



FrieslandCampina nir



Sourcing sustainable palm (kernel) oil A perspective from FrieslandCampina

RT10 – October 2012

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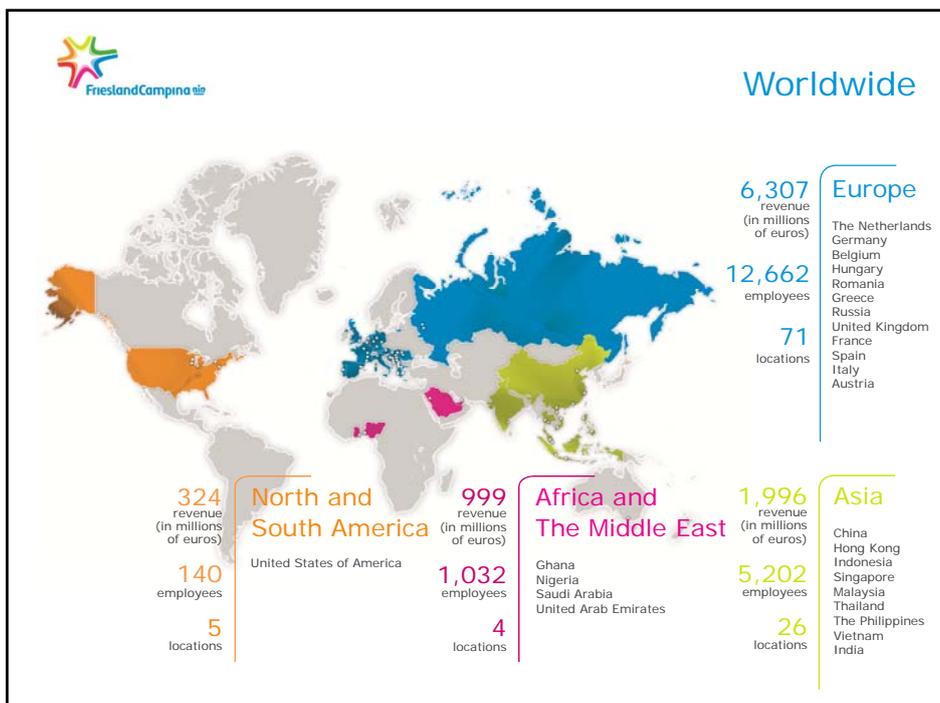
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We provide millions of people around the world with all the good things milk has to offer





Our CSR Mission: *There is a fundamental need in the world for nutritious foods. Dairy is one of the most nutrient-dense food stuffs. As an international dairy leader we aspire to demonstrate our commitment to responsible production and leadership in the CSR domain by providing:*

Health & Nutrition	Sustainable Value Chains	Dairy Development	Responsible Dairy Farming
Combating nutrient deficiency & obesity	Improving resource utilisation	Helping 40,000 small farmers Asia, W-Africa	Setting the standard
Reduce sugar, salt and fats in our products. Set company standard on labelling	Energy, water, waste in our supply chain reduced by 20%	Productivity per cow in SE Asia, Nigeria raised by 50% (compared with 2011)	30% reduction in greenhouse gas (1990 comparison)
Combat under-nutrition in strategic partnership with Red Cross (relief)	Climate neutral growth and 100% use of renewable energy in our supply chain	To align small farmers with our company's global quality standard Foqus	Outdoor grazing maintained at 75-80% participation of our dairy farms
1 mln children p.a. reached effectively with healthy eating/ living education	Soy, palm, cocoa, other agricultural commodities sustainably sourced	To raise annual farmer income well above UN defined poverty line	Improve overall performance in animal health & welfare on farms

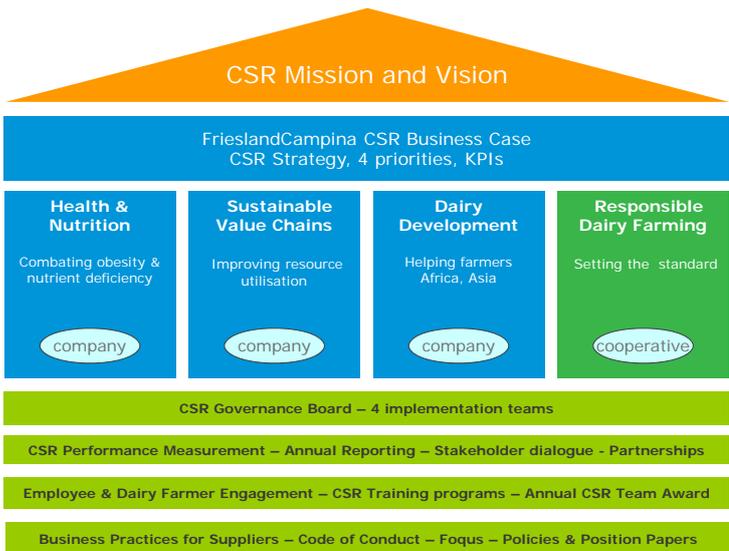
KEY PERFORMANCE INDICATORS

2020

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FrieslandCampina CSR Strategy House



CSR Mission and Vision

FrieslandCampina CSR Business Case
CSR Strategy, 4 priorities, KPIs

Health & Nutrition	Sustainable Value Chains	Dairy Development	Responsible Dairy Farming
Combating obesity & nutrient deficiency	Improving resource utilisation	Helping farmers Africa, Asia	Setting the standard
company	company	company	cooperative

CSR Governance Board – 4 implementation teams

CSR Performance Measurement – Annual Reporting – Stakeholder dialogue - Partnerships

Employee & Dairy Farmer Engagement – CSR Training programs – Annual CSR Team Award

Business Practices for Suppliers – Code of Conduct – Foqus – Policies & Position Papers



FrieslandCampina & RSPO


 Roundtable on Sustainable Palm Oil

- Developments sustainable palm monitored by category team oils&fats since 2005
- FrieslandCampina RSPO member since 2007
- Global sustainable palm policy approved by executive board October 2010
- Start implementation policy in January 2011



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FrieslandCampina's global sustainable palm policy

Switch palm oil from conventional to segregated *)
 Switch palm fractions to mass balance (in future: segregated) *)
 Switch palm kernel oil to mass balance (in future: segregated) *)
 Switch palm-based emulsifiers to mass balance/segregated

**) if not available yet: buy mass balance or buy greenpalm certificates*

Why a policy?

- Execute FrieslandCampina's CSR strategy

Why this policy?

- One uniform global FrieslandCampina policy
- Attend to customers' requirements
- Show entrepreneurship
- Clear policy, no window dressing



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FrieslandCampina's portfolio

Product portfolio:

- Palm oil
- Hydrogenated palm oil
- Palm oil fractions
- Palm kernel oil
- Hydrogenated palm kernel oil
- Palmkernel stearine
- Emulsifiers



Main applications:

- Fat powder for bakery
- Fat powder for soups and sauces
- Topping
- Non-dairy creamer
- Cappuccino foamer



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Prerequisites (internal)

- Commitment senior management/EB
- Committed (dedicated) project team
- Multidisciplinary team (procurement, QA, supply chain, sales, marketing)
- Time & money to ensure proper implementation
- Understanding of RSPO supply chain models and claims
- Ability to work with different implementation pace per geographic region



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Prerequisites (external)

- Market enablers
(e.g. certified plantations; new mass balance rules RSPO)
- Alignment with suppliers / supplier commitment to CSR
- Physical availability of MB or SG oil in the destination region
- Critical mass required for further roll out
- All players in the supply chain need to take their responsibility and cooperate: *"It takes two to tango"*



Implementation (preparatory phase)

2007

Inventarisation with suppliers on future availability sustainable palm oil

2008

Internal alignment: translate RSPO developments to our company.
First customers showed interest for sustainable palm products

2009

Decision all palm (kernel) oil suppliers should be RSPO member

2010

Alignment supplier base / draft policy
October: approval policy by executive board

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Implementation (realisation phase)

November 2010	Policy letter to all suppliers
November 2010	Training sales/QC/logistics: claims, marketing, ERP system change. Prepare QC system: MB/SG specifications
December 2010	FrieslandCampina Kievit plant, The Netherlands, RSPO SCCS audited and certified. Start purchase SG palm oil in Europe
August 2011	FrieslandCampina Satro, Germany certified
September 2012	FrieslandCampina DMV, The Netherlands certified

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Status quo October 2012 sourcing sustainable palm (kernel) oil

EUROPE	Almost 100% SG or MB palm (kernel) oil and emulsifiers
SOUTH EAST ASIA	Malaysia: MB palm oil Indonesia: Implement MB 2013 Thailand: Greenpalm certificates Vietnam: Greenpalm certificates
AFRICA	Nigeria: Greenpalm certificates

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Further action 2013

- RSPO-SCCS certification of other FrieslandCampina plants (depending on marketing policy operating company)
- Ongoing discussion with suppliers globally on availability SG/MB oil. Special attention for further roll out in Asia
- Monitor together with suppliers applicable surcharge for SG/MB as critical mass is growing



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It takes two to tango: Let's dance!



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