting how they might be perceived externally.

Internal monitoring

We acknowledge the importance of monitoring our own marketing practices. Our Policy mandates that each Operating Company performs an annual self-assessment to ensure their activities and processes align with our Policy. This reflective practice is crucial for continuous improvement and maintaining compliance of our marketing practices.

In 2023, all eight Operating Companies active in the infant foods business undertook self-assessments, revealing a total of six non-conformances in two countries. Four non-conformances were related to promotional practices to the general public, such as retail price promotions linked to independent retailers and marketing communications that did not comply with our Policy. Two non-conformances were associated with interactions with health care professionals. Following these findings, the Operating Companies engaged in thorough root cause analyses and developed corrective action plans.

FrieslandCampina Speak Up

FrieslandCampina provides a platform called Speak Up for stakeholders and employees to raise concerns when we do not act in line with the FrieslandCampina Business Practices, Compass or applicable laws. This also relates to compliance issues related to our Policy for the marketing of infant foods and adherence to national legislation or local codes implementing the WHO Code. This service ensures confidentiality and is accessible 24/7 in multiple languages, allowing for both open and anonymous submissions of complaints. In 2023, no compliance complaints concerning our infant food marketing practices were received through Speak Up.

Summary of non-conformances

In 2023, there were 20 non-conformances observed: nine from external compliance complaints received locally, six from self-assessment and five from the external compliance audit. Most non-conformances (15) were observed around promotion to the general public. Corrective actions have been planned for all identified issues. There were no reports made through the Speak Up system. The results indicate stability in the total number of non-conformances when comparing the current figures to those of 2022. A significant portion of substantiated allegations originated from external compliance complaints linked to independent retailers. The internal self-assessment conducted by Operating Companies reported a consistent number of findings year-on-year. There was a decrease in the number of non-conformances detected during the Bureau Veritas compliance audit in Vietnam compared to the previous audit.

Recommendations for improvement

Continuous improvement is a vital aspect of any organization, and the review of internal processes plays a crucial role in our path to constant progress. Based on the findings of 2023, it is recommended to enhance compliance in marketing practices and boost the effectiveness of the management system by:

- Reviewing and updating our Policy and internal Guideline to take into account external developments, to ensure compatibility with local practices and to address potential impracticalities
- Streamlining the corporate compliance database monitoring templates based on insights gained from the past two years to enhance the efficiency of the annual reporting
- Establishing a systematic process to identify and assign target employees, including newcomers, to the mandatory e-learning modules and track their completion status effectively



Looking ahead

At FrieslandCampina, we are dedicated to providing optimal nutrition for infants and young children, with a strong commitment to responsible marketing practices. Our third annual compliance status report serves as a reflection on current practices, incorporating stakeholder feedback and monitoring results. It highlights the progress we made and identifies areas for continuous improvement.

Key areas of focus include the need for a structured approach for Operating Companies to systematically identify and assign target employees to essential e-learning modules and to establish an effective tracking system for monitoring the completion status of these modules. Additionally, there is an emphasis on improving internal monitoring tools to enhance the reporting process. The report also stresses the importance of Policy alignment with developments in the local markets to maintain future compliance.

We pledge to continue our efforts to improve compliance, fostering collaboration with all stakeholders. Recognizing the collective nature of responsible marketing, we must ensure continuous engagement with both contracted and non-contracted parties. This collaborative approach is seen as essential to address the challenges of today and advancing infant nutrition and health. The transparent sharing of our compliance journey underscores our commitment to continuous improvement and responsible marketing conduct.



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