



FrieslandCampina nl

nourishing by nature

Compass

for good business conduct



Our Compass is made available in several languages.

In the version for FrieslandCampina employees, references are made to the policies, guidelines and other documents on the different topics of Compass. These documents can be found on the FrieslandCampina intranet.

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FrieslandCampina's commitment

Nourishing by nature stands for better nutrition for the world and a good living for our farmers now and for generations to come.

Firstly, we want to provide better and affordable dairy nutrition for the world that will contribute to people's good health. Secondly, we aim at a good living for our farmers by being an attractive cooperative to our members and by supporting farmers in dairy development in other geographic areas. Thirdly, offering better nutrition for the world and a good living for our farmers is not just for now, it is also for generations to come. This requires investment in long-term financial growth and health of the company, climate-neutral growth and reduction of the use of scarce natural resources.

Nourishing by nature is an appealing starting point that can offer something of significance to all our stakeholders, now and in the future. Our triple A approach (Alignment, Accountability and Action) and an optimum organisational structure based on "Scope, Scale and Speed" help us in our ambition.

One thing is crucial to be successful as a company: we must maintain the trust and confidence of our stakeholders. We intend to merit this trust, which we have earned over many decades, by adhering to and doing business in accordance with the values set out herein. These values all relate to behaving with integrity, with respect and in a transparent way.

The behaviour of our company is simply the sum of the behaviour of all of us. The success and reputation of our company depend on our behaviour, our good business conduct, every day again.

While doing our work, we may all be confronted with obstacles, difficult choices and dilemmas. At such moments, our code of conduct should serve as our guide for good business conduct. This is why we have named it our "Compass". It is the responsibility of each and every employee to act in line with our Compass. This means that all of us are required to make sure we know and understand our Compass.

Responsible entrepreneurship means that all of us must take responsibility by following our Compass for good business conduct. It means that you ask and discuss things in case of doubt and that you speak up when we you have a concern.

If you want to be part of our team, follow our Compass and apply it in your daily work!

Roelof Joosten
Chief Executive Officer
Royal FrieslandCampina N.V.

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This Compass for good business conduct was adopted by the Executive Board of Royal FrieslandCampina N.V. on 20 May 2015 and is effective as of 1 January 2016.

Compass for good business conduct

Our success depends on the behaviour of each of us. We must all demonstrate integrity, respect and transparency in our business dealings. By doing this we create value, maintain the confidence of our stakeholders and our license to operate. It is the foundation of our excellent reputation, our story and our future success.

We believe in respectful, honest business relations and in showing respect for the world in which we operate. This means that we follow not only the letter but also the spirit of laws applicable to our activities. Additionally, this includes following the letter and spirit of our Compass and underlying policies. In the following sections you will find the main rules of how to do good business. In each section you will find one or more links to policies and guidelines that provide examples and more detailed information.

Our people, customers and planet

Our business conduct regarding safety, protection of human rights and protection of our planet is based on integrity and respect.

1. **Safety with respect to food and people**

Our customers and consumers expect us to deliver safe and high-quality products. Therefore, our products must meet our strict standards for product quality, consumer health and food safety. Our focus on safety also includes the safety for people: we are committed to a safe working environment in which everyone takes responsibility for their own safety and that of others. Safety always comes first for both our products and our people.

2. **Rights of employees and human rights**

We believe our employees are our most valuable asset. We favour an open communication with all employees and we encourage all employees to develop themselves both professionally and personally. We need motivated and well-trained employees to reach our goals.

We respect and support internationally recognised human rights for all stakeholders, such as the right of employees to join legal trade unions. At FrieslandCampina, employees do not discriminate or harass others

based on, for example, race, colour, gender, sexual orientation, age, religion, political opinion, national, ethnic or social origin. We base this “responsible entrepreneurship” on the OECD Guidelines for multinational enterprises, the ILO Declaration on Fundamental Principles and Rights at Work and the United Nations Universal Declaration of Human Rights. We expect every employee to directly address any form of discrimination or harassment. We do not tolerate child labour and forced labour and contribute to the elimination of these wherever we can. We expect all our business partners to do the same.

3. Sustainability

We are committed to running our business in an environmentally sound and sustainable manner. In 2010, we promised to make our business grow in a climate-neutral way. We minimise the impact of our processes and products on the environment and at the same time maximise our efforts to secure health and nutrition globally and support small farmers in Asia and Africa. In this way we contribute together to sustainable development without preventing future generations from fulfilling their own needs. These initiatives are an integral part of our business and our growth strategy; therefore we monitor and annually report about our sustainability performance in a transparent and consistent manner.

4. Avoid conflicts of interest

Working at FrieslandCampina means working and acting impartially in the best interest of our company. Sometimes this duty towards our employer can be in conflict with more personal interests towards family, friends or even ourselves. In such cases, we talk about this in a transparent way with our colleagues and manager. We are open, honest and avoid even the appearance of a possible conflict of interest. If necessary, we draw back.

Our business partners and others

Our business conduct towards our business partners and others is honest and transparent.

5. **Business relations**

We want to establish and maintain fair and mutually challenging relations with reliable business partners that apply standards similar to ours and contribute to our goals and integrity commitments. We regularly evaluate business partner relations in order to ensure this. Furthermore, we monitor and adhere to trade sanctions and we expect our business partners to do this as well.

6. **Doing honest business – gifts and payments**

At FrieslandCampina we stand for honest business practices and therefore we do not commit or allow any form of bribery. We do not provide or promise anything of value to any person with the aim of improperly receiving preferential treatment nor do we request or accept a bribe or request or allow others to do so.

We only use gifts and entertainment to develop or strengthen business relations, to show appreciation or to create goodwill when appropriate. Appropriate here means well-timed, moderate, infrequent and not in excess of locally acceptable business practices. We do not offer or accept

gifts or entertainment to put the recipient under pressure to return a favour or to influence a business decision.

In relations with government officials we are even more careful, especially because most of these people are not allowed to accept any gift or entertainment at all. In all cases we only offer and accept gifts or entertainment in conformity with the law and policy of the recipient's organisation as well as our own policy.

7. **Public activities – political contributions, lobbying, charity**

As a company we do not support political parties nor do we make financial or other contributions (in time or products) to persons in politics. Employees may do so personally in their spare time, but they should not give the impression that our company provides support.

We actively participate in discussions on social and ethical issues. We also encourage certain appointed employees to cooperate with governments and organisations in formulating rules and laws that may have any effect on our business.

We make community contributions and charitable donations in a transparent and professional way, always in compliance with our internal rules.

8. **Fair competition**

We believe in competition based on fair play and an equal playing field. This is why we all conduct our activities in a fair and competitive manner while carefully complying with competition laws. When we have any doubts about an action being fully in line with competition rules, we first discuss this internally.

9. Fair communication

In all our communications, including social media, each of us is expected to communicate openly, respectfully and prudently and never to jeopardise our excellent reputation. We address consumer complaints in a professional and fair manner.



Our company

Our business conduct aims at careful and honest use of company assets.

10. Use of company resources

Each of us has access to various company resources and we are all responsible for protecting these. These company resources include cars, tools, computers and machines, as well as our brands, innovations and intellectual property rights. We use resources in a careful way only for their intended business purposes and such that our company is not at risk.

11. Protection of confidential information

We properly handle all confidential information of our company and others and protect it against unauthorised disclosure. Confidential information such as know how, is a valuable asset that provides a competitive advantage. We only reveal our company confidential information to anyone outside the company for an allowed business purpose. Even within our company, we only share confidential information with people who have a business “need to know”. We use confidential information of others (for instance our competitors) only in a legal and honest way.

12. Data protection

We respect the privacy rights of employees, members, consumers, customers, suppliers and other business partners and therefore we treat personal data confidentially. We only collect, process, transmit and use

personal data insofar as reasonably required for communicated business purposes. We respect the confidential nature of any personal data and we take responsibility to keep such data accurate, complete, relevant and secure.

13. **Integrity of (financial) reporting**

We want to make business decisions based on all relevant facts. For this we need reliable data in conformity with our internal guidelines. We all have a duty to ensure that our financial and non-financial documents, records and reports (both internal and external) are accurate, complete, consistent and up-to-date. We make sure that the financial reporting complies with the local laws and regulations and group accounting policies (International Financial Reporting Standards (IFRS) and local Generally Accepted Accounting Principles (GAAP)).

14. **Prevention of fraud**

We do not accept any behaviour intended to deceive or mislead others. We expect each employee to contribute to preventing fraud within our company.

Follow our Compass

Scope

All employees of the FrieslandCampina group of companies are obliged to adhere to our Compass. The same holds for all people working at our company through an agency, a supplier, as an independent consultant or in any other position. The Executive Board has appointed a Corporate Manager Business Conduct, who monitors and regularly reports findings and recommendations with regard to concerns relating to our Compass to the Executive Board and the Supervisory Board.

Common sense

This Compass for good business conduct describes how we want to do business in a responsible way and what is expected from all of us. However, our Compass can never cover all situations we are confronted with in our daily work. Common sense and professional personal judgment remain necessary to make sure that we daily demonstrate our company values integrity, respect and transparency, safeguard our excellent reputation and expand our success.

Personal responsibility to understand

Each of us is responsible for understanding the letter and spirit of this Compass and to follow it. If any part of this Compass is unclear, it is our personal responsibility to ask for an explanation until we fully understand it.

Managers

Of course, our Compass also applies to our managers, our Executive Board and Supervisory Board. Actually, people in management positions have

even more responsibilities, as they must lead by example, make sure all employees have access to the Compass and follow trainings and e-learnings. Next to this, a key responsibility of management is to create an open environment in which the employees can raise their concerns or suspicions without fear of a negative reaction.

How to deal with dilemmas: the mirror test

Do the mirror test whenever you doubt whether a situation is acceptable or not according to our Compass and underlying policies. Look in the mirror and ask yourself the questions below. This will help you to critically evaluate the situation.



- Does it seem right?
- Is it legal?
- Is it in conformity with our company values and Compass?
- What will others think of me?
- Will I take personal responsibility?
- Do the right thing!

Raise questions or concerns

We encourage our employees who have concerns about a (suspected) violation of our Compass, to speak up and express concerns. We understand that it takes courage to speak up. That is why we want a company culture without fear of punishment or unfair treatment for raising such concerns. If you are worried that something wrong or dangerous is happening at work, please do not keep it to yourself. FrieslandCampina will not tolerate negative consequences for anyone who raises a concern in good faith; you will be protected.

Our [Speak Up procedure](#) gives you guidance on how to raise concerns.