FrieslandCampina
nourishing by nature

DOING DAIRY RIGHT

Annual Report 2024

Royal FrieslandCampina N.V.

Contents

Doing DAIRY Right

10

3 This is FrieslandCampina
3 Dairy from grass to glass
4 FrieslandCampina worldwide
5 Our worldwide dairy
6 FrieslandCampina in 2024
7 Our purpose
8 Our values
9 Our ambition
10 Doing DAIRY Right
16 Interview with Jan Derck van Karnebeek, Chief Executive Officer
21 Interview with Sybren Attema, Chairman of the Supervisory Board

Environmental, Social and Governance

41

24 Report of the Executive Board
25 2024 Developments and results
29 The dairy market in 2024
30 Developments in dairy farming
31 Financial notes
33 Results by business group
37 Value creation for members
40 2024 Key figures
41 ESG statements
100 Risk management
106 Outlook for 2025
107 Management statement & Statement of Executive Responsibility

108 Corporate governance
109 Corporate governance at a glance
117 Report by the Supervisory Board
126 Remuneration
136 Taxes

137 Financial statements
139 Consolidated financial statements
226 Individual financial statements
233 Other information

234 Independent auditor's reports
234 Independent auditor's report
248 Independent auditor's assurance report

251 Overviews
252 Long-term overview
253 Milk price overview
254 Composition of the Supervisory Board
256 Composition of the Executive Team

258 Appendices
259 GRI Table
266 Explanatory Notes

Dairy from grass to glass

14,183
Member dairy farmers

19,576
Employees (FTEs)

It all starts with the cow

The cows' health and welfare are the basis for high-quality milk. Day after day, FrieslandCampina's member dairy farmers look after their cows and young livestock, and work on making their farming operations more sustainable.

A leading food company with a focus on dairy

FrieslandCampina is a leading international dairy company with a cooperative history dating back more than 150 years. The company processes milk, rich in key nutrients for the human body, into a wide range of dairy products and ingredients.
Royal FrieslandCampina N.V. is fully owned by Zuivelcoöperatie FrieslandCampina U.A., with 14,183 dairy farmers in the Netherlands, Belgium and Germany as members. Through the cooperative, these member dairy farmers collectively own the company.

From grass ...

... to glass

FrieslandCampina worldwide

30
Countries of operation

> 100 countries
Products in the market

19,576
Employees

Growing market for high-quality Dutch cheeses

North and South America

550 Revenue

169 Employees

Increasing demand for affordable dairy products

Africa and the Middle East

1,129 Revenue

905 Employees

Strong local brands, private labels and food service

Europe

7,100 Revenue

11,166 Employees

Growing market for high-quality dairy products

Asia and Oceania

4,144 Revenue

7,336 Employees

In millions of euros and average number of FTEs.

Our worldwide dairy

Top 10 brands

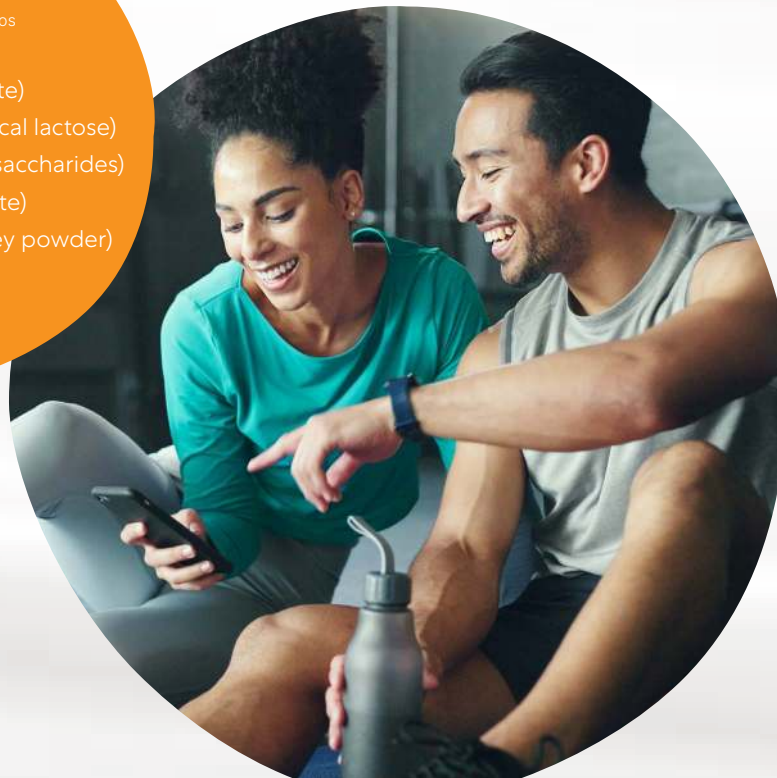
Based on revenue in euros

Friso International
Frisian Flag Indonesia
Debic International
Dutch Lady Asia
Campina Netherlands, Belgium and France
Peak Nigeria
Rainbow Middle East
Alaska Philippines
Foremost Thailand
Olper's Pakistan

Top 5 ingredients

Based on revenue in euros

Excellion (caseinate)
Pharmatose (pharmaceutical lactose)
Vivinal GOS (galacto-oligosaccharides)
Hyvital (hydrolysate)
Deminal 90 (desalted whey powder)



FrieslandCampina in 2024

Financial results

12,923 ▼ 1.1%
Revenue[1]
2023: 13,072

527 ▲ 602.7%
Operating profit[1]
2023: 75

321 ▲ 315.4%
Net result[1]
2023: -149

49.48 ▲ 7.0%
Guaranteed price[2]
2023: 46.26

52.95 ▲ 10.1%
Milk price[2]
2023: 48.08

55.47 ▲ 21.9%
Performance price[2]
2023: 45.49

Sustainability results

Nutrition

76%
Nutritional composition[3]
2023: 75%

People

29%
Percentage women in management positions
2023: 29%

63,126
Farmers trained in Dairy Development countries
2023: 71,120

Planet

580 1.4%
Greenhouse gas emissions[4]
from production and milk transport (scope 1 & 2)
2023: 588

7,873 9.8%
Greenhouse gas emissions[4]
on member dairy farms (scope 3-member milk)
2023: 8,726

92%
Recyclable packaging
2023: 91%

1 In millions of euros.
2 In Euros per 100 kilograms of milk (exclusive of VAT, at 3.58% protein and 4.45% fat).
3 Percentage total volume of consumer products sold that complies with the FrieslandCampina. Global Nutritional Standards Next Level.
4 Kt CO_2-eq.

For all figures and explanatory notes, see 'Key figures 2024'.

Our purpose

With more than 150 years of dairy experience, FrieslandCampina has been making a difference in the lives of farmers and consumers, and knows how to constantly adjust to changing market and social conditions. Our purpose, *nourishing by nature*, stands for better nutrition for the world, a good living for our farmers, now and for generations to come, and is the driving force behind the choices we make. We aim to provide nutrition of the highest quality, to have a positive impact on people and the planet, and to find the best use for the milk of our member dairy farmers.

nourishing
by nature

We act with **RESPECT**

We act with respect for people and the planet. We value different points of view, because they challenge our thinking and make us better. We are curious, we listen, we learn and we say what we mean, clearly and confidently.

We aim HIGHER

We are always pushing ourselves to achieve greater things. With courage and speed, integrity and responsibility, we provide for the sustainable growth of our business and our people, and increase our impact.

We **SUCCEED** together

Collective success is part of our DNA. We work and act together in order to achieve more. For ourselves, our farmers and society as a whole.

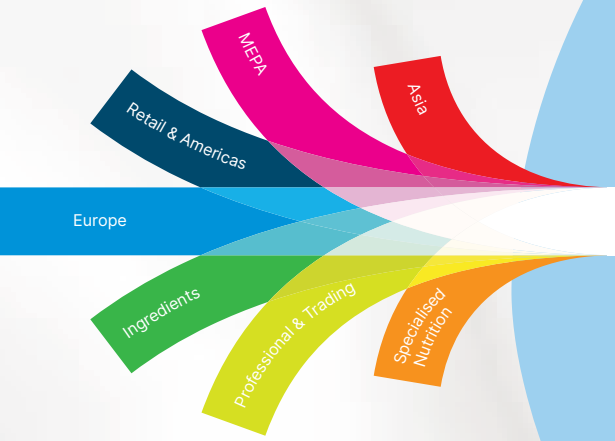
Our ambition

Expedition 2030

To provide the world with **high-quality nutrition**

To have a **positive impact** on the planet

To find the **best usage** for member milk



Leading as a company with a focus on dairy

Leading milk price for member dairy farmers

Our strategy is focused on optimally valorising the milk of our member dairy farmers to enable us to pay them a leading milk price. In other words: to make top-quality dairy products so that we can generate maximum value for them.
Our members need this income to invest in the sustainable future of their dairy farms. Our strategy is characterised by a specific focus for each business group, together with an appropriate cost structure, and is oriented towards improving profitability and stimulating sustainable growth.

nourishing by nature

DOING DAIRY RIGHT

DOING DAIRY RIGHT

Diverse business as our strength

Our strength lies in the diversity of our business. Each of the seven business groups focuses on specific customers, products, brands and markets. Together they devote their energy to optimally valorising the milk of our member dairy farmers. Because we are active in various markets, we are able to exploit opportunities and spread risks. This creates stability and versatility.

7 business groups

- Europe
- Retail & Americas
- Middle East, Pakistan & Africa
- Asia
- Ingredients
- Specialised Nutrition
- Professional & Trading

DOING DAIRY RIGHT

Accessible nutrition & great taste

The demand for high-quality, nutritional and affordable food will continue to increase. We provide access to relevant products that match the needs of the growing world population. In addition, in the markets in which we operate we are leading with the high quality and flavour of our products.

DOING DAIRY RIGHT

In balance with the planet

FrieslandCampina supplies high-quality nutrition and aims to produce it in balance with the planet. This is why, day after day, we devote energy to reducing our impact on climate and generating a net-positive impact on nature. Together we are working towards a sustainable production process.

Results driven

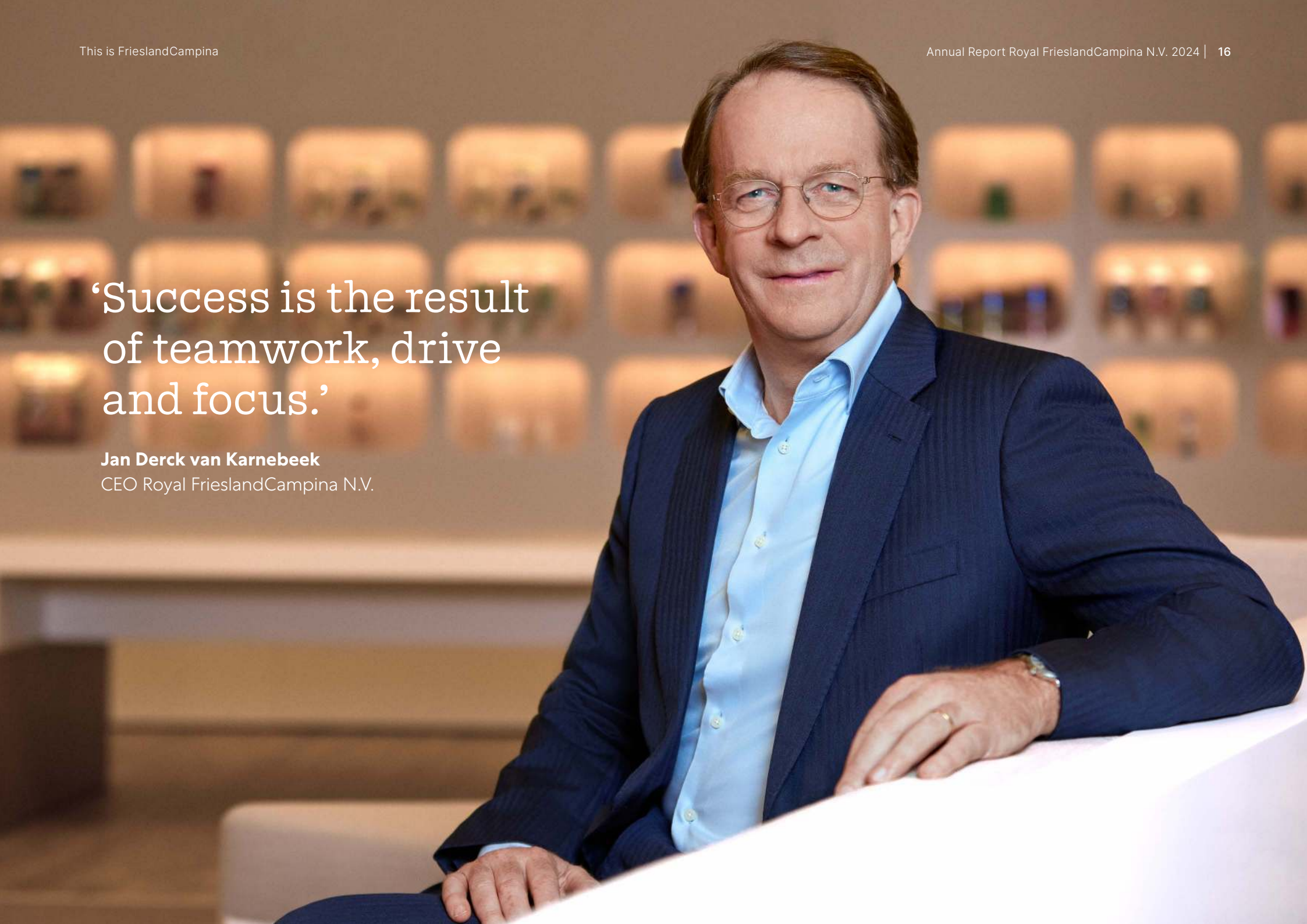
DOING DAIRY RIGHT

Providing our member dairy farmers with a good living is the driving force behind our business. A specific focus for each business group, combined with a competitive production chain and cost structure improves our profitability and stimulates sustainable growth.

DOING DAIRY RIGHT

You make it possible

FrieslandCampina's cooperative history of over 150 years aptly illustrates that you can achieve more together than alone. We believe in combining forces and sharing knowledge Within the dairy sector, with member dairy farmers and suppliers, as well as with customers, NGOs, scientific organisations and government.
We embrace diversity and respect individual beliefs and cultures. Working together gives us energy and contributes to collective success. Now and for generations to come.



‘Success is the result of teamwork, drive and focus.’

Jan Derck van Karnebeek
CEO Royal FrieslandCampina N.V.

Interview with Jan Derck van Karnebeek, Chief Executive Officer

Focus and cooperation

FrieslandCampina achieved an exemplary result in 2024. CEO Jan Derck van Karnebeek is happy with the results, but also knows that the job is not yet done. 'The exemplary figures over 2024 are the result of drive, teamwork and our collective focus. The foundation we have laid in 2024 gives us much confidence for the future.'

'I recognise what we have accomplished together this past year. Our people have worked extremely well together and have done a great deal of work with tremendous passion and dedication.
Good teamwork directly contributes to strong financial results; far more than we may realise in our daily work. Yet, there also were some unfortunate occurrences within the company. The tragic accident at our production facility in Gerkesklooster (NL), that resulted in the death of one of our employees, deeply touched all of us. This incident is still very vivid in my mind.'

Exemplary result

'In 2024, we realised an operating profit of 527 million euros. This is a tremendous step forward in comparison to the 75 million euros the year before. This result is in part due to the higher commodity dairy prices and the positive difference between these commodity dairy prices and our guaranteed price. This gave us a bit of a boost, while in 2023 this difference worked against us. However, much more important is the fact that we realised this result with our new business model and that we achieved savings that enable us to provide our members with a supplementary cash payment of 1.21 euros per 100 kilograms of milk.

Our business model comprises seven business groups. Each business group has the room it needs to be enterprising in its own specific market. At the same time, we are fully focused on a single global way of working in Supply Chain, Finance, HR and IT. Everything that can be done in a more standardised, more efficient and cheaper way, we are also doing that way. In 2023, these were only plans. In 2024, we actually started implementing these plans.
We are now seeing the results, in the market and in terms of reduced costs.'

> 'Winning on sustainability will become just as important as competing on price.'

Strengthened market positions

'The business groups last year worked hard to strengthen their market positions.

In 2024, Specialised Nutrition once again improved its position in China with the Friso infant nutrition brand, partly due to an increase in the birthrate in that country. On the basis of market research data provided by Nielsen, an international company that specialises in obtaining consumer insights and conducting market analyses, the Friso brand currently occupies third place in terms of market share, exclusive of international e-commerce activities.

The Asia business group achieved good results with the sale of consumer products, such as Foremost in Thailand and Frisian Flag in Indonesia. With the opening of the new, modern production facilities in Indonesia and Malaysia, the business group has taken an important step to position itself for further growth in the region.

The markets on which the Middle East, Pakistan & Africa business group operates also was dynamic in 2024. The lower operating profit was primarily due to the lower local currency to euro conversion rates in Nigeria, although this was partly offset by an improvement in results in Pakistan and the rest of Africa. The volume of key milk products, such as Peak and Rainbow, increased.

In 2024, European consumer brands were under pressure due to the growing demand for private labels. Nevertheless, in a declining market, the total volume of the Europe business group remained almost the same as in 2023. Starting this year, the business group has focused on the Campina, Chocomel, Napolact, NoyNoy, Optimel, Pöttyös and Yazoo strategic key brands, and has tailored the product range to European consumer preferences. This specific approach, ensured that the volumes increased of most of these brands.

The Ingredients business group achieved an increase in the volume of adult nutrition, while there was a slight decrease in the result of pharmaceuti cal nutrition. After a period of very high prices, this decline had been anticipated. Due to a strong second half of the year, the annual result was good.

The Retail & Americas business group performed better with natural cheese. This represents a reversal after years of growth in cheaper basic cheese. Finally, the Professional & Trading business group improved its result. This was due to higher butter and cheese prices, as well as strong brands, such as Lattiz and Debic. Both business groups also benefited from the elimination of the impact of expensive stocks, and a positive difference between commodity dairy prices and the guaranteed price.

Overall, we see that when business groups are given the freedom to make their own decisions for their specific markets, things work well. A greater focus directly translates into greater impact. We need to continue down this path. The business model is paying off and there are more than enough opportunities to do things even better.'

Saving costs by working more efficiently

'The biggest impact on our result comes from cost reductions. In 2024, we reduced costs by approximately 315 million euros. This is partly due to structural changes. For example, almost 1,400 employees left the company (of the announced 1,800 jobs to be eliminated as part of Expedition 2030). This was a drastic intervention for the employees involved as well as for the colleagues staying behind. I am full of admiration for the way in which everyone dealt with this. As a result of the reorganisation, originally there was a dip in the commitment and work satisfaction scores, but this largely restored itself over the course of the year. We certainly deserve to give ourselves some time for this.

The largest cost saving is the result of working more efficiently in our supply chain; less complexity, better task allocation and optimal use of production lines, storage and transport, but especially because of smarter procurement. We refer to this part as Performance+. In addition, we also increased our focus on marketing and innovation, fewer meetings and standardised support services. We used part of the realised savings to offset the higher costs caused by inflation.

> 'The work will never be finished, but we have built a strong foundation.'

Working smarter requires teamwork. In 2024, we implemented a major cultural change in this respect. In the past, a business group might manage its own plant or come up with its own cost-reduction solutions. Today, the business groups keep their focus on winning in the market. Responsibility for improving Supply Chain, HR, Finance and IT has been allocated to the respective directors who are globally responsible for this. It is team sport, whereby the forwards attack and the defenders and goalkeeper ensure the team's own goal area stays clear. You have to trust each other in this scenario.'

Shared way of working
'In this respect, it helps when you speak the same language and adhere to a shared way of working. An example of this is the measures implemented within our supply chain with Performance+ and how, with "Our Way of Working", the focus once again is on our employees on the shop floor. Management and support are fully focused on enabling production workers to achieve their targets. When they are unable to do that, the first question is whether they can fix that themselves. If that does not work, then the question is how can I help you solve this? It is an inverted pyramid; the shop floor rather than management is most important. Currently, we have introduced one way of working at almost thirty of our fifty factories.

I am pleasantly surprised by the speed with which this principle has been adopted. In those factories, I am seeing that employees – across factories, countries and cultures – are beginning to speak the same language everywhere and follow the same processes. I am meeting people who enthusiastically tell me what they are doing. Things are working and the result reflects this.'

Better predictability
'We also took some major steps in our Sales and Operational Planning. The better you know what you are going to sell, the better you can plan how to produce it. That may sound simple, but when you put all that together for thirty countries and thousands of products, it is hypercomplex. Yet, this is also working better all the time. Today, we are producing more focused forecasts and are able to plan production more efficiently. This predictability is crucial to be able to select the most profitable method for producing the best value from every litre of milk. Ultimately, that is our task.'

Sustainable in nutrition, people and planet
'In addition to the exemplary financial figures, we are also achieving good progress in the area of sustainability. We are especially appreciative of the efforts of our member dairy farmers. Despite a high degree of uncertainty caused by a lack of a clear policy and increasing farming costs, they continue to make progress in terms of climate and other sustainability themes. For example, the greenhouse gas emissions at member dairy farms decreased by 853 kt CO_2-eq, a reduction of 9.8 percent in comparison to 2023. Naturally they are compensated for their efforts: in mid-2024, members received a total of 245 million euros for their sustainability performance on their dairy farms. We are seeing that this helps our farmers to continue to improve the sustainability of their farming operations.

Sustainability is a responsibility and opportunity for us. This starts with good nutrition for everyone, which is the essence of our company and the core of our purpose *nourishing by nature*. Our task is to realise maximum nutritional value with the smallest possible negative impact on climate and nature. We call this Doing DAIRY Right.

Milk is packed with essential nutrients, such as minerals, vitamin B2 and B12 and proteins that contribute to healthy growth. However, the production of dairy also impacts our

CO_2 footprint. FrieslandCampina recognises the need to reduce the impact of food production on the climate. Not only to combat global warming, but also to promote food security. As FrieslandCampina, we have potentially everything needed to produce net climate-neutral dairy by 2050. Northwest Europe is ideally suited for dairy farming thanks to its climate, grasslands, strategic location, and the professionalism of its dairy farmers. In the West European delta, the emission of greenhouse gases per kilogram of milk is considerably lower than the global average. Effectively comparing greenhouse gas emissions between companies and countries is difficult because different measurement and calculation methods are used everywhere. This is why I prefer to look at the reduction achieved – and FrieslandCampina is a frontrunner in this regard.

At the same time, there definitely is more room for improvement. Among FrieslandCampina's best-performing member dairy farms, the greenhouse gas emissions are about a quarter lower than the average of all members.
By supporting dairy farmers with knowledge and data, and by compensating them for good results, we aim to help even more dairy farms reach the level achieved by the frontrunners. Winning on sustainability – on the nutrition, people and planet triangle – will become just as important over the coming years as competing on price. This is a gigantic opportunity.'

> 'The shop floor rather than management is most important.'

Milk is becoming scarcer and more expensive
'The competition for dairy is changing. We are seeing that milk is becoming scarcer and more expensive. Maintaining scale is and continues to be a theme in itself. I view recruiting members as a kind of eighth business group. We also have to continue to gain share in this area. I am proud of the fact that last year we welcomed new members yet again. This helps us maintain scale in the future.

A leading milk price is our foundation in this regard. Farmers can see which milk processor structurally pays a leading milk price. This is where our strength lies. Our challenge is to continue to be profitable with that milk price. This brings us back again to our fundamental principles: being close to the market, working together in smart ways and a clear focus on reducing costs. The proposed merger with Milcobel seamlessly fits into this as well. Our strong international market portfolio, our scale and the efficient exploitation of our plants is our strength. The addition of Milcobel's milk and markets enables us to get even more out of this together.

2024 shows that we are on course. Farmers really are much better off with us. Relationships within the market are shifting. Retailers are seeing a market with increasing scarcity. For them it is better to opt for a secure supply with excellent products provided by a strong strategic partner than to opt for the lowest price alone over the short term. FrieslandCampina provides that security.'

Teamwork and dedication
'Looking back on 2024, I am tremendously proud of everything we have accomplished together.
The work will never be finished, but we have built a strong foundation. That success is the result of teamwork, dedication and focus. The foundation for this is our people. Last year, especially in view of the reorganisations and all of the changes, we have asked a lot of our people. Yet everyone – with each other – has maintained focus. Everyone has contributed to FrieslandCampina's success: getting the best out of every litre of milk together! The figures are good and I especially see super-motivated people; that is our strength! This ensures that we are able to look towards the future with confidence.'

Jan Derck van Karnebeek
CEO Royal FrieslandCampina N.V.

‘We will create stability for the future together.’

Sybren Attema
Chairman of the Supervisory Board
Royal FrieslandCampina N.V.

Interview with Sybren Attema, Chairman of the Supervisory Board

It's all about people

Sybren Attema, Chairman of the Supervisory Board of FrieslandCampina, is proud of the results achieved in 2024, but his attention is mainly focused on people. 'We have asked a lot of our people this past year. I am happy with the exemplary figures, but I am especially proud of all the employees who have contributed to this. They are the strength of FrieslandCampina.'

How would you characterise 2024 for FrieslandCampina?
'2024 was a year with drastic interventions and changes. We had to say goodbye to almost 1,400 employees and did so with the greatest possible care. At the same time, those who stayed pressed on relentlessly. When you ask this much from people, you also want to know as quickly as possible whether this has the desired effect. The 2024 figures do exactly that! Our business groups have recovered well and achieved significant cost reductions. Together this has assured us of a good net result amounting to 321 million euros and a nice supplementary payment for our members of 1.21 euros per 100 kilograms of milk.'

Looking back to last year, what stands out for you?
'A lot of progress has been made within the entire organisation. For example, steps have been taken in our supply chain to work more efficiently and reduce costs. This is impressive. The business groups are playing much closer to the ball. This engenders calm and confidence throughout the entire organisation. But there is also more teamwork, more focus and growing stability. In eighteen months' time, Jan Derck van Karnebeek, as CEO, has introduced a culture of cooperation within the organisation. A collective focus on a single goal, whereby everyone knows his/her own role and contribution. I am seeing this from the shop floor to the Executive Board.

2024 also was a year with relatively favourable commodity dairy prices. We had the wind somewhat at our backs in this respect. However, the environment remains dynamic and our ultimate aim is to ensure that our result is stable to such an extent that we are able to absorb disappointing prices and developments. But we are not that far yet.'

Was it also a good year for members?
'The milk price for member dairy farmers was good this past year. However, farm-related costs for the disposal of manure, energy and materials were high. In addition, climate and nature-related issues on many farms continued to be a challenge. The new cabinet in the Netherlands proved unable to remove the uncertainty for many of our members. This uncertainty also applies to many members in Belgium and Germany. Increasingly more farmers are shutting down their farm. Milk is becoming scarcer and the fight for milk by processors is increasing. While this is good for the milk price received by farmers, it also has a direct impact on the market, milk valorisation and ultimately on FrieslandCampina. In addition, encouraging progress was made in the area of sustainability, within the company as well as at farms. This resulted in excellent remuneration of our member dairy farmers for their sustainability efforts.

FrieslandCampina aims to and can provide members with security in the market: an excellent milk price, premiums for sustainability results, and a solid strategy. Its scale provides processing efficiency and flexibility in valorising the milk. This is the foundation for a good price for farmers and excellent products for our customers. This is why maintaining scale is important for the company and for the cooperative. It is good to see that new members have joined our cooperative yet again in 2024. Over time this helps us maintain our scale. We have to maintain this trend.'

> 'The coming years will continue to be dynamic.'

Will a merger with Milcobel help in this respect?
'The proposed merger with Milcobel is consistent with this strategy. This helps FrieslandCampina keep the milk supply up to par, broaden the portfolio and strengthen its position in Belgium and Northern France. At the same time, a merger like this is much more than a simple arithmetic calculation. You have to fit together in terms of values, way of working and background. I can see that both organisations reinforce each other.'

We have had to let people go. What was the impact of this?
'The year 2024 shows that at FrieslandCampina it's all about people. This was evident within the company, as well as within the cooperative. The sudden deaths of Cooperative Board member Hans Hettinga and District Counsil Chair Hermann Klümpen deeply touched many of us. We cannot thank them enough for their levelheadedness, calm and binding force within the Cooperative. When people like this are no longer with us, it is our collective task to retain these qualities within the Cooperative.'

What is the biggest challenge in the near future?
'FrieslandCampina is an organisation of driven professionals who all want to do good together. When you really want to get something done here, you will always succeed! We have to nourish that strength, but there also is an inherent pitfall in all of this. We like to do many things at the same time, preferably perfectly. That puts a heavy load on people's shoulders. This is why the biggest challenge for everyone is to maintain focus. Stay focused on our collective goal. Make a clear choice as to what will, and especially what will not, be tackled. We are on the right path, but extra focus helps create calm and stability. This way we take good care of our people and retain job satisfaction, knowledge and talent within our company.

2024 was a good year for FrieslandCampina. A great deal of work was done and the subsequent result was good. We are really moving in the right direction, and we have every reason to be proud of what we have already accomplished with our Expedition 2030 transformation. At the same time, the work is not yet finished. The coming years will continue to be dynamic. We will have to continue to be enterprising in this respect. I am convinced that if we continue to go down the path we have chosen with focus and confidence, we will create stability for the future together. As Chair I look forward to making a contribution to this over the coming years.'

Sybren Attema
Chairman of the Supervisory Board
Royal FrieslandCampina N.V.

Report of the Executive Board

2024 Developments and results

Strong financial results and good progress on reducing greenhouse gas emissions.

Company: a year of transformation

2024 was a year of transformation for FrieslandCampina. Expedition 2030 and the new organisation model with seven business groups, each with its own focus while at the same time having joint responsibility for valorising member milk, have contributed to improving business performance. In addition, with the introduction of Performance+ within the supply chain, significant progress has been made in improving processes and reducing costs. In 2024, the number of FTEs declined by almost 1,400 in comparison to 2023. All this resulted in a total cost reduction of 315 million euros, which partially offset inflation. FrieslandCampina realises that the restructuring resulting from Expedition 2030 has had an impact on its employees. This applies not only to departing colleagues, but also to the people who stayed behind and who, despite the challenges, have contributed with great resilience to the exemplary result.

Global demand for dairy products continues to increase

From a geopolitical and macroeconomic standpoint, 2024 was a challenging year in which FrieslandCampina too had to adjust to changing conditions. Mounting geopolitical tensions and economic uncertainty, such as high inflation and exchange rate fluctuations, had an impact on costs and margins. At the same time, global demand for high-quality dairy products continued to grow, especially outside Europe. FrieslandCampina benefited from this trend by anticipating changed customer and consumer needs, with a strong focus on more sustainable and healthy products.

Optimisation of our supply chain

In 2024, with the introduction of Performance+ within the supply chain, FrieslandCampina made significant progress in improving processes and reducing costs. As part of this, the supply chain has implemented 'Our Way of Working', a standardised approach to streamline processes and improve efficiency, across almost thirty locations. In 2024, the supply chain, in close cooperation with the business groups, achieved cost savings of 222 million euros as part of the total savings of 315 million euros.

In addition to these savings, FrieslandCampina made various investments in the optimisation and sustainability of the supply chain in 2024.

In the Netherlands, FrieslandCampina plans to concentrate its activities in **Leeuwarden** in the southern part of the site, while the northern part will be closed over time, in order to avoid high investments and inefficiencies. Starting in June 2026, the production of sweetened condensed milk will be outsourced to Hochwald in Bolsward, which will result in a loss of 87 jobs in Leeuwarden. In **Lutjewinkel**, a new brine facility for Noord-Hollandse Goudse cheese will be built, to be completed in 2026. A new heat pump has been put into operation in **Maasdam** reducing energy consumption and greenhouse gas emissions by 25 percent. In **Gerkesklooster** 20 million euros is being invested in optimising whey processing and the construction of a new milk reception facility, both due for completion in 2026. In **Workum**, a new installation designed to process all of the whey from the cheese plant into high-quality whey protein concentrates (WPC) is being built. This involves an investment of 30 million euros and a reduction of 6.8 kt CO_2-eq and 350,000 m^3 of water per year. In **Borculo**, the construction of a new installation for the production of whey protein isolates and milkfat globule membranes (known as MFGM [Milk Fat Globule Membrane] in the market) is progressing. These two ingredients are used in nutrition for infants, sportspersons, and people with an active lifestyle. The new production hall, representing an

80-million-euro investment, is expected to be ready in 2026. In addition, plans have been announced to move the production of natural cheese from **Born** to **Workum**, which means the facility in Born will be closed, resulting in a loss of 99 jobs.

There were investments outside the Netherlands as well. In **Aalter** (BE) a new filling line for recyclable PET bottles was commissioned. In Asia, FrieslandCampina has opened sustainable plants in **Malaysia** and **Indonesia**, with an investment of 257 million euros in the new Indonesian production facility. In **Pakistan**, a solar energy facility is being built that is expected to be operational in April 2025, and which will result in an annual CO_2 reduction of 2.5 kt CO_2-eq.

Performance+
standardisation and lower costs

In 2023, as part of Expedition 2030, FrieslandCampina introduced a more standardised way of working within the production chain, known as Performance+. This method of working is focused on improving performance by eliminating waste in all its forms, such as in the product portfolio, product specifications, packaging and time, and consequently on reducing costs.

Performance+ strongly focuses on standardisation: processes and systems must be the same everywhere so that everyone works the same way. This ensures greater unity and efficiency on the shop floor as well as in the organisation at large. Managers play a key role in this regard: it is no longer their task to exactly tell employees what to do; it is their task to support them in improving processes and achieving targets. This way everyone works together on improving performance. In actual practice, this, for example, means that the way of working at different production facilities throughout the word is highly standardised: the same systems, meeting structures and key performance indicators (KPIs) are used at every location. This ensures that everyone knows exactly what is expected of them and how they can improve performance.

This means that Performance+ is focused not only on reducing costs, but also on creating a work environment that allows employees to develop themselves and in which everyone collectively works on improving the results (‘Our Way of Working’). The result is a more efficient organisation, with lower costs and improved cooperation among all teams.

Good progress on Nutrition, People and Planet sustainability strategy

In 2024, FrieslandCampina combined all sustainability activities under a single overarching sustainability strategy structured around three pillars: Nutrition, People and Planet.

With respect to **Nutrition**, 76 percent (2023: 75 percent) of consumer products sold complied with the FrieslandCampina Global Nutritional Standards Next Level and the company improved its position on the leading ATNI Global Index, moving up from third to second place, thereby emphasising the company's strong focus on health and nutritional values. Under the pillar **People**, FrieslandCampina supported 63,126 local dairy farmers in Dairy Development countries with training designed to improve their milk production and increase its sustainability. The percentage women in senior management positions stayed the same in comparison to 2023 (29 percent).

With respect to the **Planet** pillar, the implementation of the Climate Plan 2030 is on track: Greenhouse gas emissions at member dairy farms decreased by 853 kt CO_2-eq, a reduction of 9.8 percent in comparison to 2023. FrieslandCampina entered into new partnerships with large international customers, such as Mars and Danone, to support and compensate dairy farmers financially for the accelerated reduction of greenhouse gas emissions. Moreover, agreements have been negotiated with several suppliers to reduce their greenhouse gas emissions. In addition, the FLAG (Forest, Land and Agriculture) and non-FLAG targets pertaining to FrieslandCampina's 2030 climate goal were validated by the Science Based Targets initiative (SBTi). As such, the overall climate goal for 2030 meets the 1.5°C scenario of the Paris Agreement. The percentage recyclable packaging increased to 92 percent (2023: 91 percent).

Proposed merger with Milcobel

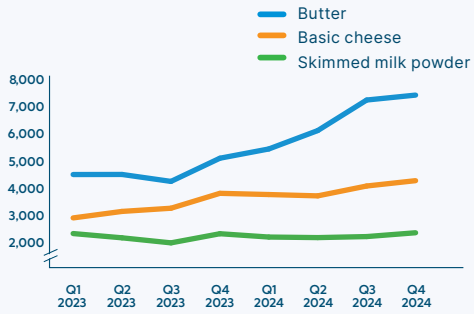
On 18 December 2024, FrieslandCampina and Milcobel announced their proposed merger and signed an agreement in principle. By combining forces, a future-oriented organisation will emerge with a key focus on dairy for member dairy farmers, employees, consumers and commercial customers. The merger reinforces the international market position of both organisations and offers opportunities to exploit synergies and secure a sustainable future.

Member dairy farmers, employees, works councils and trade unions have been informed. A detailed merger proposal will be developed in the first half of 2025, which will require the approval of the FrieslandCampina Members' Council, Milcobel's Extraordinary Meeting of Shareholders and the competition authorities. The aim is to complete the merger prior to the end of 2025.

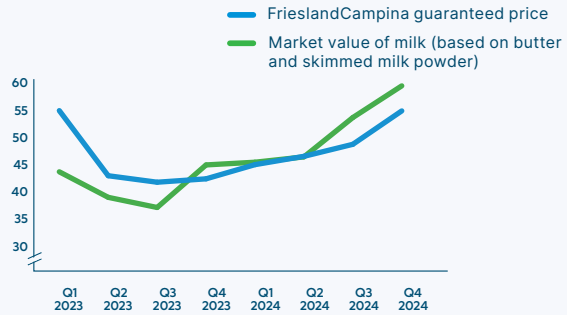
On 18 December 2024, FrieslandCampina and Milcobel announced their proposed merger.

The dairy market in 2024

Average commodity dairy prices in euros per tonne of product



Guaranteed price level versus the market value of milk in euros per 100 kilograms



Global balance between supply and demand

Production, as well as demand barely increased on the global dairy market in 2024, as a result of which the market stayed relatively balanced.
Milk production in Europe barely increased as a result of bad weather conditions, the bluetongue virus and the (announced) environmental restrictions. Similar factors also played a role in other regions. New Zealand had an excellent start of the milk season in the last quarter of 2024.
The higher milk production was offset by a growing demand in Southeast Asia and a cautious recovery of imports by China in the last months of the year. In many regions, the demand for dairy products was negatively affected by high price levels. In many parts of the world, cheese proved to be the dairy category with the strongest growth.

The guaranteed price is the price FrieslandCampina guarantees it will pay member dairy farmers for the raw milk they supply. This price matches the average price paid for regular milk by a number of dairy companies in Northwest Europe, including the supplementary cash payment, registered reservations, seasonal supplements, quantity supplements, maximum quality supplements, and cooperative supplements or charges.

Commodity dairy products price trends

Commodity dairy products exhibited a diverse range of pricing trends in 2024. Butter exhibited the largest increase. European butter quotations rose to record highs, particularly driven by factors on the supply side. Due to reduced milkfat deliveries and its increased consumption in the higher production of cheese, butter stocks remained low, which caused butter prices to go up. Cheese prices were reasonably stable in the first half of the year but, as a consequence of higher butter prices, also increased in the third quarter. Skimmed milk powder prices remained relatively stable throughout the year and from a historical perspective stayed at a lower level.

Raw milk prices

While in the first half of the year, European prices for raw milk remained relatively stable, the price of milk increased considerably in the second half of the year. FrieslandCampina's guaranteed price increased by almost 13 cents per kilogram from January to December, with most of the increase occurring in the second half of the year.

The increase in the milk price was the result of the strong upward movement in the price of commodity dairy products starting in the summer. On average the guaranteed price in 2024 was over 3 cents per kilogram higher than in 2023. In the first half of 2024, the milk price tracked the market prices of commodity dairy products, such as cheese, butter and milk powder. In the second half, the market price was higher, because there is a delay before milk prices are adjusted.
For the whole of 2024, this resulted in a positive financial outcome for commodity dairy products. In 2023, the result was still negative, as the market value was below the guaranteed price for most of that year.

Developments in dairy farming

The dairy farming sector is experiencing dynamic times in Europe. Environmental limits are playing an increasingly larger role in the magnitude of milk production. The uncertain political and management situation affects the entrepreneurial climate. Individual dairy farms have to make a choice: investing or stopping. Decisions that are increasingly prompted by factors beyond the farm's operation.

Unfortunately, a clear governance framework within which the transition towards a future fit agricultural sector must take place, is still missing in the Netherlands, which leads to hesitation among many dairy farmers. In these uncertain times, FrieslandCampina is an important partner for member dairy farmers. The market conditions also provide plenty of opportunities. By translating the developments in the market and society to the farm, FrieslandCampina, together with member dairy farmers, is able to optimally valorise the milk.

It is essential for dairy farmers to have the necessary economic resources as well as the policy scope to be able to continue to meet the societal challenge. FrieslandCampina is and remains an advocate of supporting farmers with knowledge and encouraging sustainable farming practices and on-farm innovations in order to be able to cope with challenges and seize market opportunities.

As far as FrieslandCampina is concerned, cooperation within the chain is crucial to give dairy farmers as much certainty as possible. FrieslandCampina is active in various partnerships, such as the ReGeNL initiative in the Netherlands and the international Future Fit Dairy Initiative. Developments towards a futureproof dairy industry are further shaped within these partnerships.

Balanced diet

Dairy is a key part of a balanced diet – a belief that is shared globally by governments and experts. Given the growing world population, the demand for healthy and sustainable food is increasing. This provides major opportunities for the dairy farming sector in Northwest Europe. The global demand for dairy continues to grow and due to favourable climate and geographical conditions, the Northwest Europe region is perfectly positioned to produce dairy in a highly efficient way.

The fact that dairy must be produced within planetary limits is self-evident. The dairy farming sector will have to continue to earn the right to produce dairy. It must do this by restricting its environmental footprint to a minimum on the one hand, and together with the food sector by emphasising the importance of dairy in a balanced diet on the other hand.

The importance of innovation

FrieslandCampina convinced of the importance of a strong dairy sector that operates within Dutch environmental laws and regulations. To achieve this, it is essential to reduce greenhouse gas emissions. Innovation plays a crucial role in this respect. By combining technical measures with management measures at dairy farms, emissions can be substantially reduced.

Financial notes

Revenue

FrieslandCampina's revenue in 2024 dropped by 1.1 percent to 12.9 billion euros compared to 13.1 billion euros in 2023, due to currency translation effects. Without these currency translation effects, revenue would have increased by 1.3 percent to 13.2 billion euros.

Operating profit and net result

FrieslandCampina's operating profit improved significantly from 75 million euros in 2023 to 527 million euros in 2024, after deduction of the supplementary cash payment. This strong growth is the result of an improved volume mix, the growth of consumer brands in Southeast Asia and Friso infant nutrition in China, the elimination of the cost impact of expensive stocks, and higher commodity dairy prices, combined with a positive difference between these commodity dairy prices and the guaranteed price for regular raw milk. In 2024, the number of FTEs was reduced by almost 1,400 compared to 2023. FrieslandCampina achieved cost savings of 315 million euros through Expedition 2030 and Performance+, a programme that has driven significant process improvements and cost savings in the supply chain. The supply chain realised savings of 222 million euros. Part of the savings were used to offset inflation effects. In 2024, FrieslandCampina achieved a net result of 321 million euros, compared to a loss of 149 million euros in 2023.

FrieslandCampina invested 653 million euros in advertising and promotions, compared to 568 million euros in 2023. Selling and general administrative costs decreased by 6.4 percent from 935 million euros in 2023 to 875 million euros in 2024. This includes savings of 93 million euros that are partially used to offset inflation.

Cash flow

In 2024, the net cash flow from operating activities increased to 900 million euros from 831 million euros in 2023. This increase was primarily due to the improved operating profit and better working capital management.

In 2024, the net cash flow from investments and acquisitions decreased to -446 million euros (2023: -309 million euros). This decrease was caused by the elimination of the proceeds from the sale of the German operations that in 2023 were still included in the cash flow.

In 2024, the cash flow from financing activities amounted to 34 million euros (2023: -357 million euros). This is the total of interest-bearing borrowings drawn and repaid, the interest on member bonds paid to member dairy farmers, the dividends paid to non-controlling interests, the repayment of lease commitments and the issue of new perpetual bonds valued at 300 million euros, in addition to the partial repayment of existing perpetual bonds.

The balance of cash and cash equivalents and bank current accounts increased from 538 million euros at year-end 2023 to 1,034 million euros at year-end 2024.

Financial position

As at 31 December 2024, the net debt was 270 million euros, a decrease of 365 million euros compared to 31 December 2023.

Due to the positive result and the positive currency translation differences in the valuation of foreign subsidiaries, the buffer capital (the equity and non-controlling interests attributable to the shareholder) increased in 2024, and amounted to 2,041 million euros compared to 1,840 million euros in 2023.

As a percentage of the balance sheet total, the buffer capital increased from 20.2 percent in 2023 to 20.8 percent in 2024.

In 2024, the equity directly attributable to the capital providers was 3.5 billion euros, an increase of 3.5 percent compared to 3.4 billion euros in 2023. This increase was primarily driven by the higher buffer capital. Solvency, defined as the equity directly attributable to the capital providers as a percentage of the balance sheet total, decreased from 37.0 percent in 2023 to 35.7 percent in 2024. This was a result of the higher balance sheet total.

As at 31 December 2024, total equity, including non-controlling interests, amounted to 3.8 billion euros (year-end 2023: 3.7 billion euros). The return on invested capital (operating profit divided by the average invested capital, including goodwill) increased to 13.5 percent compared to 1.5 percent in 2023.

Due to somewhat stable interest expenses and the higher operating profit, the interest coverage ratio improved significantly and amply stayed within guidelines. The net debt ratio is also staying well within guidelines due to positive cash flow developments.

Profit appropriation

The 321 million euro consolidated profit in 2024 will be appropriated as follows: 64 million euros for the interest payment to holders of member bonds (2023: 58 million euros), 73 million euros are attributed to non-controlling interests (2023: 67 million euros); 10 million euros for the holders of perpetual bonds (2023: 9 million euros) and 10 million euros for the provider of the cooperative loan (2023: 19 million euros). The Executive Board proposes to add the remaining profit of 164 million euros (including the non-controlling interest directly attributable to the shareholder, Zuivelcoöperatie FrieslandCampina U.A.) to the retained earnings (2023: -302 million euros charged to the internal reserve).

Hybrid bond successfully issued

In 2024, Royal FrieslandCampina N.V. issued a 300-million-euro hybrid bond. The new hybrid bond was well-received by institutional investors. Through a tender process, 228 million euros of the outstanding hybrid bond has been repaid.

Results by business group

As of 1 January 2024, FrieslandCampina has seven business groups. The comparative figures for 2023 have been adjusted accordingly.

Europe	Has a broad portfolio of consumer brands, with strong domestic market positions in the Netherlands and Belgium, as well as in other countries, such as Greece, Hungary, Romania and the United Kingdom.
Retail & Americas	Provides consumers in Germany, France, Italy, Spain and North and South America with cheese and other dairy products under private labels and its own brand names, through strategic partnerships with retailers and discounters.
Middle East, Pakistan & Africa	Focuses on consumer markets in Pakistan, Nigeria, the Ivory Coast, the United Arab Emirates, and Saudia Arabia, with partly locally produced dairy products and strong local brands.
Asia	Markets a broad product range of often locally produced brand name products with a focus on consumer markets, such as the Philippines, Hong Kong, Indonesia, Malaysia, Thailand and Vietnam.
Ingredients	Focuses primarily on food producers and the pharmaceutical industry with nutritional and functional ingredients for infant, sports, active lifestyle and medical nutrition.
Specialised Nutrition	Infant nutrition under the brand name Friso on consumer markets in China's mainland and in Hong Kong, Vietnam, Malaysia, Greece and Mexico.
Professional & Trading	**Professional:** dairy products and solutions for professionals in the food industry, such as restaurants, fast-food restaurants, bakers, confectioners and pastry chefs. **Trading:** procurement and sale of commodity dairy products for internal customers and B2B customers.

1,637 -3.4%
Third-party revenue
2023: 1,694

46 -33.3%
Operating profit
2023: 69

In millions of euros

Europe

In 2024, European consumer brands were under pressure due to the increased demand for private labels. Nevertheless, in a declining market, the total volume remained almost the same as in 2023. To increase the market share of consumer brands, the business group started to focus on the Campina, Chocomel, Napolact, NoyNoy, Optimel, Pöttyös and Yazoo strategic key brands this year. In addition, the product range is tailored to shared European consumer preferences, such as a healthy breakfast, a functional snack, or a delicious dessert. Due to this focused approach, the volumes of most of these key strategic brands increased. Due to price adjustments, revenue decreased by 3.4 percent, from 1,694 million euros in 2023 to 1,637 million euros in 2024. The operating profit decreased by 33.3 percent, from 69 million euros in 2023 to 46 million euros in 2024.

Results by business group

Retail & Americas

To increase the profitability of cheese sales, this business group focused on longer-term strategic partnerships, whereby, in addition to natural cheese, the focus also is on more sustainable products in the 'premium private label' segment. This approach provides for greater continuity and results in cost savings. In 2024, the position on the American retail market was strengthened. Moreover, the cheese merchant Velder performed better. Revenue increased slightly by 0.5 percent, from 1,863 million euros in 2023 to 1,872 million euros in 2024. This modest increase was mainly the result of a significantly higher volume in private label products, slightly lower volumes in branded products, and rising milk prices, which were partially passed on in market prices. Due to the elimination of the impact of expensive stocks, the operating profit improved from -46 million euros in 2023 to 2 million euros in 2024. This is inclusive of restructuring costs due to the planned closure of the production facility in Born.

1,872 0.5%

Third-party revenue

2023: 1,863

2 104.3%

Operating profit

2023: -46

In millions of euros

1,347 -8.2%

Third-party revenue

2023: 1,468

70 -10.3%

Operating profit

2023: 78

In millions of euros

Middle East, Pakistan & Africa

In 2024, the volume of brands, such as Peak and Rainbow, increased. This growth in the brand portfolio was offset by a decline in the non-brand portfolio and dairy under the Olper's brand in Pakistan. Revenue decreased by 8.2 percent, from 1,468 million euros in 2023 to 1,347 million euros in 2024. The operating profit decreased by 10.3 percent, from 78 million euros in 2023 to 70 million euros in 2024. This was primarily due to negative currency effects in Nigeria, which were partially offset by an improvement in operating profits in Pakistan and Africa.

Results by business group

Asia

Volume increased slightly, while revenue decreased by 2.2 percent, from 1,655 million euros in 2023 to 1,618 million euros in 2024. The decrease in revenue was caused by negative currency translation effects and a slight increase in pricing discounts. In mid-2024, two new production facilities were opened in Malaysia and Indonesia to be able to meet future market demand in this region. The introduction of innovative products, such as Nutribrain Frisian Flag, a readymade milk beverage for children, plays an important role in this expected growth. The startup of the new production facilities was accompanied by one-off costs. In spite of these expenditures and extra marketing investments, operating profit increased by 23.6 percent, from 89 million euros in 2023 to 110 million euros in 2024, in part due to the success of brands such as Foremost in Thailand and Frisian Flag in Indonesia. Lower raw material costs, cost reductions and a positive volume mix effect also contributed to the improved result.

1,618 -2.2%
Third-party revenue
2023: 1,655

110 23.6%
Operating profit
2023: 89

In millions of euros

1,452 0.3%
Third-party revenue
2023: 1,447

214 4.9%
Operating profit
2023: 204

In millions of euros

Ingredients

To meet the demand for ingredients for nutrition for an active lifestyle, infant nutrition and medical applications, the business group announced that it would double the production of whey protein isolate and milkfat globule membranes and expand the production of whey protein concentrate. Innovative products, such as Nutri Whey ProHeat, open up new opportunities to benefit from the nutritional value of whey protein in liquid applications, such as medical nutrition and yoghurt. The volume of the business group decreased slightly as a result of lower supply-driven volumes. Revenue increased marginally by 0.3 percent, from 1,447 million euros in 2023 to 1,452 million euros in 2024. In part due to a strong second half-year, the operating profit increased by 4.9 percent, from 204 million euros in 2023 to 214 million euros in 2024.

Results by business group

1,218 6.0%
Third-party revenue
2023: 1,149

227 16.4%
Operating profit
2023: 195

In millions of euros

Specialised Nutrition

The Friso infant nutrition brand's market share grew in 2024, primarily due to the expansion of sales outlets in emerging cities in China. Market growth was stimulated by the further premiumisation of the infant nutrition supply.
The introduction of Friso Signature in Hong Kong capitalised on this development. In addition, sales via e-commerce channels were strengthened. Due to higher volumes, revenue increased by 6.0 percent, from 1,149 million euros in 2023 to 1,218 million euros in 2024. The operating profit increased by 16.4 percent, from 195 million euros in 2023 to 227 million euros in 2024, primarily due to strong growth in China's mainland and in Hong Kong.

Professional & Trading

Revenue increased by 1.9 percent, from 3,668 million euros in 2023 to 3,739 million euros in 2024, primarily due to higher milk prices.
The Professional business unit further strengthened its position in cream, desserts and milk foam. The key brands Debic and Lattiz realised further growth in the professional food service channel in Europe as well as in Asia. Profitability partly improved by halting the sale of low-margin products and products with limited growth opportunities. This produced positive results, especially in the second half of the year. The focus now is fully on further enlarging the customer base worldwide in the hospitality and bakery channels.

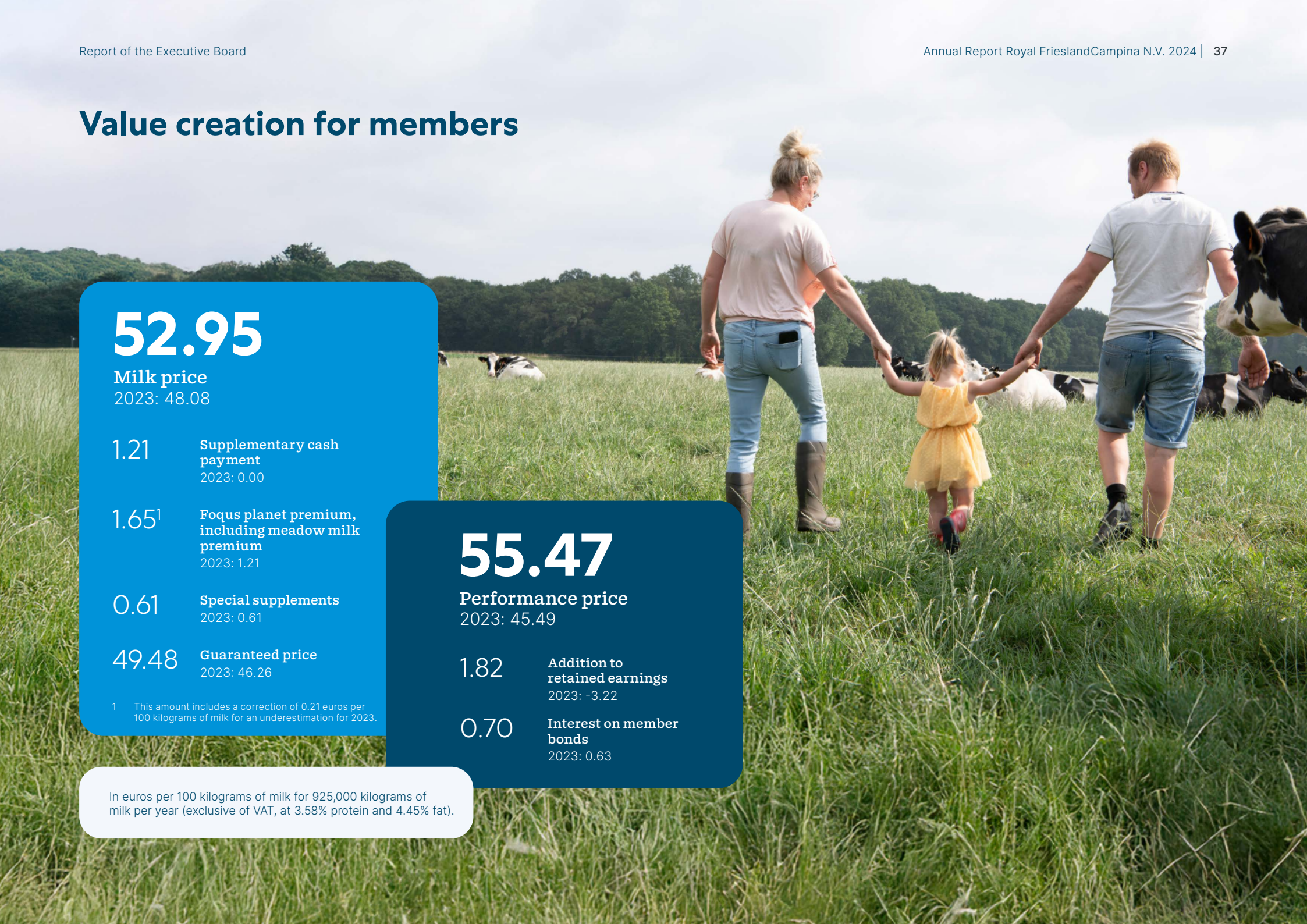
Due to increasing volumes in other parts of the company, Trading was able to reduce the volume of commodity products it had to sell in 2024. Due to higher commodity dairy product prices compared to the beginning of last year, and the elimination of the impact of expensive stocks, the operating profit improved considerably. This resulted in a considerable improvement of the Professional & Trading business group's operating profit. Including restructuring costs for the production facility in Leeuwarden, the result increased from a loss of 208 million euros in 2023 to a positive operating profit of 96 million euros in 2024.

3,739 1.9%
Third-party revenue
2023: 3,668

96 146.2%
Operating profit
2023: -208

In millions of euros

Value creation for members



52.95
Milk price
2023: 48.08

1.21	**Supplementary cash payment** 2023: 0.00
1.65[1]	**Foqus planet premium, including meadow milk premium** 2023: 1.21
0.61	**Special supplements** 2023: 0.61
49.48	**Guaranteed price** 2023: 46.26

1 This amount includes a correction of 0.21 euros per 100 kilograms of milk for an underestimation for 2023.

55.47
Performance price
2023: 45.49

1.82	**Addition to retained earnings** 2023: -3.22
0.70	**Interest on member bonds** 2023: 0.63

In euros per 100 kilograms of milk for 925,000 kilograms of milk per year (exclusive of VAT, at 3.58% protein and 4.45% fat).

Less milk, higher remuneration for member dairy farmers

The total volume of supplied member milk decreased by 3.4 percent, from 9,369 million kilograms in 2023 to 9,050 million kilograms in 2024. This decrease is primarily due to a decrease in the number of member dairy farms, which declined from 9,417 to 9,001. This decline is partly the result of dairy farmers who have ceased operations, for example due to a lack of succession, and the outflow of members through the DMF scheme, which ended in 2023, with the last dairy farmers having left by 1 January 2024. Although the bluetongue virus caused production to drop at some dairy farms, the precise impact on total milk production remains unclear. A positive development is that the influx of new members increased again in 2024.

Despite the decrease in the total volume of supplied member milk, the total compensation paid to member dairy farmers for their supplied milk increased by 5.5 percent from 4,521 million euros in 2023 to 4,769 million euros in 2024. This was due to the higher guaranteed price, a higher Foqus planet premium and the supplementary cash payment.

Supplementary cash payment

The 2023-2025 reserve policy stipulates that 60 percent of the net profit must be added to the retained earnings, while 40 percent can be distributed as a supplementary cash payment to member dairy farmers. Due to the higher result in 2024, 164 million euros (2023: -302 million euros) were added to the retained earnings, which amounts to 1.82 euros per 100 kilograms of milk. Moreover, member dairy farmers will receive a supplementary cash payment totalling 109 million euros, which amounts to 1.21 euros (2023: 0,00 euro) per 100 kilograms of milk.

Member bonds

The total allocated interest on member bonds increased to 64 million euros in 2024, compared to 58 million euros in 2023. The interest rate over the period 1 January to 31 May 2024, was 7.300 percent. From 1 June to 30 November, the interest rate was 7.009 percent, and in December 2024 it was 5.945 percent. This was based on the interest rate of the 6-month Euribor, which was 2.695 in December.

Milk pricing methodology

FrieslandCampina aims to pay a leading milk price to its member dairy farmers. The milk is reimbursed on the basis of the value of the kilograms of supplied protein, fat and lactose in a 6:4:0 ratio. The guaranteed price forms the basis for the milk price. FrieslandCampina has two guaranteed prices: a guaranteed price for regular milk and a guaranteed price for organic milk. The guaranteed price is calculated as the weighted average of the annual prices of a selected group of reference companies in Northwest Europe. These annual prices are inclusive of a supplementary cash payment, registered reservations, seasonal supplements, quantity supplements, maximum quality supplements, and cooperative supplements or charges.

New member inflow regulations

To keep the milk supply up to scale in the future, the Zuivelcoöperatie FrieslandCampina U.A.'s Members' Council voted to approve a package of regulations to facilitate the inflow of new members. This package contains:

- Adjustment of the farm transfer regulation.
- Extension of the milk volume regulation.
- Introduction of a volume premium.
- Temporary exemption from joining fee for new members.
- Improvement of the liquidity position of member dairy farmers by converting fixed member bonds to free member bonds as at 21 June 2024.

In addition, it was decided to expand the Cooperative's operating area in Belgium to include all of West and East Flanders, and the recruitment of new members has since started here.

All amounts stated in this section are per 100 kilograms of milk and exclusive of VAT.

Guaranteed price

The guaranteed price for regular milk increased by 7.0 percent from 46.26 euros in 2023 to 49.48 euros in 2024. The increase in the guaranteed price was the result of the higher milk prices of the reference companies. The developments underlying the milk prices are discussed on page 29.

The guaranteed price for organic milk increased fractionally by 1.3 percent, from 57.81 euros in 2023 to 58.54 euros in 2024, in line with the prices paid by reference companies for organic raw milk.

Milk price

The milk price received by FrieslandCampina's members consists of the guaranteed price, the Foqus planet premium (including meadow milk), premiums for special supplements and the supplementary cash payment. The milk price received by FrieslandCampina's members increased by 10.1 percent, from 48.08 euros in 2023 to 52.95 euros in 2024. This increase is due to a higher guaranteed price, a higher Foqus planet premium of 1.65 euros (2023: 1.21 euros) and the supplementary cash payment of 1.21 euros (2023: 0.00 euros).

Performance price

The performance price consists of the milk price, the interest on member bonds and additions to and/or withdrawals from the retained earnings. FrieslandCampina's performance price increased by 21.9 percent from 45.49 euros in 2023 to 55.47 euros in 2024. The addition to the retained earnings amounted to 1.82 euros (2023: -3.22 euros) and the average interest paid on member bonds was 0.70 euros (2023: 0.63 euros).

2024 Key figures

In millions of euros, unless stated otherwise	2024	2023	Δ%
Results			
Revenue	12,923	13,072	-1.1
Revenue before currency translation effects	13,242	13,072	1.3
Operating profit	527	75	602.7
Net result	321	-149	315.4
Operating profit (as a % of revenue)	4.1	0.6	
Balance sheet			
Balance sheet total	9,793	9,119	7.4
Equity directly attributable to capital providers	3,492	3,374	3.5
Equity (as a % of the balance sheet total)	35.7	37.0	
Buffer capital[1] (as a % of the balance sheet total)	20.8	20.2	
Net debt[2]	270	635	-57.5
Cash flow			
Net cash flow from operating activities	900	831	
Net cash flow from investment activities	-446	-309	
Net cash flow from financing activities	34	-357	
Investments	459	482	

In millions of euros, unless stated otherwise	2024	2023	Δ%
Value creation for member dairy farmers[3]			
Guaranteed price	49.48	46.26	7.0
Supplementary cash payment	1.21	0.00	
Foqus planet premium[4]	1.65	1.21	
Special supplements[5]	0.61	0.61	
Milk price	52.95	48.08	10.1
Interest on member bonds	0.70	0.63	
Addition to retained earnings	1.82	-3.22	
Performance price	55.47	45.49	21.9
Member dairy farmers			
Number of member dairy farms at year-end	9,001	9,417	-4.4
Number of member dairy farmers at year-end	14,183	14,634	-3.1
Milk supplied by member dairy farmers (millions of kilograms)	9,050	9,369	-3.4
Total compensation of member dairy farmers	4,769	4,521	5.5

1 Buffer capital is the equity and non-controlling interests attributable to the shareholder.

2 The net debt shown here is in accordance with the covenant's guidelines and concerns current and non-current interest-bearing borrowings (excluding lease commitments), receivables from and payables to Zuivelcoöperatie FrieslandCampina U.A. less the cash and cash equivalents at the company's free disposal.

3 In euros per 100 kilograms of milk exclusive of VAT, at 3.58% protein and 4.45% fat.

4 Member dairy farmers receive a variable Foqus planet premium for Sustainable Development, including pasture grazing, of a maximum of 3.50 euros per 100 kilograms of milk. The average premium is 2.25 euros per 100 kilograms of milk. This amount consists of an estimate of 2.04 euros per 100 kilograms of milk for 2024 and an adjustment of 0.21 euros per 100 kilograms of milk for a too low estimate for 2023. The cooperative deduction for sustainability is 0.60 euros per 100 kilograms of milk. Dairy farms supplying On the way to PlanetProof milk do not receive a variable Foqus planet premium.

5 Special supplements concern the total amount of payments per 100 kilograms of milk for VLOG (non-GMO) and On the way to PlanetProof of 0.53 euros per 100 kilograms of milk and the difference between the guaranteed price paid for organic milk (58.54 euros) and regular milk (49.48 euros). On average, on all FrieslandCampina member milk, this amounts to 0.08 euros per 100 kilograms of milk.

Environmental, Social and Governance

Environmental, Social and Governance

Content

General

Strategy 43
- The sustainability framework 44
- Sustainability dashboard 2024 45

Basis for preparation 46

Materiality assessment 47
- Value chain and material topics linked to the sustainability strategy 50

Environmental

Planet 51

Climate 51
- Greenhouse gas emissions 51
- Climate change adaptation 58
- Energy consumption 60

Nature 61
- Strengthening nature 61
- Sustainable sourcing 64
- Water consumption 66

Circularity 67
- Recyclable packaging 67

Social

Nutrition 69

Goodness of dairy 69

Access to nutrition 73

Zero food loss 75

People 76

Empowered people 76
- Employees 76
- Driving diversity, equity and inclusion 81
- Health and safety 82
- Respecting human rights 84

Resilient communities 85
- Milkprice for member dairy farmers 85
- Dairy development 86
- Partnership with the Red Cross 88

Governance

Foundation 89
- ESG governance 89
- Ethics and compliance 91
- Product quality and safety 96
- Privacy and data protection 97
- Cybersecurity 98
- Health and welfare of cows 99

General

Strategy

FrieslandCampina wants to have a positive impact on farmers, communities, and the planet. This means FrieslandCampina pursues social and environmental goals in addition to business goals. The purpose, *nourishing by nature* is the driving force in this respect and is divided into three pillars: better nutrition for the world, a good living for our farmers, now and for generations to come.

Globally, a healthy and balanced diet is not self-evident or even feasible for many people. This can lead to malnutrition, obesity, and micronutrients deficiencies. With its dairy products FrieslandCampina wants to provide millions of people around the world with daily access to high-quality, specialised, and tasty food.

As a dairy producer, it all starts with processing milk into dairy products with good nutritional values. However, the impact extends beyond the nutritional value of the products. How FrieslandCampina sources raw materials, processes and markets the products is equally important. The production of food is putting increasing pressure on scarce natural resources. And yet FrieslandCampina's future is closely linked to the state of the natural environment. FrieslandCampina embraces the responsibility to provide food, produced with the best possible care for people and planet.
By focusing and working with the entire value chain, FrieslandCampina can make a difference where it matters most. This is how FrieslandCampina makes impact.

Sustainability part of business operations
FrieslandCampina's sustainability ambitions are not only a licence to continue to operate in the long term, but also a *'licence to win'*. Sustainability is therefore an integral part of the business operations. Prioritising sustainability and integrating the renewed framework into business processes are crucial for creating value and accelerating progress towards the goals that have been set.

Therefore, the seven business groups, and the supply chain, procurement, human resources, and other functions have integrated the company's sustainability strategy into their business and operational strategies.

The sustainability framework

In line with its purpose *nourishing by nature*, FrieslandCampina has brought together its environmental and social sustainability strategy into one comprehensive framework in 2024, which is built around three pillars: Nutrition, People and Planet. For each pillar, priorities and action plans were defined, focusing on areas of greatest impact and value.

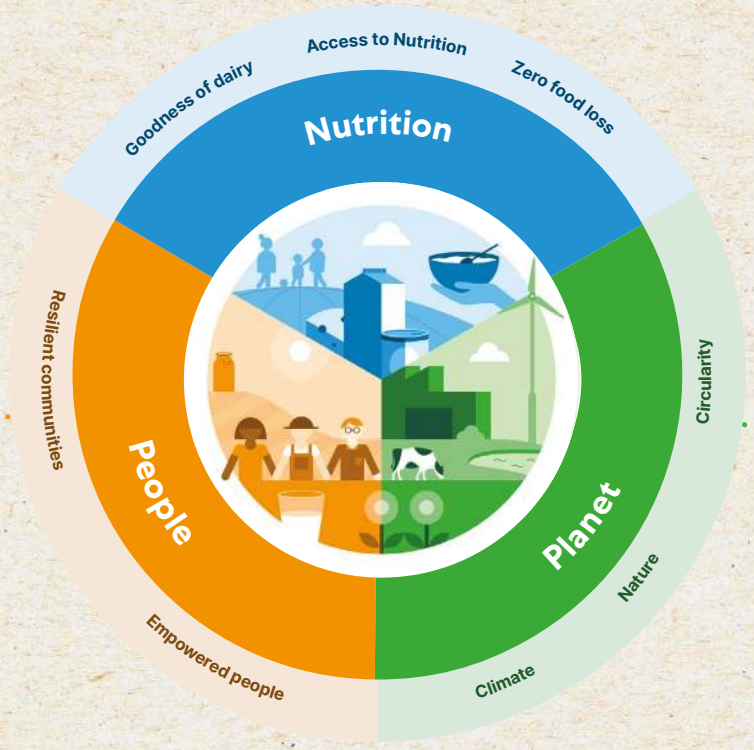
Nutrition

FrieslandCampina offers the goodness of dairy, enhances nutritional composition where needed and increases access to its products, without wasting valuable nutrients from milk.

Foundation

Responsible business operations

The three pillars of Nutrition, People and Planet rest on a solid foundation. The foundation includes activities and commitments on themes that form the basis of doing business responsibly.



People

FrieslandCampina contributes to resilient communities and sets high standards for a fair and inclusive workplace throughout the value chain.

Planet

FrieslandCampina reduces the environmental footprint, strengthens nature and makes packaging and operations circular.

Sustainability dashboard 2024

Nutrition

Goodness of dairy

2050 ambition | Providing more and more people with healthy food for daily consumption and special needs

76% 2024 **75%** 2023

Volumes consumer products sold compliant with Global Nutritional Standards

73%/27% 2024 **74%/26%** 2023

Portfolio balance of consumer products intended for daily use vs occasional use

Access to nutrition

2050 ambition | Dairy products for every income, affordable and accessible

75% 2024 **60%** 2023

Volumes affordable nutrition products sold compliant with Global Nutritional Standards

15% 2024 **16%** 2023

Share of volume sold products intended for affordable nutrition

People

Resilient communities

2050 ambition | Working towards self-sufficient dairy markets with resilient local dairy chains

63,126 2024 **71,120** 2023

Dairy Development
Number of local dairy farmers trained in Dairy Development countries

Empowering people

2050 ambition | Everyone who contributes in our value chain has fair and inclusive labor standards

29% 2024 **29%** 2023

Women in senior management

39% 2024 **41%** 2023

Proportion of nationalities in senior management
(% non-Dutch)

Planet

Climate

2050 ambition | Net-climate neutral production

580 2024 **588** 2023

Greenhouse gas emissions in production and milk transport
(scope 1 and 2 in kt CO_2eq.)

7,873 2024 **8,726** 2023

Greenhouse gas emissions member dairy farms
(scope 3-member milk in kt CO_2eq.)

Nature

2050 ambition |
Net-positive impact

4.9 2024 **4.8** 2023

Water consumption intensity
(m^3/ton finished product)

Circularity

2050 ambition |
A circular value chain

92% 2024 **91%** 2023

Recyclable packaging

Basis for preparation

FrieslandCampina voluntarily applies the framework of the Global Reporting Initiative (GRI) in reporting on Environmental, Social and Governance (ESG) themes in the report of the Executive Board.

Reporting takes place at a consolidated level, whereby the scope is, in principle, the same as that of the financial reporting in the financial statements. For certain ESG topics, the scope has been extended to FrieslandCampina's entire value chain, from suppliers to customers. This is done when the double materiality assessment shows that FrieslandCampina has a material impact on these topics in the value chain, or that these topics have a material impact on FrieslandCampina. More information about the double materiality assessment and its results can be found in the paragraph Materiality assessment.

FrieslandCampina is primarily active in the Food & Beverages sector. Therefore, no disaggregation by other sectors is included in the disclosures.

CSRD preparation and EU Taxonomy

The Corporate Sustainability Reporting Directive (CSRD) requires all large companies, including FrieslandCampina, to include extensive ESG information in their management reporting, starting with the 2025 reporting year.

Subsidiaries of FrieslandCampina located in the European Union will use the exemption for statutory compliance with CSRD and will refer to the consolidated report of the Executive Board of FrieslandCampina for ESG disclosures. Where necessary, FrieslandCampina's subsidiaries outside the European Union will report ESG-related information in statutory annual reports, based on local regulations.

Starting from the 2025 reporting year, FrieslandCampina will fall under the scope of EU Taxonomy due to obligations under the CSRD. The EU Taxonomy is a classification system that classifies capital expenditures, operating costs and revenue as potentially sustainable (*eligible*) and sustainable (*aligned*) according to detailed criteria. The objective is to make companies more comparable on these criteria and to encourage the financing of more sustainable companies.

FrieslandCampina has assessed the impact of the CSRD and the associated reporting requirements using the outcome of the double materiality assessment. Based on the outcomes, it was determined which topics and the related impacts, risks and opportunities are material to the company, which CSRD reporting requirements must be met and where additional initiatives are needed to ensure timely preparation.

In preparation for the implementation of the CSRD, FrieslandCampina expaneded its annual reporting on ESG topics. This year additional disclosures were included in the annual report, in particular with respect to employees and governance. In addition, the structure of the ESG disclosures in this annual report has been aligned with the CSRD requirements.

Sustainable Development Goals

FrieslandCampina links its policies and business operations to the United Nation's Sustainable Development Goals (SDGs). The company focuses on the following eight SDGs on which it has the most impact:

Materiality assessment

In 2023 FrieslandCampina conducted a double materiality assessment to determine which ESG topics FrieslandCampina has a material impact on and which topics have a material financial impact on FrieslandCampina. This analysis is based on the guidelines of the Global Reporting Initiative (GRI), also taking into account guidelines from the CSRD. In 2024, this materiality assessment was updated and refined based on an update of the sustainability strategy and new insights from the CSRD.

Double materiality

Double materiality is a key theme within CSRD. Not only the impact of FrieslandCampina's activities on people and the environment (impact materiality) is considered, but also the financial impact, either positively or negatively, of these topics on the company (financial materiality).

To prioritise the most relevant topics and the related impacts, risks and opportunities for FrieslandCampina, the following steps have been completed:

Step 1 – Potential material topics

A list of possible relevant ESG topics was drawn up in 2023. This list was created based on input from regular discussions with stakeholders, contributions from experts, and consideration of the topics covered in the CSRD. The possible relevant impacts, risks and opportunities have been grouped into ESG topics. This includes a review of internal and external factors based on sector and media analyses. In addition, the eleven criteria of the Dairy Sustainability Framework (see Criteria – Dairy Sustainability Framework,) and the seventeen United Nations Sustainable Development Goals (SDGs, see UN SDGs) were included in the analyses.

Step 2 – Prioritising topics with internal and external stakeholders

In 2023, internal stakeholders were asked in a survey to provide input on impact materiality (scale, size, irremediable character, and likelihood) and financial materiality (financial impact and likelihood). Employees with responsibility for the various business units or functional departments were involved. The selection of internal stakeholders ensured that different business activities, both in terms of their nature, and geographical distribution, and various relevant departments were well represented.

Impact and financial materiality were assessed using a five-point scale, where the threshold values were determined based on an average impact score of four or higher, with a chance score of three or higher.

The findings of this survey were first discussed internally and then with external stakeholders. During these sessions, it was ensured that relevant groups were well represented, to take into account various interests and insights. For an overview of the external stakeholder groups involved, see the section 'In dialogue with stakeholders' on page 48.

Based on input from all stakeholders the list of material topics was finalised and prioritised. It was first presented to the Executive Board for validation and then to the ESG Committee and the Supervisory Board.

In dialogue with stakeholders

FrieslandCampina's cooperative roots show how more can be achieved together than alone. FrieslandCampina maintains active contact with various parties within and beyond the dairy chain. Where possible, stakeholders are involved in the development of policies, for example in the field of sustainability and nutritious products, and consulted when determining the topics to be reported on each year (see Material topics). Stakeholders are identified based on their influence on FrieslandCampina and the extent to which the actions of FrieslandCampina affect them.

FrieslandCampina's most important stakeholders are:

- Member dairy farmers and the cooperative
- Employees
- Consumers and customers
- Suppliers
- Banks
- Government bodies and local authorities
- Non-governmental organisations (NGOs) and interest groups
- Nutrition and health experts

Through continuous dialogue, FrieslandCampina strives to understand stakeholders' views, concerns, and expectations. This interaction informs the sustainability efforts, projects, and processes of the company. This allows us to align policies, goals and approaches with the interests and views of our stakeholders. The insights gained from these dialogues are included in our due diligence processes and the double materiality assessment.

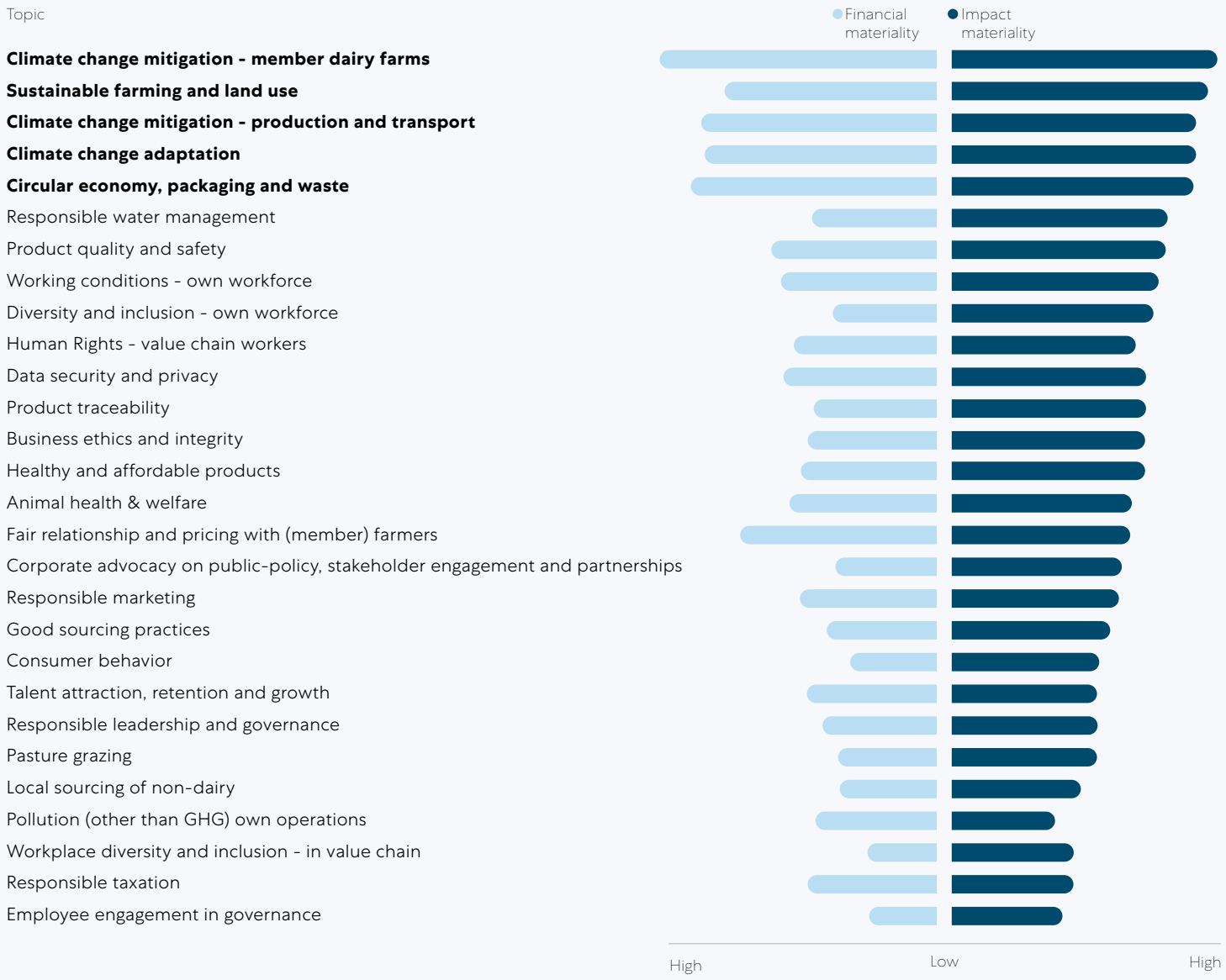
Step 3 – Impact on strategy and reportingng

The outcome of the materiality assessment was taken into account in determining the topics FrieslandCampina focuses on and forms the basis for the sustainability strategy. The Executive Team is involved in developing and defining this strategy. The company discusses the sustainability strategy and related sustainability targets with the supervisory board's ESG Committee, in preparation for approval by the Supervisory Board.

Step 4 – Regular update

A full materiality assessment was carried out in 2023. To ensure that the list of material topics remains up to date and complete, an annual assessment is done to determine whether an update is required. In 2024 an update was carried out partly based on the updated sustainability strategy and external developments, such as additional CSRD regulations.

Results materiality analysis



Material topics

Compared to the 2023 materiality assessment, the most material (top 5) topics for which FrieslandCampina has included disclosures in accordance with GRI guidelines have not changed.
The materiality of these topics was determined in accordance with GRI guidelines, only where impact materiality is relevant. In cases where the inclusion of explanatory notes was not possible, for example due to the lack of data, this has been explained in the GRI table in the Appendix.

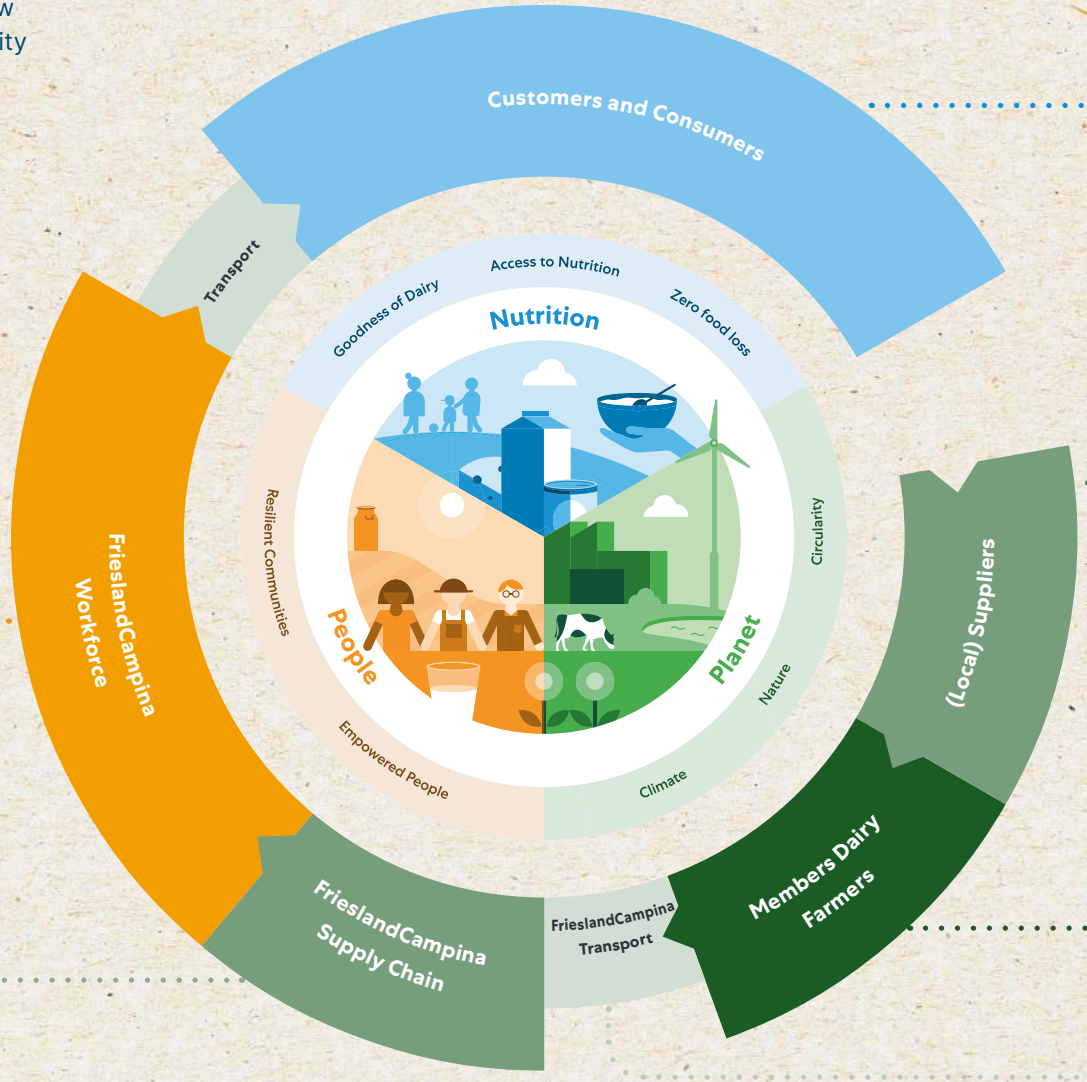
The material topics form the basis of FrieslandCampina's integrated strategy and the topics addressed in this annual report.

Value chain and material topics linked to the sustainability strategy

The figure shows where in the value chain the material topics are located and how these are addressed in the sustainability strategy.

- Working conditions
  Empowered People
- Diversity and inclusion
  Empowered People
- Data security and privacy
  Foundation
- Business ethics and integrity
  Foundation

- Reducing greenhouse gas emissions in production and milk transport
  Climate
- Climate change adaption
  Climate
- Circular economy, packaging and waste
  Circularity Zero Food Loss
- Responsible water consumption
  Nature



- Product quality and safety
  Foundation
- Healthy and affordable products
  Goodness of Dairy Access to Nutrition

- Reducing greenhouse emissions on farms
  Climate
- Product traceability
  Nature
- Fair relationship and pricing with (member) farmers
  Resilient Communities
- Human rights
  Empowered People

- Reducing greenhouse gas emissions on member dairy farms
  Climate
- Sustainable farming and landuse
  Nature
- Climate change adaption
  Climate
- Animal health and welfare
  Foundation
- Fair relationship and pricing with (member) farmers
  Resilient Communities

- Reducing greenhouse gas emissions in production and milk transport
  Climate

Environmental

Planet

With its dairy products, FrieslandCampina provides good nutrition to millions of people worldwide. In doing so, FrieslandCampina has the responsibility to take the best possible care of the planet. This is why FrieslandCampina aims for a net-climate-neutral dairy chain and a net positive impact on nature and is working towards making the production processes and packaging fully circular. In this way, FrieslandCampina offers future generations a sustainable future.

Climate

Making food production more sustainable is essential, not only to combat global warming but also to promote food security. FrieslandCampina's ambition is to produce net-climate neutral by 2050 at the latest.

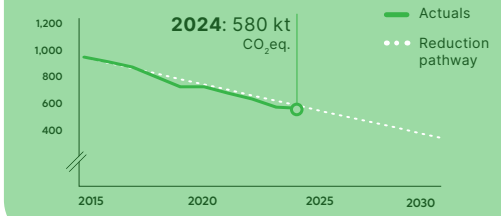
Greenhouse gas emissions

Greenhouse gas emissions from production and transport (scope 1 and 2, market based) decreased by 1.4 percent in 2024, from 588 Kton in 2023 to 580 Kton CO_2-equivalent. For the explanation of this decrease, see paragraph Energy consumption on page 60.

Greenhouse gas emission reductions for scope 3-member milk has decreased by 9.8 percent compared to 2023.

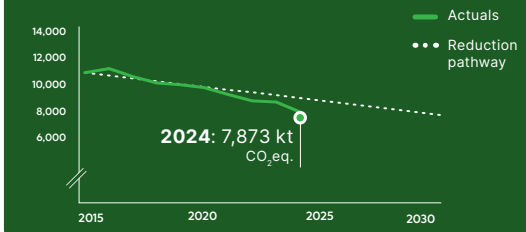
Scope 1 and 2-Production and Transport

Greenhouse gas emissions in production and milk transport over the years



Scope 3-member milk

Greenhouse gas emissions from milk production on member dairy farms over the years



GHG-emissions compared to our commitments

(kt CO_2eq.)	2024	2023	Compared to 2023	Base year 2015	Target 2030
Scope 1 and 2-Production and Transport *(market based)*	580	588	-1.4%	957	354
Scope 3-member milk	7,873	8,726	-9.8%	11,292	7,565
Scope 3-other	5,706	5,592	2.0%		

6.4 percentage point of this decrease is explained by measures on dairy farms, driven by the higher compensation for lower greenhouse gas emissions in Foqus planet. The decrease is mainly due to the purchase of feed with lower greenhouse gas emissions. In addition, there is an effect of the favourable growth year in 2023, which is reflected in feed silage with a high nutritional value and good digestibility, which has both reduced the purchase of external feed and had a favourable effect on the methane emissions from the cow's rumen. In addition, 3.4 percentage point of the decrease is explained by a decrease in the volume of member milk.

For developments in CO_2eq. footprint per kilogram member milk, see the methodology document.

The increase in greenhouse gas emissions for scope 3-other is mainly due to an increase in the volume of sourced materials, including locally sourced milk.

1 Scope 3 greenhouse gas emissions are determined annually based on farm-specific data from member dairy farmers. This information becomes available after publication of the annual report. Therefore, emissions as disclosed in this annual report are based on conversion factors from the previous annual report. The milk volumes are based on the current reporting year.

2 Greenhouse gas emissions from purchased milk products and dairy commodities, packaging, selected raw materials and external production.

3 For scope 3-other, the base year 2015 and the target for 2030 is not disclosed due to limited availability of reliable data for the year 2015. For scope 1 and 2–Production and transport and scope 3-member milk, data from 2015 have been audited externally and an audit opinion with limited assurance has been issued. Now that the new individual targets for FLAG and other emissions were validated at the beginning of 2025, we will also report on the base year and the 2030 targets for scope 3-other in 2025.

4 Total GHG-emissions in kiloton per revenue in million are calculated based on total market based emissions divided by revenue as reported in the financial statements. The intensity based on the total location based GHG-emissions is 1.37 (2023: 1.41).

5 Scope 3 emissions from categories 5, 6, 7, 8, 9, 12, 13, 14 and 15 are individually less than 0.5 percent of scope 3 emissions and therefore not disclosed separately.

6 Based on the sixth assessment report of the IPCC, including updated emission factors for i.a. methane, the emissions for 2023 and the base-year 2015 have been recalculated. This methodology change impacts reported emissions for scope 1 dairy farms (2023 lowered by 7 kton), scope 3-member milk (2023 lowered by 1,633 kton, baseyear with 2,066 kton) and scope 3-other (2023 lowered by 1,485 kton).

Total GHG-emissions

(kt CO_2eq.)	2024	2023	Compared to 2023
Production and transport	580	588	-1.4%
Dairy farms	50	44	13.6%
Other scope 1 categories	36	51	-29.4%
Total scope 1	**666**	**683**	**-2.5%**
% of scope 1 covered by the EU ETS	48%	48%	
Market based	1	-	100.0%
Location based	323	313	3.2%
Total scope 2 (market based)	**1**	**-**	**100.0%**
Member milk[1, 6]	7,873	8,726	-9.8%
Other - in scope of targets[2, 3, 6]	5,706	5,592	2.0%
Other - not in scope of targets	1,715	1,658	3.4%
Cat. 1 Purchased goods and services	15,294	15,976	-4.3%
Cat. 2 Capital goods	130	161	-19.3%
Cat. 3 Fuel and energy-related activities	232	228	1.8%
Cat. 4 Upstream transportation and distribution	235	262	-10.3%
Cat. 10 Processing of sold products	285	266	7.1%
Cat. 11 Use of sold products	345	361	-4.4%
Other scope 3 categories [5]	232	235	-1.3%
	16,753	**17,489**	**-4.2%**
Total scope 1, 2 and 3 (market based)	**17,420**	**18,172**	**-4.1%**
Total scope 1, 2 and 3 (market based)	17,742	18,485	-4.0%
Total GHG emissions *in kt CO_2eq. per revenue in million euro* [4]	1.35	1.39	-3.0%

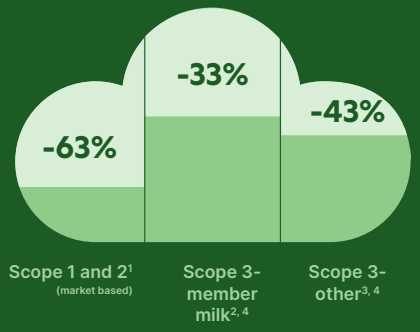
Targets

The Paris Climate Agreement agreed to take global measures to limit global warming to below 2 degrees celsius and preferably to 1.5 degree celsius. FrieslandCampina is committed to this goal and has developed a reduction roadmap, validated by the Science Based Targets initiative (SBTi) for 2023, which is included in the Climate Plan '*On the way to climate-neutral dairy*' published in 2022. The Climate Plan has been approved by the Executive Board and the Supervisory Board. Implementation is part of long-term investment plans. Regarding on-farm climate targets, member dairy farmers are encouraged to take measures through the Foqus planet programme. The Climate Plan is updated every five years.

The climate plan contains clear targets and concrete actions, with a checkpoint being a significant reduction in greenhouse gas emissions by 2030.

READ MORE

Our climate targets



Greenhouse gas emissions 2015-2030

	Reduction target	In line with scenario
Scope 1 and 2[1]	-63%	<1.5° C
Scope 3-member milk[2, 4]	-33%	<2.0° C
Scope 3-other[3, 4]	-43%	<2.0° C

1 Greenhouse gas emissions from our global milk production facilities and our milk transport in the Netherlands, Belgium and Germany.

2 Greenhouse gas emissions from milk production at member dairy farms.

3 Greenhouse gas emissions from purchased milk products and commodity dairy, packaging, selected raw materials and external production.

4 Reduction targets are currently set at >70 percent of Scope 3 emissions.

Decarbonisation levers

To realise the reduction targets, we identified the following decarbonisation levers:

Scope 1 and 2

- Electrification of outdated fuel-consuming processes through new technologies.
- Improving energy efficiency.
- Fossil energy substitution with renewable energy.
- Supply chain footprint optimisation worldwide.

Scope 3–member milk

- Efficiency: applying effective agricultural practices in daily business operations. The effect of changes in milk production has also been included here.
- Livestock: breeding programmes and feed supplements.
- Manure: Housing systems and manure management, for example manure digestion.
- Feed: less dependency on compound feed for protein, better digestibility of feed, land-use conversion free feed and lower emissions in cultivation.
- Energy: production of renewable energy on farm, use of surplus renewable energy in FrieslandCampina supply chain.

Scope 3-other

- Improve local dairy value chains.
- Circular and fossil free packaging.
- Carbon reduction journeys with key suppliers.

FrieslandCampina wants to continue to comply with SBTi-standards. As required by SBTi, we have split the targets for Forest Land-use and Agriculture (FLAG) and other emissions. In 2024, new individual targets for both categories were submitted to SBTi for validation, replacing the current combined targets.

These new targets bring the targets for reducing scope 3-emissions in line with the 1.5 degree celsius scenario, instead of the previous well-below-2.0 degrees celsius scenario. Also, a target for a larger scope of the scope 3-emissions has been included in accordance with the SBTi-requirements. Additionally, the base year for all categories has been adjusted from 2015 to 2020.

SBTi validated these updated targets and they were published in January 2025. We will report on these new targets from the 2025 reporting year.

How FrieslandCampina aims to achieve its climate ambition for 2050

For FrieslandCampina, net-climate neutral production means that the company aims to reduce fossil greenhouse gas emissions to zero in all scopes, by reducing energy consumption and switching to renewable energy sources. In addition, FrieslandCampina aims to reduce other non-fossil emissions, such as methane emissions from cows, as much as possible. What the company cannot reduce, is compensated, for example through carbon sequestration in the soil and biomass. FrieslandCampina also looks at possibilities to permanently remove greenhouse gases from the atmosphere, although this is not currently being applied actively. When compensating or removing emissions, FrieslandCampina prefers to do this from the chain.

Due to the long lifespan of investments in the supply chain, FrieslandCampina will continue to use non-renewable energy sources in the coming years, for example through assets that make use of gas or other non-renewable energy sources. In the roadmap to reduce greenhouse gas emissions for scope 1 and 2, the fact that some greenhouse emissions are locked-in for several years has been taken into account. Therefore, FrieslandCampina does not expect these locked-in emissions to jeopardise the achievement of the reduction target for scope 1 and 2.

Initiatives and action plans

Making the supply chain more sustainable

In 2024, FrieslandCampina announced and completed various investments in optimising and making the supply chain more sustainable. For more information, see page 26.

Accelerating on climate with customers

Together with large international customers, FrieslandCampina supports and rewards dairy farmers for accelerating the reduction of greenhouse gas emissions. In 2024, FrieslandCampina entered into new partnerships with international customers, such as Mars and Danone. The goal is to accelerate the reduction of greenhouse gas emissions in the production of the milk for dairy products supplied to these customers.

In 2024, FrieslandCampina introduced the Development Group, which links the market demand for milk with lower greenhouse gas emissions to dairy farmers who accelerate the reduction of greenhouse gas emissions by applying innovative measures on their farms. Over 450 member dairy farms participate in this Development Group. The Development Group offers the opportunity to scale up innovative measures, making them financially attractive for all members of the cooperative and rewarding the results through the Foqus planet sustainable development programme.

During the start-up phase, the focus is on reducing greenhouse gas emissions, but in the future other themes, such as biodiversity, can also be addressed.

Unlocking innovations

FrieslandCampina works together with various parties to unlock innovations that have the potential to lower the impact on climate and nature when they are applied on a large scale.

Reduction of methane emissions

In 2024, FrieslandCampina, Agrifirm, Agravis and Alzchem initiated a one-year pilot with the manure additive Eminex, which focuses on reducing methane emissions associated with the storage of manure. Ten member dairy farmers of FrieslandCampina in the Netherlands and Germany are participating in this pilot, where they gain practical experience with this additive and investigate the extent to which this innovation can be integrated in actual practice.

In another pilot FrieslandCampina examines, together with Wageningen UR, the application of methane oxidation, a process in which methane is converted into CO_2. On three dairy farms, it is being examined if it is practically and financially attractive to apply methane oxidation and what its effect is.

Foqus planet

With the quality and sustainability programme Foqus planet, FrieslandCampina ensures that the milk on member dairy farms is produced under the best possible conditions. The programme consists of mandatory basic requirements for hygiene, quality, food safety, and animal health and welfare that apply to all member dairy farms. In addition, there is Foqus planet Sustainable development.
This sustainability programme encourages member dairy farmers to make their dairy farms more sustainable in their own way.

FrieslandCampina encourages member dairy farmers with financial premiums for results within four themes: climate, biodiversity, animal health and welfare, and outdoor grazing.

Members are free to choose how they want to contribute to the sustainability goals. The results are measured and members receive a financial reward depending on their achieved results. This premium is funded in part by a cooperative investment and in part by the company.

In this way, we encourage members to make their farms more sustainable, step by step and in their own way. In 2023, a new reward system came into effect, whereby member dairy farmers receive a higher premium for greenhouse gas emission reduction on the farm, up to 1.50 euros per 100 kilograms of milk. In addition, we develop various tools and resources to provide members with more insight and support.

Table of points for Foqus planet Sustainable development

The table consists of four themes: climate, biodiversity, animal health and welfare and outdoor grazing. Efforts made by member dairy farmers make on the farm are measured using various indicators. Each indicator has its own premium. This way, members can see in advance what sustainability results yield in euros.

SEE OUR WEBSITE

Table Sustainable Development 2024
For member dairy farms in the Netherlands

Themes	Indicators	Threshold value (start of bonus)	Bonuses	Top value (maximum bonus per 100kg milk)
ANIMAL HEALTH AND WELFARE	Longevity (years + months)	€0.00	5 years and 4 months	7 years and 2 months €0.10
	Calf rearing (KalfOK)	€0.00	70 points	95 points €0.10
CLIMATE	Greenhouse gas emission (gram CO_2eq./kg milk)	€0.00	1075 g CO_2eq	750 g CO_2eq €1.50
BIODIVERSITY	Nitrogen soil balance (kg N/ha)	€0.00	160 kg/ha	20 kg/ha €0.10
	Ammonia emission (kg NH_3/ha)	€0.00	70 kg/ha	35 kg/ha €0.10
	Protein from own land (% of total protein used)	€0.00	45%	80% €0.10
	Permanent grassland (% permanent grassland)	€0.00	40%	100% €0.10
	Nature & Landscape (% total surface)	€0.00	0%	40% €0.10
GRAZING	Grazing	Partial grazing €0.40		Full grazing €1.30

FrieslandCampina dairy farmers received over 245 million euros in sustainability premiums

Mid 2024, member dairy farmers received premiums valued at a total of over 245 million euros for their sustainability performance in 2023. Of this, approximately 190 million euros was paid through the 'Foqus planet sustainable development' remuneration methodology and more than 55 million euros was paid for participation in special milk streams, such as organic, On the way to PlanetProof and VLOG (non-GMO). On average, this amounts to 2.63 euros in premiums per 100 kilograms of raw milk.

Cooperation with suppliers

To reduce the greenhouse gas emissions of sourced products, FrieslandCampina invited suppliers to participate in the reduction pathways in the second quarter of 2024, with the aim of committing to emission reductions towards 2030. These suppliers are responsible for a significant part of the scope 3-other emissions. By the end of 2024, thirteen of the biggest suppliers have committed themselves, and we will be monitoring progress.

Improving data quality is an important part of reducing the emissions from procured milk. In 2024, FrieslandCampina worked on calculating country specific carbon footprints in line with the IDF protocol.

FrieslandCampina is taking similar steps for other emission categories, where in all cases the following applies: the more accurately and specifically emissions can be calculated, the better FrieslandCampina can steer towards the reduction of these emissions. Cooperation with dairy farmers and other suppliers is crucial in this respect. Therefore, FrieslandCampina works together with suppliers of various raw materials, such as packaging materials, starch, cocoa and sugar.

Expected financial impact

To achieve the 2030 climate targets on scope 1 and 2, scope 3-member milk and scope 3-other, FrieslandCampina expects a total of between 0.7 and 1.3 billion euros gross in costs until 2030. These are expected costs for the company, excluding costs related to realisation of nature targets. The expected costs are based on among other things investment plans for factories to reduce scope 1 and 2 greenhouse gas emissions. In addition, expected costs for scope 3-member milk are based on expected compensation to member farmers via Foqus planet Sustainable development and on estimates to reduce scope 3-other. The cost level is in line with recent years where required reduction of greenhouse gas emissions is realized. That's why FrieslandCampina does not expect that these costs will have a significant additional impact on the income statement.

The costs to reduce scope 1 and 2 are primarily capitalised as tangible fixed assets on the balance sheet. As in previous years, these investments are combined where possible with necessary replacement or efficiency investments, which are

In 2024, FrieslandCampina Engro Pakistan Limited announced a 3.4 MW solar power project in a partnership with Reon Energy. The plant will be installed at FrieslandCampina Engro Pakistan's manufacturing facility in Sahiwal. The system is designed to generate 5,013.6 MWh of clean energy annually, significantly reducing CO_2 emissions by approximately 2,506 tonnes each year.

READ MORE

Uncertainties and estimates
When determining greenhouse gas emissions, FrieslandCampina makes use conversion factors that have a significant impact on the outcome. In addition, in some cases supplier-specific data is not yet available, so FrieslandCampina calculates scope 3 emissions based on volumes or economic intensity. Because of these estimation uncertainties and to ensure transparency, the calculation of greenhouse gas emissions is in line with most current and common external sources to determine the factors. See the paragraph 'Methodology and assumptions of greenhouse gas emissions' see below for more details.

Methodology and assumptions of greenhouse gas emissions
For all emission sources, base year calculations and other recalculations are based on guidelines of the Greenhouse Gas Protocol. This applies, for example, to changes in methodology and to acquisitions or sales of business units.

The approach to deterlmining FrieslandCampina's operational limits for greenhouse gas emissions is operational control. Emissions from associates and joint ventures are included on an equity-share basis.

The factors for global warming potential are based on Intergovernmental Panel on Climate Change (IPCC) 2021.

Scope 1 and 2
For scope 1 and 2, the base year has been set at 2015, as this was the first year in which FrieslandCampina reported these emissions externally, and an external auditor audited them (with limited assurance).

Under scope 1 and 2 CO_2 and N_2O are reported. The impact of other greenhouse gases, like CH4, is not significant.

Scope 1 also includes biogenic emissions, which mainly relate to dairy farms owned by a subsidiary of FrieslandCampina in Pakistan (2024: 50 kt, 2023: 44kt). Biogenic emissions from the combustion or biodegradation of biomass are limited and not included under scope 1 or scope 2 as these CO_2-emissions are almost equal to the CO_2-capture.

Under scope 2–market based, emissions are calculated based on the emission factors for purchased electricity of which renewability is 100 percent guaranteed through the use of Certificates of Origin and, to a small extent, international Renewable Energy Certificates. Under scope 2–location based, emissions are calculated based on electricity used and local emission factors.

For some of our sites, FrieslandCampina falls under the European Union Emissions Trading Scheme (EU ETS) system. Related scope 1 emissions are reported in accordance with the EU ETS methodology.

Scope 3
For scope 3-other, the emission factors have not been updated since 2015. FrieslandCampina is working on improving this data. For procured products, FrieslandCampina has started carbon reduction journeys with key suppliers, to reduce emissions and to be improve the accuracy of our estimates.

The dairy emission factors for scope 3-member milk and scope 3-other have been determined as described in the methodology document. The emissions are calculated based on purchased volumes. The emissions of the remaining scope 3 categories have been calculated based on volumes, and, where these are missing, on economic intensity.

See the methodology document for the methodology used to calculate the emissions. To calculate the carbon footprint for raw milk, the EU Product Environmental Footprint Category Rules for Dairy and the IDF Carbon Footprint standard for the dairy sector have been used.

Investment decisions with a focus on climate
To support climate-friendly decision-making, FrieslandCampina adds 'carbon shadow prices' to calculations for large investments. These prices are based on the current EU-ETS price, the EU CO_2eq. market price, with a minimum of fifty euros per tonne CO_2eq. The idea behind this approach is that the higher the CO_2eq. savings generated by an investment proposal, the better it scores. This ensures that sustainability becomes a key component in determining the return on investments.

based on detailed roadmaps per production location. The costs to reduce scope 3-member milk and scope 3-other are accounted for in the costs of goods sold.

Climate change adaptation

In addition to measures to reduce the impact on climate change, FrieslandCampina also identifies and monitors the impact of climate change on and how the company can adapt to it. This is part of the company's risk management.

To identify, understand and manage the climate-related transition and physical risks to the business operations, FrieslandCampina conducted a climate risk assessment in 2023. The first step was to identify determining factors, for which the PESTEL framework (Political, Economic, Technology, Social, Environmental & Legal) was used. This was done using two scenarios:

1. A 1.5 degree celsius scenario, focusing on transitional risks, and;
2. A 4 degree celsius scenario, focusing on physical risks.

The most important factors have been selected based on scientific literature, expert opinion, in-depth interviews and internal and external analyses.

When FrieslandCampina identified the risks and opportunities, such as changing agricultural or environmental policies, availability of raw materials and packaging materials, developed technologies, consumer and societal trends, and environmental forces such as temperature, extreme weather, biodiversity and water.

The physical risks were analyzed based on a global climate hazard analysis using a comprehensive set of climate risk models, at global, country and provincial level. Transition risks were analyzed through expert interviews, desk research and validation sessions.

Based on the climate risk assessment the business implications of the most important risks and opportunities were determined. This analysis provided a better understanding of how climate change may affect the value chain. It therefore forms the basis for developing appropriate strategies to mitigate risks and seize opportunities.

The following key climate related risks have been determined:

Physical risks:
- Water stress with possible impact on farms and production locations.

Transition risks:
- Agricultural regulations related to greenhouse gas emissions or land use.
- Pricing or taxing of greenhouse gas emissions for farms and factories.

In the coming years, FrieslandCampina will quantify the risks mentioned above.

The climate risk assessment covers the value chain, including the own operations and suppliers.
The assessment shows that physical climate risks typically may have a short time impact, but that these risks will not directly impact our long-term strategy or business model. As part of the sustainability strategy, FrieslandCampina strives to mitigate physical climate risks, for example, by reducing water consumption.

As the business model focuses on processing milk, the identified transition risks can have a significant impact on the long term. For example, new or changing regulation can lead to a decline of milk production when focused on reducing the quantity of produced milk. Pricing or taxing greenhouse gas emissions will, in principle, help to reduce emissions if this applies to all forms of (agricultural) production. The method of implementation and how quickly prices or taxes will rise will impact how quickly dairy farms can adapt.

To mitigate part of the risks, greenhouse gas emissions within the own operations and in the value chain are reduced. Achieving the SBTi targets to reduce greenhouse gas emissions, in line with the 1.5 degrees celsius scenario, will further abate these risks.

In addition, FrieslandCampina is participating in a public-private partnership, to investigate how dairy farms can adapt to climate change (KLIMEA, Op weg naar een klimaatbestendige melkveehouderij in de Achterhoek).

Energy consumption

The total energy consumption increased to 3,825 GWh in 2024 (2023: 3,795 GWh). The sale of several production facilities in Germany in 2023 contributed to structurally lower energy consumption. This was offset by a volume mix effect of the production volume, due to an increase in industrial products and the start-up of two new production locations in Malaysia (Enstek) and Indonesia (Cikarang). These locations are built with the latest technology in energy efficiency and carbon reduction.
The commissioning, start-up and transfer of production from old to these new plants led to temporarily higher energy consumption in 2024.

The increase in energy consumption per kiloton finished product can be explained by a change in the volume mix; increased production of energy intensive products like IFT and milkpowder.

FrieslandCampina purchased 457 GWh (2023: 500 GWh) in green electricity certificates from 1,364 member dairy farms (2023: 1,285).
This corresponds to 51% (2023: 58%) of the global electricity consumption by our production locations.

Energy consumption and breakdown

(in GWh)	2024	of total	2023	of total
Gas	2,441	64%	2,403	63%
Oil	337	9%	402	11%
Other	6	0%	3	0%
Total fossil energy consumption	**2,784**	**73%**	**2,808**	**74%**
Fuel consumption from renewable sources (including biomass)	158	4%	156	4%
Purchased or acquired electricity, heat, steam, and cooling from renewable sources	883	23%	831	22%
Total renewable energy consumption	**1,041**	**27%**	**987**	**26%**
Total energy consumption (in GWh)	**3,825**	**100%**	**3,795**	**100%**
Energy consumption in GWh per kiloton finished product	0.76		0.75	
Energy intensity (consumption in GWh per net revenue in million euro)	0.30		0.29	

Methodology and assumptions
FrieslandCampina calculates energy consumption per tonne finished product based on energy consumption in production. The company measures energy consumption as the total net energy consumption in GWh per production volume in kilotonnes. External registration of the consumption of gas and oil, among other sources, with calibrated equipment forms the basis for measuring the quantities consumed. Acquisitions are included in the reported energy consumption figures after a full calendar year.

Nature

The growing world population and the global food system put pressure on the quality of life on our planet. Climate change, biodiversity loss and the degradation and pollution of fertile soils and water have an irreversible effect on natural ecosystems on which we depend so much. To be able to continue to feed future generations, a different way of thinking and acting is necessary. FrieslandCampina aims to give back more to nature than what is taken from it in the production chain, with the aim to achieve a net-positive impact on nature by 2050.

Strengthening nature

Natural capital forms one of the most important production resources of FrieslandCampina. It is essential for productive soils, vital cows, and the quality of the products. At the same time, the activities of milk production and milk processing also have an impact on this natural capital on which we are so dependent.

Targets

FrieslandCampina's strategy is to reduce the negative impact on nature and to increase the positive impact. In this way, FrieslandCampina is working towards the goal of achieving a net-positive impact on nature with the activities. In addition, it creates new opportunities for additional revenues for member dairy farmers based on their efforts and results.

Policy

In 2017 FrieslandCampina developed, together with the World Wide Fund for Nature (WWF Netherlands) and Rabobank, the Dairy Farming Biodiversity Monitor that provides clear insight into the impact of dairy farms based on various indicators. Since 2018, these indicators have been included in Foqus planet sustainable development, FrieslandCampina's sustainability programme for member dairy farmers. With this system, the integral impact on nature of individual farms is monitored annually.

This includes consideration of the impact on the soil, emissions to air, land-use, biodiversity management and greenhouse gas emissions. The result is rewarded with a financial premium on the milk price.

In addition, through collaboration with customers and regional partners, member dairy farmers are additionally rewarded in 1,878 cases for their efforts to improve biodiversity (2023: 1,623 cases).

The coming years, FrieslandCampina continues to be involved in the development of monitoring methodologies for sustainable agriculture. In doing so, various guidelines, such as those of the Science Based Target network (SBTn), are used. Meanwhile, FrieslandCampina is examining how (interim) goals can be set for strengthening biodiversity throughout the entire chain. These goals will be defined in 2025, in line with the timeline of CSRD reporting, with the aim to first report externally over reporting year 2025.

Actions

Resilient natural resources are crucial for the continuity and success of FrieslandCampina. To ensure this, FrieslandCampina actively collaborates with member dairy farmers on three focus areas, as described below, and supports member dairy farmers with knowledge, tools, and partnerships.

1) Reducing nitrogen emissions
For example, nitrogen losses are reduced by optimising the protein content in the ration of the cows. With an older herd, nitrogen utilisation increases. That is why FrieslandCampina stimulates a longer lifespan of dairy cows via the animal health programme. Depending on the business structure, a collaboration with arable and horticultural companies is stimulated to make better use of the nutrients from manure and to grow more roughage. For other dairy farms, innovations such as manure separation are a way to limit nitrogen losses.

2) Improving the base quality of nature
To strengthen the base quality of nature, various initiatives were implemented in 2024 to increase the acreage of herb-rich grasslands and to construct and maintain landscape elements. Furthermore, FrieslandCampina initiated a programme to increase knowledge about nature management among dairy farmers.

The brand Campina, together with member dairy farmers, doubled the herb-rich grasslands on two-hundred farms in the Netherlands. With this, the area expanded from 600 hectares to 1,200 hectares. Sowing various herbs and grasses increases biodiversity and helps create a soil that is better able to withstand drought.

3) Protecting vulnerable nature on farmland
In 2024, FrieslandCampina established a fund to provide additional support to member dairy farmers in the Netherlands to stimulate the conservation of meadow bird populations on a regional basis.
The plan *Aanvalsplan Grutto* is committed to make this a success by acquiring funds. These funds make it possible to compensate farmers for nature management activities, such as managing herb-rich grasslands and protecting nests. The meadow bird fund will form part of a wider FrieslandCampina biodiversity platform. FrieslandCampina has, in collaboration with the *Vogelbescherming Nederland* and *BoerenNatuur*, worked on improving natural values and the earnings model for farmers who are committed to meadow bird management. In 2025, the first dairy farms will receive support.

Dairy farming systems that focus on a stronger connection with nature and natural processes contribute broadly to a positive impact on nature. Examples include nature-inclusive agriculture and regenerative agriculture.

Regenerative agriculture is emerging. It is a way of farming where climate and biodiversity targets come together and where the soil is central. A combination of existing knowledge and modern resources and techniques are used for this purpose.
Such agricultural practices contribute to a healthy soil, clean water and biodiversity.

This strengthens the balance between the planet's carrying capacity and food production. Buyers of dairy products also see opportunities and are willing to invest in regenerative agriculture. A characteristic of regenerative agriculture is the emphasis on measurable results. Since 2018, FrieslandCampina has been monitoring many of the intended results of regenerative agriculture via Foqus plant sustainable development.

Pilot Regenerative agriculture
To accelerate the development of regenerative agriculture, in accordance with the interest of buyers and part of the member dairy farmers, FrieslandCampina initiated a regenerative agriculture pilot in 2024. The pilot brings together a diverse group of twenty FrieslandCampina member dairy farmers from the Netherlands, Belgium, and Germany in the form of a study group. Over the coming years, the scope of this pilot is expected to grow in line with the market's potential. The coming years, the participants work together on developing knowledge, experience, and insight into the effects of regenerative agricultural practices. The group will also focus on the practical and financial feasibility of these practices.

Future Fit Dairy Initiative

In order to drive regenerative agriculture at a larger scale, FrieslandCampina, in collaboration with partners including Danone, Arla, Rabobank and dsm-firmenich, developed the Future Fit Dairy Initiative (FFDI). Within the initiative the partners align the approach of pilot farms and the framework used to monitor regenerative agriculture results. For the FFDI, the SAI regenerating together framework is the starting point. This framework is translated to the specific context of dairy farming in Northwest Europe. The aim of the initiative is to identify and overcome technical, financial and policy hurdles dairy farmers experience in their aim towards more regenerative farming results.
To support dairy farmers, the initiative seeks collaboration with partners in the value chain and beyond.

Pasture Grazing

In 2024, 80.0% (2023: 83.1%) of member dairy farms in the Netherlands practiced a form of pasture grazing. This is lower than the 81% sector target and a decrease compared to 2023. The wet spring played an important role in the decline in pasture grazing. Some member dairy farmers had to keep their cows (temporarily) in the barn due to the bluetongue-virus.

Campina doubles herb-rich grasslands on 200 farms

The brand Campina, together with member dairy farmers, doubled the herb-rich grasslands on two-hundred farms in the Netherlands. With this, the area expanded from 600 hectares to 1,200 hectares. Sowing various herbs and grasses increases biodiversity and helps create a soil that is better able to withstand drought.

Pasture grazing is understood to mean that all eligible lactating cows on a dairy farm can graze for at least 120 days per calendar year, for at least six hours per day (or at least 720 hours per calendar year), in order for the animals to maintain their natural grazing behaviour.

Pasture grazing contributes to reducing ammonia emissions. As the cows are not inside the barn for extended periods, resulting in less manure accumulation and reduced emissions. Additionally, pasture grazing ensures that the urine ending up on the soil is separate from the manure.

Only when mixing urine and manure, urea is converted into ammonia. Increasing the number of hours spent in the pasture as a reducing measure for ammonia emissions can increase the number of farms with (full) pasture grazing.

Next to ammonia emissions, member farmers can also decrease methane emissions with fresh grass and pasture grazing. Recent studies show that enteric methane emission (methane produced by fermentation in the rumen of dairy cows) is lower with pasture grazing. In this way, pasture grazing contributes to the reduction of greenhouse gas emissions.

Next to the financial reward for applying (partial) pasture grazing, member farmers are also rewarded when reducing greenhouse gas and ammonia emissions.

80.0 % Target **81.0 %**

of member dairy farmers in the Netherlands apply (partial) pasture grazing

2023: 83.1%

Sustainable sourcing

	2024	2023	Target 2025
Sustainable sourcing of agricultural raw materials	100%	100%	100%
Raw materials traceable to source	99%	96%	95%

Targets

FrieslandCampina stimulates, besides biodiversity on and around member dairy farms, nature preservation and development in the value chain. FrieslandCampina aims for sustainable and traceable sourcing of agricultural raw materials and paper packaging, with the aim to fight deforestation and conversion. Objectives for 2025 have been set: for sustainable sourcing of agricultural raw materials FrieslandCampina strives for 100 percent sustainable sourcing and for selected raw materials the target is 95 percent traceable to source.

Policies

At the end of 2023, FrieslandCampina adopted a Responsible Supplier Policy, in which, among other things, the commitment to zero deforestation and -conversion is described, as well as respecting human rights in the value chain. FrieslandCampina expects that suppliers adhere to the same ESG standards as the company. In 2024, this policy was included in the onboarding of new suppliers. Existing suppliers are expected to gradually sign our Responsible Supplier Policy. In 2024, FrieslandCampina updated the zero deforestation and conversion policy.

Actions

FrieslandCampina has conducted an Environmental Risk Assessment of sourced commodities, with special attention for palm oil, cocoa, soy and pulp and paper. In this risk assessment environmental aspects, such as greenhouse gas emissions, water consumption, water pollution and land use change and deforestation were included. Moreover, human rights aspects such as risk on forced labour, child labour, land rights and presence of indigenous people are assessed. The risk assessment makes use of scientific research, CSR risk assessment tools (i.e., GRAS and MVO Nederland), Forest 500, national databases (i.e., laws of forest management in different countries) and NGO reports.

Based on the results of this risk assessment, raw materials with a high risk were defined with a focus on deforestation and conversion and human rights.

As a next step, mitigating measures were initiated. In 2024, for example, high risk suppliers had to sign our Responsible supplier policy. In addition, traceability of palm oil to plantations is improved as a result of the partnership with Earthworm Foundation.

Partnership with Earthworm Foundation

Early 2024, FrieslandCampina started a partnership with Earthworm Foundation to improve the transparency in the palm oil supply chain and monitor, and thereby reduce, deforestation. Earthworm Foundation is a global non-profit organisation with over 25 years of experience in the responsible sourcing of various raw materials. With the help of a monitoring tool, co-developed with Airbus Defense and Space (Starling), changes based on satellite imagery are monitored.

This allows us to identify and mitigate any contributions to deforestation. Herewith we are committing to:

- Traceability: beyond mills to achieve traceability to plantation.
- Building and performing a robust grievance mechanism.

The coconut alliance

Over the past three years, FrieslandCampina, GiZ, Barry Callebaut, Cargill, JDE Peet's, Nestlé, Procter & Gamble and Unilever have collaborated on sustainable coconut production and the improved traceability of coconuts from the Philippines.
This is a four-year programme focused on training approximately ten thousand local farmers in land use, increasing yields and advancing sustainable agricultural practices. The programme is expected to deliver the first traceable and sustainable coconut in 2025.

Partnership with EcoVadis: engaging suppliers

In 2024, FrieslandCampina started a partnership with EcoVadis, the global leader in sustainability ratings. EcoVadis asks suppliers to disclose their ESG performance. Additionally, EcoVadis helps Frieslandcampina scan ESG risks and group these based on regions and industries.

Certification
In many cases, FrieslandCampina adheres to the guidelines of the following institutes/ quality labels:

Palm oil	RSPO
Soy	RTRS
Cardboard	FSC/PEFC
Cocoa	Rainforest Alliance

Through this partnership FrieslandCampina can better manage risks and ensure that upstream value chain steps are taken to improve the approach of ESG themes.

Dutch Initiative on Sustainable Cocoa

FrieslandCampina participates in the Dutch Initiative on Sustainable Cocoa, a public-private partnership focused on improving the living conditions of current and future cocoa farmers and their families.
The EU Deforestation Regulation (EUDR), expected to be introduced at the end of 2025, will stimulate the import of deforestation-free cocoa. This will further improve our traceability of cocoa to cocoa-cooperatives and farms and it will enable a more responsible cocoa production.

Methodology and definitions
The percentage sustainable sourcing of agricultural raw materials is determined based on the volume of agricultural raw materials and paper packaging purchased with globally recognised sustainability certificates or products for which a plan for sustainable development is created in cooperation with suppliers.

The percentage raw materials traceable to source is calculated based on the volume of palm oil, pulp, paper, and cocoa purchased by the company that is traceable to source.
The source for palm oil is defined as the local palm oil press; for cocoa, cooperative's local warehouse; and for pulp and paper, the forest, plantation or region of origin.

Solely certified raw materials
In developing products, FrieslandCampina makes use of various raw materials, such as cocoa, palm oil and cane and beet sugar. In 2024, these raw materials all were procured from sustainable sources traceable to source. The materials were sourced with globally recognised certificates (see below) that comply with sustainability standards or for which a plan for sustainable development has been prepared in cooperation with suppliers.

During 2024, FrieslandCampina traced various materials, such as palm oil, pulp, paper and cocoa, back to source. Traceability permits the Company to further monitor the social impact (i.e., forced labour) and environmental impact (i.e., deforestation). FrieslandCampina conducts a social and environmental risk assessment in countries where the Company sources the selected raw materials.

	2024	2023	Compared to 2023	Target 2030	Baseyear 2018
Water consumption (million m³)	22.9	22.6	1.3%		
Water consumption in water stress areas (million m³)	11.8	10.8	9.3%		
Water consumption intensity (m³/ton finished products)	4.9	4.8	2.1%	3.88	5.17
Water consumption intensity (thousand m³/net revenue in million euro)	1.77	1.73	2.4%		

Water consumption

FrieslandCampina uses water in many different ways in the production process. For example, for transportation, displacement, dissolving and mixing of products, and for cleaning. Additionally, water is used in the utilities, for cooling or heating, and for generating steam.

The absolute water consumption increased in 2024 by 1.3 percent compared to 2023. The relative Water consumption per ton finished product increased by 2.1 percent compared to 2023.

Despite the fact that water reduction activities have resulted in a decrease at several locations, total absolute and relative water consumption has increased. This is largely due to the relocation of production and the start-up of new factories in Enstek (Malaysia) and Cikarang (Indonesia). This also largely explains the increase in water consumption in areas with water stress. In addition, the increase is due to a changed volume mix, resulting in less efficient water consumption.

Reclaimed water from milk

During the processing of milk in dairy products and ingredients, water is reclaimed from milk, which can then be used in the production process. As a result, less water needs to be extracted from other sources.

Targets

FrieslandCampina aims to reduce water consumption in production processes, particularly in water stress areas. The target is to reduce water consumption to 3.88m³ per ton finished products in 2030. This is a 25 percent reduction compared to the base year 2018. This applies to all sites, also if they do not operate in water stress areas.

In 2024, a multi-year program was started to optimize the cleaning of installations in production locations. This will lead to a reduction in water consumption. Water consumption is also expected to decrease in the coming years due to investment projects that will be started in 2025.

Residual water

Discharging treated residual water at production facilities is an area of attention and is monitored. Over the coming years, government standards for discharging nitrogen, phosphates and sulphates, for example, will be refined. FrieslandCampina is taking measures because it also wants to comply with legal requirements and the social requirements in the future. FrieslandCampina focuses on improving the performance of water treatment plants to improve the water quality of treated residual water.

Methodology and definitions

FrieslandCampina uses the Aqueduct Water Risk Atlas of the World Resource Institute (WRI) to determine if a production location is located in an area of waterstress. This Atlas projects the (chance of) water scarcity for the current and future situation (2030-2050). The list of water stress locations is updated as soon as a new version of the Water Risk Atlas is published and, if applicable, is supplemented with in-house experience with local water availability constraints.

To evaluate the potential operating risks for the coming years, FrieslandCampina carries out an elaborate water risk analysis on a regular basis. With this, not only water availability is considered, but also other aspects such as water quality and pollution, access to safe drinking water for the community and any risk of flooding. An external methodology, the Water Hotspot Analysis, is used for this purpose.

FrieslandCampina calculates water consumption based on water withdrawal from wells (ground water) and from tap water (city grid). Water meters are installed at various stages of the water flow(s) to measure the water consumption. Water consumption in areas with water stress is determined using the Aqueduct Water Risk Atlas over the period until 2030. Water consumption in areas with high or very high water stress is reported. The atlas shows water stress per location and measures the ratio between the total demand for water and the available surface- and groundwater.

Water consumption intensity is measured per tonne of finished product. This is calculated by dividing the total net water consumption in cubic metres by the total production volume in tonnes. FrieslandCampina also discloses the water consumption intensity based on net revenue. The water consumption of the consolidated group is thereby divided by net revenue, which is reconciled with the financial statements.

Circularity

FrieslandCampina uses packaging materials to protect products and to safely transport them to customers and consumers for direct and convenient use. FrieslandCampina strives to ensure that this packaging material is reused to the maximum extent possible, with the aim of creating a circular value chain.

	2024	2023	Target 2025
Recyclable packaging (total), suitable for sorting and recycling systems	92%	91%	93%
Recyclable plastic packaging, suitable for sorting and recycling systems	65%	55%	65%

Recyclable packaging

Targets

FrieslandCampina works towards a circular and climate-neutral packaging portfolio. In a circular packaging chain, new packaging is made from sustainable materials and recycled after use. Efficient packaging circularity can significantly lower emissions and prevent pollution. To make sure the packaging is recycled as much as possible, the aim is to design the packaging for recycling. The aim is that in 2025 at least 93 percent of our packaging and 65 percent of our plastic packaging is designed for recycling.

This target was re-evaluated in 2024, where the target of 95 percent recyclable packaging in 2025 is adjusted to 93 percent. The adjusted target is based on the focus to grow towards a circular system. The availability and affordability of resources and necessary technologies play an important role in this. The impact is in a larger value chain, in which “design for recycling” is a first step. For circularity we considered various sustainability criteria and we looked where FrieslandCampina can best invest in line with the targets.

Policies

Next to introducing recyclable packaging, FrieslandCampina encourages better recycling chains and the responsible use of materials in the production of packaging. When the impact of a new material or technology on recycling is unclear, recycling tests are done to be sure the packaging can be recycled properly. It is very challenging to recycle materials such as plastic to food-safe quality. That is why FrieslandCampina works together with other parties in the packaging value chain to improve sorting and recycling, with the aim to increase the availability of recycled material for food packaging. In addition, FrieslandCampina continuously investigates whether packaging can be made with less material.

In some cases, choosing the right packaging comes with trade-offs. Metal packaging, for example, can result in higher emissions than plastic packaging, but is much better to recycle. It is important to have a good understanding of the consequences of packaging choices. This is why in 2024 much effort has been put in the introduction of a new future-proof data system. This system helps to identify the consequences in terms of recyclability, emissions and sustainable materials of a packaging choice based on the relevant sustainability criteria. For instance, the system monitors the extent to which purchased raw materials for packaging consist of renewable, reused or recycled materials. As a result of this new system, the calculation of the percentage of recyclable packaging is automated and the scope is expanded. This change is reflected in the percentage of both 2023 and 2024 but did not result in an adjustment of comparative figures.

Actions

Recyclable packaging

In 2024, FrieslandCampina introduced more and more packaging that is designed for recycling. For example, many cheese trays have become recyclable and many white and yellow bottles have been exchanged for a transparent bottle with a removable sleeve, so that these can be recycled properly. For example, this was done for the products of the brand Napolact in Romania. Partly as a result of this initiative, the percentage of recyclable plastic packaging has increased compared to 2023.

Stimulate waste processing

In areas where pollution is a major problem due to lack of a proper waste processing system, FrieslandCampina supports the collection of plastic waste and the establishment of new recycling chains. In Indonesia, FrieslandCampina started a partnership with the company RePal, that focuses on the recycling of collected plastic flexible packaging from the environment. RePal recycles these flexibles into plastic pallets. The pallets will be used in the new factory in Indonesia from the beginning of 2025.

Methodology and definitions

FrieslandCampina defines recyclable packaging as packaging that is designed to be able to be effectively sorted and recycled within a waste processing system. To determine what recyclable packaging is, FrieslandCampina uses design guidelines of recognised organizations like RecyClass. Each packaging component is taken into account when making a design for recycling assessment. Each assessed packaging product is converted into the weight of the materials and multiplied by the sales volume of the product.

A part of the packaging portfolio does not fall in scope, because there is relatively little use of materials. This concerns items without packaging, feed and bulk packaging and packaging with a sales volume below 10 kilograms. In addition, packaging from our subsidiary Velder and our joint venture DFE Pharma are not included in the scope due to limited data availability. The scope has been expanded in 2024 and now also includes tertiary packaging and co-packers.

The consolidated percentage is calculated as the weight of recyclable packaging materials sold compared to the total weight of packaging materials sold.

Recycling initiative for infant nutrition cans in Hong Kong

In Hong Kong, FrieslandCampina initiated a collaboration with chain store Watsons to recycle Friso infant nutrition cans. Customers can return the cans to one of the 180 Watsons stores or to one of the previously placed return-deposit machines. The plastic and metal of the cans are separated and recycled. Already more than 42,000 cans have been collected and recycled. This number is expected to increase considerably with the start of this new collaboration.

Social

The wellbeing of people – ranging from consumers and dairy farmers to employees and communities – is key in everything FrieslandCampina does. By increasing access to affordable and nutritious dairy products, FrieslandCampina contributes to food security and safety for millions of people all over the world.

FrieslandCampina stands for a fair, inclusive and safe workplace in which everyone is treated with respect. By strict standards and continuous improvements in due diligence, FrieslandCampina ensures that fair working conditions are the norm throughout the value chain.

In addition, FrieslandCampina aims to have a positive impact on dairy farmers' lives. FrieslandCampina realizes a leading milk price for member dairy farmers. Local dairy farmers in Asia, Africa and East-Europe are supported locally to improve the milk quality and strengthening their businesses to support the development of resilient food chains. This strengthens communities and promotes sustainable growth in the markets in which FrieslandCampina operates.

This way FrieslandCampina builds a future together in which everyone can flourish, from farmer to consumer and from employee to community.

Nutrition

At FrieslandCampina we take steps to ensure that nutrition is accessible to people in all income groups. By continuously improving the nutritional composition of our products and minimising food waste, FrieslandCampina aims to make a tangible, positive impact on the daily lives of millions of people with its products.

Goodness of dairy

FrieslandCampina devotes effort to providing nutritional products for everyone, from young children to seniors. By focusing on a balanced product range and paying attention to product composition, we contribute to healthier nutrition, and we can make a positive contribution to consumer diets. Additional guidelines specifically apply to children.

76 percent of consumer products (of the total volume sold) complied with the FrieslandCampina Global Nutritional Standards (GNS) Next Level (2025 target: 74 percent). This increase in comparison to 2023 (75 percent) is primarily due to higher sales volumes of nutritious products resulting from promotions, new product launches and market conditions.

	2024	2023	Target 2025
Volumes consumer products sold compliant with Global Nutritional Standards	76%	75%	74%
Portfolio balance of consumer products intended for daily use or occasional use	73/27%	74/26%	70/30%

73 percent (2023: 74 percent) of the product range consists of 'basic nutritional products for daily consumption' and 27 percent (2023: 26 percent) consists of 'indulgent products for occasional consumption'. This is based on sales volume. As such we comply with the target of selling at least 70 percent basic nutritional products and a maximum of 30 percent indulgent products.

Targets

FrieslandCampina sets targets on compliance with Global Nutritional Standards and the product range of consumer products, to track effectiveness of actions. When setting these targets, FrieslandCampina considers government requirements, recommendations from NGOs like the World Health Organisation and consumer preferences and needs based on market research. Targets are set for five-year periods and evaluated annually.

76%

Volumes consumer products sold compliant with Global Nutritional Standards

2023: 75%

73%/27%

Portfolio balance of consumer products intended for daily use or occasional use

2023: 74%/26%

75%

Volumes affordable nutrition products sold compliant with Global Nutritional Standards

2023: 60%

15%

Share of volume sold products intended for affordable nutrition

2023:16%

Methodology and definitions

Volumes consumer products sold compliant with Global Nutritional Standards

The FrieslandCampina Global Nutritional Standards (GNS) Next Level are nutritional criteria focused on maintaining the natural nutrients present in milk and limiting the quantity of calories, fat, sugar, and salt in all of our products. The criteria for trans-fat, saturated fat, added sugar and salt are derived from Choices International 2019 criteria. These criteria are developed by independent scientists.

Portfolio balance of consumer products intended for daily use or occasional use

The subdivision of the products is determined based on the product type (for example, milk product, cheese, butter, or meat substitute) and its place in the daily diet (basic nutritious product for daily consumption, and for specific target groups or indulgent product for occasional consumption). For more information, see the website of FrieslandCampina.

How much does a 200ml glass of milk contribute to what you need per day?*

*=(daily) Reference Intake. Reference intakes are legally established guidelines. They indicate how much nutrients an adult needs on average per day, or what fits in a healthy diet. Data is based on UHT (Ultra High Temperature) unfortified semi-skimmed milk (NUBEL).

Policies

In the Nutrition Policy, FrieslandCampina explains that nutrition is an important part of the sustainability strategy. The global activities and objectives concerning better nutrition are described in this policy. The Nutrition Policy consists of four programmes:

- Better products.
- Broadening access to nutrition.
- Responsible communication.
- Lifestyle education.

All these programs concern activities linked to consumer brands.

The policy is based on the WHO Global action plan for the prevention and control of noncommunicable diseases 2013-2020 and aligns with two of the Sustainable Development Goals of the United Nations: reducing hunger (SDG 2) and promoting good health and well-being (SDG 3).

With the nutrition policy, FrieslandCampina addresses the identified material impact FrieslandCampina has on offering nutritious and affordable consumer products. Compliance against the objectives of the policy is monitored, preferably by external parties or via internal audits with an external party.

From the executive team, the presidents of the business groups are responsible for the implementation. The nutrition policy is approved by the Supervisory Board of FrieslandCampina.

Actions

FrieslandCampina continuously looks for opportunities to improve the nutritional value of consumer products. Before consumer products are launched (again), their nutritional values are reviewed.

In 2024, actions have been initiated in this regard in, among others, the Netherlands (launch of Optimel Protein and Chocomel 0% added sugar), Greece (introduction of NoyNoy Powerbowl), Indonesia (promotion of Ready to Drink Frisian Flag Nutrition Omega), Thailand (launch of Foremost Omega Smart Gold for children), and the Philippines (promotion of evaporated milk portfolio).

Additionally, FrieslandCampina promotes valuable nutrients from milk by engaging in commercial and non-commercial activities (like school milk programmes).

Responsible communication

As signatory of the EU Pledge, FrieslandCampina commits to follow the ICC Framework for Responsible Food and Beverage Marketing Communications, including all the stated commitments. EU Pledge commitments and the FrieslandCampina Corporate Standard for Responsible Marketing Communications are available on the company's website.

As a nourishing company, FrieslandCampina commits itself to only use health claims on branded consumer products for the general public only if they meet the nutritional criteria set in the FrieslandCampina Global Nutritional Standards.

Access to nutrition

FrieslandCampina contributes to healthy and affordable nutrition for everyone: from young children to seniors with focus on the nutritional composition and a balanced product range. Products for low-income consumers are designed to be nutritious, affordable, and accessible.

In 2024, 75 percent of the consumer products sold in low-income countries met the Affordable Nutrition Standards (see paragraph Methodology and definitions for more information). 15 percent of FrieslandCampina's consumer products (of the total consumer product volume sold) was affordable for population groups with low incomes in selected countries (2025 target: 15 percent). FrieslandCampina ensures that these products contain the nutrients needed to combat malnutrition by providing the right quality and quantity of proteins, minerals and vitamins.

Targets

FrieslandCampina sets targets for the affordability of the products for low-income groups. In setting these targets, government requirements, recommendations from NGOs like the World Health Organisation and consumer preferences and needs based on market research are considered. Targets are set for five-year periods and evaluated value annually.

Actions

Via product improvement roadmaps and new product development, FrieslandCampina strives to improve the affordability of the consumer products. Affordability is evaluated before (re)launching new consumer products. Via product improvement roadmaps and new product development, FrieslandCampina strives to improve the affordability of the consumer products. Affordability is evaluated before (re)launching new consumer products. In the Philippines, Alaska's powdered milk drink is also available in affordable 33-gram sachets. In 2024, the product was updated with an improved formula, added nutritional value, and an even better taste.

	2024	2023	Target 2025
Volumes affordable nutrition products sold compliant with Global Nutritional Standards	75%	60%	50%
Share of volume sold products intended for affordable nutrition	15%	16%	15%

Second place on Access to Nutrition initiative Global Index

FrieslandCampina rose from third to second place on the Access to Nutrition initiative (ATNi) Global Index 2024, a global ranking of food and beverage companies that devote effort to making nutritious food more affordable and accessible. This result emphasises FrieslandCampina's dedication to health and nutrition and its active role in tackling malnutrition. FrieslandCampina is recognised for its focus, transparency and consistency of approach, as well as the constant improvement of its products.

FrieslandCampina secured first place of ATNi's Breast Milk Substitute Marketing Index 2024. This endorses the extensive approach and performance of FrieslandCampina's policy for marketing infant nutrition. The assessment of ATNi reveals that FrieslandCampina amply complies with both local regulations and its own internal company guidelines.

Dairy at breakfast

The Southeast Asian Nutrition Surveys II (SEANUTS II) is an elaborate research project carried out in Indonesia, Malaysia, Thailand and Vietnam, in which children ranging from six months to twelve years of age participated. In 2024, new findings were published showing that dairy at breakfast is associated with a higher intake of calcium and vitamin D among Asian children.

The SEANUTS findings help FrieslandCampina develop better, more affordable products that contribute to the nutritional needs of children. The findings also help in establishing programmes to promote balanced nutrition and an active lifestyle, in cooperation with local governments, healthcare workers and schools.

In 2024, Three Crowns 12-gram powdered milk sachets were developed for consumers in Nigeria. And in the Philippines, a new powdered milk drink under the Alaska brand was launched in affordable 33-gram sachets.

Methodology and definitions

Volumes affordable nutrition products sold compliant with Global Nutritional Standards

These are products for consumers with a higher risk of malnutrition, obesity and/or vitamin and mineral deficiency, often in lower-income groups. The criteria are based on national and international data about micronutrient deficiencies and the results of the food consumption studies in Southeast Asia (SEANUTS II) and Africa (AfricaNutrition).

The products are sold in lower-income and lower-middle income countries, such as Ghana, Indonesia, Ivory Coast, Malaysia, Nigeria, Pakistan, Philippines, Thailand, and Vietnam.
The affordable nutrition product composition is measured as the share of consumer products in FrieslandCampina's product range in these countries that complies with the affordable nutrition criteria for nutrients such as protein, calories, sugar, salt, fat, and vitamins and minerals, as described in the GNS Next Level.
The share is expressed as a percentage of the volume of affordable nutrition consumer products sold as part of the total consumer products sold in those countries.

Share of volume sold products intended for affordable nutrition

The purpose of affordable nutrition products is to increase access to affordable, nutritious and/or enriched nutrition in our lower-income and lower-middle income markets. These are products for consumers with low or medium incomes in previously mentioned countries, offered at an attractive price and in small package sizes. The share affordable nutrition is calculated as a percentage of the total volume of consumer products sold in Ghana, Indonesia, Ivory Coast, Malaysia, Nigeria, Pakistan, Philippines, Thailand and Vietnam.

Zero food waste

As a food company and cooperative of dairy farmers, FrieslandCampina feels the responsibility for ensuring that no valuable nutrients are lost or wasted within the dairy value chain. This drives us to aim for lower product losses every day. Over the years FrieslandCampina has converted many former residual and subsidiary flows into valuable and nutritious products. As a result, an efficient network of factories and complementary product streams has emerged. FrieslandCampina goes beyond the own operations. By working with various partners and customers FrieslandCampina makes sure that potential product loss is prevented or, wherever possible, repurposed for human consumption.

Despite high efficiency and low material losses within the own operations, FrieslandCampina is convinced of its ability to improve further. Reducing product losses and repurposing product residue streams for more valuable nutritional uses is an inherent part of the global Supply Chain strategy and Performance+ programme. In order to achieve these ambitions, FrieslandCampina improves the data and reporting of product loss within the own operations. FrieslandCampina also aspires to contribute to better monitoring of loss across the entire value chain.

Actions

Too Good To Go

Since 2023 FrieslandCampina has partnered with Too Good To Go to combat food waste. Surplus products are offered through Magic Parcels. These parcels include non-perishable items saved during production and sold at half the original price.
The collaboration reduces food waste, lowers environmental impact, and provides consumers with an affordable way to get quality products. Through this initiative, FrieslandCampina has saved over 78,000 consumer products of Campina, Chocomel and Fristi (equalling near 65,000 kilograms) from being wasted in the Netherlands in 2024.

Dutch Food banks

FrieslandCampina is a long-standing partner of the Dutch Food Banks. In 2024, 2 million kilograms of dairy products were provided to food banks in the Netherlands. This provides people who live below the poverty line access to healthy dairy products and a balanced diet. At the same time, it is a way for FrieslandCampina to combat food waste.

Look, smell, taste

In 2024, FrieslandCampina joined the Labelling Coalition, that was launch during the Towards Halving Food Waste in Europe conference.
This coalition ensures that Dutch manufacturers and supermarkets will jointly and widely clarify the best-before dates on food products.
By communicating more explicitly on packaging about how a consumer should handle the best-before date, steps are being taken to reduce food waste among consumers.

People

At FrieslandCampina people are key. FrieslandCampina works on having an inclusive working environment, where everyone can be themselves and where personal growth and talent development are stimulated. The responsibility goes beyond the own organisation; FrieslandCampina devotes energy to ensure that human rights are respected throughout the entire value chain.

In addition, FrieslandCampina supports local dairy farmers in Asia, Africa, and Eastern Europe by means of Dairy Development activities. In this way, FrieslandCampina helps farmers to strengthen their farms and contributes to sustainable growth in the communities.

Empowered people

Caring for people is in the nature of FrieslandCampina. The company wants to make a positive impact on both its workforce and the community.

Employees

In the HR policies FrieslandCampina supports and empowers people at work. The policy addresses talent management, rewards and benefits and training and development. When needed, the policies are specified for local practices. The Chief People Officer, as member of the executive team, directs the implementation of the policies. As relevant, the policies are available to employees and have been embedded into internal communication..

Responsible restructuring

In the context of Expedition 2030, FrieslandCampina has restructured its organisation and reduced the global workforce. The execution was done based on the principles: speed, care, and transparency. Dedicated HR teams and change managers were allocated to provide support during the transition.

To maintain employee engagement during the restructuring process, FrieslandCampina implemented different initiatives such as periodic newsletters, Q&A sessions with the management team, employee surveys, and communication and consultation sessions with works councils and unions, ensuring their input in decision-making.

Based on the Speak Up procedure (see page 93) among other things, employees can raise their concerns regarding the restructuring. In addition, leadership training sessions around good conduct for psychological safety are provided.

To mitigate the impact on employees, the following activities were offered:

- Career counselling, resume and interview workshops and access to job placement services for redundant employees.
- Access to mental health support.
- Skill equipment to increase employees' employability in internal or external roles.
- Change management materials for managers on how to deal with certain emotions.

In 2025, FrieslandCampina will continue to support employees' transition into (other) roles and mental health and we help sustainable employability.

Company values

In 2024 three company values were developed and activated (also see page 8):

- We act with RESPECT.
- We aim HIGHER.
- We SUCCEED together.

Our values show who FrieslandCampina is as a company, what it stands for, and where it wants to be. A variety of employees were involved in creating the values, with genuine reflection. To embed the values in the organisation, activities were organised for all employees.

Strengthening internal and external talent landscape

For a few years, the labour market has been under pressure, and this trend has continued in 2024. At the same time, in line with Expedition 2030, FrieslandCampina redesigned the talent organisation to better support the business talent needs.

Talent and performance management remain critical in the evolving workforce demands and rapid organisational transformation. The increasing need for a strong and agile internal talent pool and robust performance frameworks has required FrieslandCampina to adapt strategies to ensure sustained excellence and support employee growth.

Unleash your nature

The Employer Value Proposition – Unleash your nature – is FrieslandCampina's promise to talent. It reflects the culture, what FrieslandCampina offers and what FrieslandCampina expect.
At FrieslandCampina you get the opportunity to feed millions of people worldwide together with us and to unleash your unique potential. FrieslandCampina offers a unique mix of beloved brands, a rich history and global impact from the Dutch roots. FrieslandCampina offers an environment where you can flourish, be yourself and really make a difference. Discover where your nature can take you!

SEE OUR CAREERS WEBSITE

In 2024, FrieslandCampina focused on different activities to support the attraction, selection and retention of talent:

- Key talent segments are defined and propositions are created for specific target groups.
- Refreshing of the Employer Value Proposition "Unleash Your Nature".
- A specialised Talent Intelligence team was set up.
- Creating Ambassadorship by launching a referral campaign where employees can refer people form their network for vacancies at FrieslandCampina.
- Mobilising internal talent, which resulted in a higher internal fulfilment rate (above 70 percent in 2024).

Employee engagement

FrieslandCampina keeps employees engaged through consulting workers' organisations, maintaining continuous communication and conducting employee satisfaction surveys (Over2You).

Based on the Over2You survey, FrieslandCampina gains more insight into how employees experience working at FrieslandCampina. Managers can view the survey outcomes for their teams, which, if necessary, can be followed by team conversations. In September 2024, 70 percent of employees completed the Over2You survey (2023: 74 percent). The survey outcomes show an improvement of the engagement of the employees (score 76 in 2024 versus 75 in 2023) and this is also above the global benchmark.

Employee data

In 2024, the average number of FTEs declined to 19,576 (2023: 20,928). The decrease in the average number of FTEs is, among other things, the result of the restructuring following Expedition 2030.

The following disclosures are not based on the number of FTEs but based on headcount.

Number of employees per employment contract type and gender[1]

	End 2024				End 2023			
	Men	Women	Total	%	Men	Women	Total	%
Indefinite	12,965	5,058	18,023	90.8%	13,650	5,436	19,086	89.6%
Definite	1,086	731	1,817	9.2%	1,308	914	2,222	10.4%
Total	**14,051**	**5,789**	**19,840**	**100%**	**14,958**	**6,350**	**21,308**	**100%**
Fulltime	13,219	4,571	17,790	89.7%	14,112	5,050	19,162	89.9%
Parttime	832	1,218	2,050	10.3%	846	1,300	2,146	10.1%
Total	**14,051**	**5,789**	**19,840**	**100%**	**14,958**	**6,350**	**21,308**	**100%**

1 Aside from reporting on the men/women category within FrieslandCampina, we also include a third category 'other' in our reporting; these are employees who do not identify themselves as man or woman. Rounded, this category is 0.0 percent. Due to privacy considerations this category is included in the least represented group.

Employees covered by collective bargaining agreements

The percentage of employees covered by collective bargaining agreements (CBA) is shown below for countries in the European Economic Area (EEA) where a minimum of 10 percent of the total number of employees of FrieslandCampina work, and for regions outside the EEA.

Employees covered by collective bargaining agreements

	2024			2023		
	EEA	Non-EEA	Total	EEA	Non-EEA	Total
Netherlands	89%			89%		
Other EEA countries	84%			84%		
Asia region		58%			59%	
Africa region		70%			68%	
America's		39%			37%	
Oceania		60%			67%	
United Kingdom		0%			0%	
Total	**87%**	**59%**	**75%**	**88%**	**59%**	**75%**

Number of employees by country

The number of employees by gender and by country is disclosed for countries where a minimum of ten percent of the total number of employees of FrieslandCampina work.

Number of employees by country

	End 2024				End 2023			
	Men	Women	Total	%	Men	Women	Total	%
Netherlands	5,722	2,144	7,866	39.6%	5,953	2,338	8,291	38.9%
Indonesia	1,824	270	2,094	10.6%	1,990	323	2,313	10.9%
Other	6,505	3,375	9,880	49.8%	7,015	3,689	10,704	50.2%
Total	**14,051**	**5,789**	**19,840**	**100%**	**14,958**	**6,350**	**21,308**	**100%**

Employee turnover

The calculation of employee turnover includes the total number of voluntary leavers, retirements, forced leavers and deaths. Based on this definition, 3,204 employees left the company in 2024. The percentage is calculated based on the average number of employees during the reporting year.

Employee turnover

	2024	2023
Employee turnover[1]	15.8%	14.5%

1 Employees who transferred to the acquirer in 2023 as part of the sale of part of the German consumer brands and activities, are not included in the calculation of the employee turnover.

Number of employees by age category

	End 2024	%	End 2023	%
< 30 years	2,375	12%	2,835	13%
30 – 50 years	12,373	62%	13,136	62%
> 50 years	5,092	26%	5,337	25%
Total	**19,840**	**100%**	**21,308**	**100%**

Driving diversity, equity and inclusion

At FrieslandCampina the uniqueness of everyone is valued and 'The Power of We' is supported. FrieslandCampina wants to create a working environment that allows all people to bring their best and authentic selves to work. This contributes to better and more sustainable business performance. We endorse the UN Women's Empowerment Principles (WEPs).

Targets

In the below table with targets, senior management is defined as all positions at or above a certain job-level.

By the end of 2024, FrieslandCampina's workforce comprised 114 different nationalities (2023: 116 different nationalities).

At the end of 2024, the executive team consisted of 12 (2023: 12 persons) persons with 5 different nationalities (2023: 5 nationalities).

Policy

With the Global Diversity, Equity and Inclusion (DE&I) Policy, FrieslandCampina commits to 2030 targets for a diverse leadership representation and equal opportunities in the organisation. The policy was adopted by the Executive Board and the Supervisory Board in 2023. A workers' organisation was involved in the development process.

To support the implementation, the Diversity, Equity & Inclusion (DE&I) strategy has three focus areas:

- FrieslandCampina has a diverse workforce – built on mutual differences.
- FrieslandCampina is inclusive – each individual belongs and has equal opportunities.
- At FrieslandCampina we grow together – our culture reflects every individual's best self.

FrieslandCampina regularly communicates the DE&I values and respectful behaviour, for example during International Women's Day and multiple cultural festivals. In case employees or other stakeholders have concerns about potential violations of the DE&I values, FrieslandCampina encourages them to raise these based on our Speak Up procedure (also see page 93, Speak Up).

Actions

To embed the targets on DE&I in the way FrieslandCampina works, it raises awareness by organising events and building knowledge through learning programmes. Some examples of actions are:

- During International Women's Day, workshops around women's health were hosted. A specific chapter on this topic was recorded in the Wellbeing Academy of FrieslandCampina.

	2024	2023	Target 2030
Women in senior management	29%	29%	50%
Women at FrieslandCampina (worldwide)	29%	30%	
% non-Dutch in senior management	39%	41%	
% non-Dutch (worldwide)	64%	64%	
Women in executive team	25%	25%	30%
Women on executive board	25%	25%	30%
Women on supervisory board	44%	44%	33%

- A Refugee Talent Mentoring Programme was launched, in collaboration with the Refugee Talent Hub, helping people with a refugee background to build a career in the Netherlands.
- The DE&I progress was incorporated into the Quarterly Business Review.
- An initial analysis of the unadjusted and adjusted pay gap between women and men was carried out. This analysis pertains to 82 percent of the employees worldwide. The outcome of this analysis is extended to all employees by 2025. FrieslandCampina will include the outcome of the analysis in the 2025 annual report and initiate action plans where necessary.

In 2025, FrieslandCampina will increase the attention to more diversity in gender and nationalities in senior management. FrieslandCampina will provide further training to employees about topics such as unconscious bias, inclusive language, and inclusive culture. Also, the people processes and policies will be reviewed to speed up the journey of embedding DE&I.

Diversity in Executive Board and Executive Team
The composition of the Executive Board and the Executive Team, as of 14 February 2025, is reported on page 256. For more details refer to the chapter Governance, page 89.

The target is that men and women both are represented by at least 30 percent in the executive board and the executive team.

As a general preference, internal candidates are recruited for both bodies. Therefore, it is important that women candidates are sufficiently represented in management below the Executive Board. In future (re)appointments, FrieslandCampina will consider balanced gender participation as an additional selection criterion.

Health and safety

Incidents	2024	2023	Target
Number of accidents including contractors	123	134	
Number of accidents excluding contractors	96	100	
Accident ratio (per 200,000 hours worked)	0.43	0.37	0.42

Although in absolute numbers less accidents are reported, the relative accident ratio of FrieslandCampina increased in 2024 compared to 2023 due to a lower number of hours worked.

On the 4th of January 2024, a tragic accident occurred at the Gerkesklooster production site, resulting in the loss of an employee's life. We are committed to doing everything possible to prevent such incidents. The safety of our employees remains our highest priority.

In 2024, nobody died due to work-related illnesses.

Policies
FrieslandCampina strives for zero accidents. With the safety policy the Company is committed to the safety and health of the employees and everyone involved in our business. FrieslandCampina takes specific measures for leadership and employees, contractors and visitors to prevent accidents.

The Chief Supply Chain and Research & Development Officer oversees the implementation of the policy, that is operated by Supply Chain. Specifically in relation to the wellbeing of employees, HR is involved. Relevant safety rules are continuously available and proactively communicated to all people working at FrieslandCampina or visiting the company.

Actions

The availability of improved data has enabled FrieslandCampina to perform trend analyses in 2024 that will be used in 2025 to create focused campaigns to improve safety performance at the sites throughout the world. At the end of 2024, a start was made with the launching of the re-energised Our Life Saving Rules.

FrieslandCampina improved the employability and the ability to work with pleasure through a holistic approach. In this respect FrieslandCampina focused on five pillars: mental, emotional, physical, financial, and meaning. Various programmes were offered to employees to support them on these areas.

With the employee satisfaction survey (Over2You) FrieslandCampina constantly measures the impact of the company on the well-being of our employees. Wellbeing was an explicit component of the survey, also see Employee Engagement on page 78. Worker participation is an integral part of the system. Workers' representatives are consulted locally about the satisfaction and wellbeing of employees.

Global management system

The Global Safety Health Environment & Sustainability management system (SHE&S) has been set up in accordance with NEN-EN-ISO 45001, 14001, 50001 and NTA 8620.

This management system applies to all FrieslandCampina entities and joint ventures where FrieslandCampina has financial or operational control. Therefore, it covers 100 percent of the own workforce. Acquisitions are included after a grace period of one full calendar year following the date of acquisition. Divestments remain in scope up to and including the date of transfer of operational control.

The management system contains policies, standards and procedures which apply to the own workforce, supervised contractors, external contractors, and visitors. The standards on the global management system are binding and need to be adhered to by everyone working for or being on a location of FrieslandCampina.

By use of the global management system FrieslandCampina drives standardization and alignment on the way of working. FrieslandCampina aims for an unambiguous view on our vision and a shared perspective on what is, and what is not, tolerated when it comes to SHE&S. Besides the organizational management system, technical measures are taken and activities on awareness, culture, behaviour, and leadership are organised. This is to improve performance and pursue 'vision zero'. Even though the global management system is not certified externally, it is audited internally. In addition, different sites have ISO SHE&S management systems that are audited and certified.

Methodology and definitions

The accident ratio is defined as the total number of accidents resulting in absence (at least one calendar day of lost time, excluding the day of the accident), substitute work or medical treatment by an emergency service or family doctor per 200,000 hours worked. This concerns work-related accidents.
The accident ratio is calculated as follows: total number of accidents divided by the total number of hours worked times 200,000. All FrieslandCampina employees and subcontractors working under FrieslandCampina's supervision for entities in which the company has control for at least 12 months fall within the scope of this indicator.

Respecting human rights

Policy

With the global Human Rights Policy, FrieslandCampina is committed to respecting internationally recognised human rights, in line with the UN Guiding Principles on Business and Human Rights (UNGPs) and the OECD Guidelines for Multinational Enterprises.

The policy was adopted by the Executive Board in 2019 and is coordinated with internal and external stakeholders such as NGOs.

Accordingly, FrieslandCampina takes responsibility towards stakeholders throughout the value chain, including (but not limited to) employees, (employees of) suppliers and local communities.

The Policy specifies nine areas of focus, mainly based on the International Bill of Human Rights and the ILO Declaration on Fundamental Principles and Rights at Work. The topics are:

- Access to water and sanitation
- Right to life and security
- Freedom of association and collective bargaining
- Child labour
- Forced labour
- Non-discrimination and equality
- Right to privacy
- Environmental impact in operations
- Access to remedy (also see page 93, Speak Up)

For the implementation of the policy, FrieslandCampina engages in meaningful dialogues with stakeholders and conduct due diligence.

Suppliers are expected to align with this policy, as is stated in the Responsible Supplier Policy. Respect for human rights is also part of the Business Practices for Business Partners, which business partners are required to sign as a supplement to their contracts with FrieslandCampina.

Internally, the principles of application of human rights are defined, with special attention given to vulnerable groups such as children, women and migrants.

Since 2021, a human rights e-learning module has been available for employees to better understand the Human Rights Policy through case studies. In 2023, human rights training materials were provided specifically for production facilities.

Actions

In 2024, 91 percent of the assigned employees completed the e-learning about human rights (2023: 89 percent). For Speak Up cases related to human rights, see page 93 Speak-Up.

In 2020, FrieslandCampina initiated a due diligence-process (human rights due diligence) to identify, prevent and mitigate risks around human rights. The process is in accordance with the UNGPs and the OECD Due Diligence Guidance for Responsible Business Conduct.

In 2020 and 2022, FrieslandCampina conducted human rights risk assessments in fifteen operating countries, followed by mitigating actions, for instance:

- In Nigeria, the Fund against Child Labour (*Fonds Bestrijding Kinderarbeid, FBK*) project continued with interventions to mitigate risks for children, awareness campaigns in communities and access to formal education. This project is expected to conclude in 2026.
- In Pakistan, FrieslandCampina made efforts towards workers wellbeing and human rights. On the site in Sahiwal (Pakistan) FrieslandCampina provides on-site daycare facility. Next to that, FrieslandCampina supports female entrepreneurs via Dairy Development initiatives (also see page page 86).

In 2024, FrieslandCampina conducted an initial analysis of the disparities between the compensation of employees and the internationally recognised benchmark relating to a living wage, supplied by Fair Wage Network. As a next step, the analysis will be expanded by involving all employees and incorporate local requirements in greater detail.

By the end of 2025, FrieslandCampina will expand the application of human rights due diligence to all operating countries.

For more information about human rights in raw material sourcing, see page 64, Sustainable Sourcing.

Resilient communities

As a global food company, FrieslandCampina has a unique position and responsibility to contribute to the strength and resilience of communities in which it operates. Healthy and resilient communities are essential for a sustainable future. They form the basis of the value chain, from dairy farmers to consumers, and contribute to social stability and welfare.

FrieslandCampina's involvement goes beyond providing nutrition alone. The company supports local dairy farmers by providing a good living and helps them further develop as entrepreneurs. FrieslandCampina also works on building local, sustainable dairy chains that are economically valuable, and contribute to the preservation of the environment and promote social cohesion.
In addition, FrieslandCampina stands ready to assist in times of crisis, for example when communities are hit by natural disasters or other emergency situations.

This element within the sustainability strategy reflects the belief that FrieslandCampina, as a company with cooperative roots, plays a role as producer and partner in strengthening communities around the world.

Milk price for member dairy farmers

Member dairy farmers in the Netherlands, Belgium, and Germany supply milk from their dairy farms to FrieslandCampina. FrieslandCampina's strategy is focused on optimal valorisation of the milk of member dairy farmers. FrieslandCampina aims to pay a leading milk price and thereby contribute to the income of member dairy farmers and the continuity of their dairy farms. The amount of the milk price paid out differs per dairy farmer, depending on the protein, fat, and lactose content of the milk supplied, and on various deductions, surcharges, and contributions.

To ensure a fair and transparent milk price, the guaranteed price is one of the main components of the milk price. The guaranteed price corresponds to the average annual prices for farm milk of reference companies in Germany, Denmark, the Netherlands and Belgium.

For more details on the development of the milk price compared to last year refer to page 37, Value Creation for member dairy farmers.
More information on the milk price system for member dairy farmers can be found on the website.

Dairy Development

With Dairy Development activities, FrieslandCampina contributes to the development of the dairy sector and food supply in emerging countries. The focus is on economic, environmental, and social sustainability by contributing to the local community and providing an (economically) sustainable future.

By sharing knowledge, amplifying abilities with global partners, and setting up projects for dairy farmers in Africa, Asia, Middle East and Eastern-Europe, FrieslandCampina creates impact locally.

	2024	2023
Number of local dairy farmers trained in Dairy Development countries	63,126	71,120

Due to Expedition 2030 the capacity to train dairy farmers reduced compared to last year.

In the context of dairy development, FrieslandCampina works together with dairy farmers in Greece, Hungary, Indonesia, Ivory Coast, Malaysia, Nigeria, Pakistan, Philippines, Romania, Thailand, and Vietnam. The main objective is to develop the local dairy value chain within countries where milk is sourced locally, increase milk quality and reduce the environmental impact. This creates more stable living conditions for dairy farmers and provides FrieslandCampina the chance to continue to operate in fast-growing markets. In nine of these countries, the local milk is collected and processed for local markets.

The development of local dairy value chains confronts FrieslandCampina with a dilemma with respect to the potential negative impact on the carbon footprint of FrieslandCampina, as these local dairy value chains in most cases have a higher carbon footprint compared to the average footprint. This is why Dairy Development focuses on increasing milk production on the farms in a sustainable manner. With these activities, FrieslandCampina supports tens of thousands of local dairy farmers each year with training courses, knowledge transfer, access to (agricultural) experts and better financing.

Ten-year Dairy4-Development project in Indonesia completed successfully.

Frisian Flag Indonesia, a subsidiary of FrieslandCampina, in cooperation with six partners, successfully completed the ten-year Dairy4Development project in Pangalengan and Lembang (Indonesia). The objective of this project, started in 2013, was to stimulate the local production of high-quality milk. The successful completion of this project marks an important milestone in promoting economic growth and independence among dairy farmers in Indonesia. In total, 3,500 local dairy farmers participated in this project.

Actions

In 2024, attention was primarily focused on creating and increasing added value throughout the entire value chain. Through collaboration with strategic partners and in the form of projects with well-known partners, long-term impact was realised, and the environmental impact per kilo product was reduced. Some highlights:

- Memorandum of understanding with local Pakistani banks: interest free loans for small holder farmers in Sindh province, Pakistan.
- Lightning in dairy barns in Pakistan.
- The Grass Root Incentivized Dairy Development project (GRIDD) for the development of small farms in collaboration with the Punjab Livestock Department in Pakistan.
- The setup of multiple milk collection centers and procurement of 3,000 milk cans for increasing the productivity and sustainability of the dairy sector in Nigeria with the help of a long-term subsidy.
- Setup of a strategic partnership with knowledgeable farmers in Malaysia in order to grow in local high-quality milk volume.
- Development and modelling of a method to calculate the carbon footprint on farm-level of dairy farmers that supply milk to FrieslandCampina, based on limited data available.
- A women empowerment programme on wealth creation through dairy farming in Nigeria.

Dutch Lady Milk Industries Berhad Partners with NS Dairy Farm

In 2024 Dutch Lady Milk Industries Berhad (DLMI), a subsidiary of FrieslandCampina, started a strategic partnership with NS Dairy Farm (NSDF) to strengthen local dairy production in Malaysia. This agreement is expected to increase DLMI fresh milk intake with almost 500 percent from 2024-2026. It is expected this increase will follow after the farm reaches full capacity.

The partnership is a significant milestone in DLMI's commitment to sourcing local raw milk. This supports dairy farming sector in Malaysia, strengthens the supply of high-quality raw milk and at the same time safeguards compliance with Halal standards.

A reliable supply of fresh, high-quality milk for DLMI will enable the company to expand its offerings of nutritious dairy products to consumers. The opening of the new, state-of-the-art production facility in Bandar Enstek makes this possible. By sourcing milk locally, DLMI not only strengthens its market leadership position but also contributes to Malaysia's food security and reduces its reliance on imported raw materials.

Partnership with the Red Cross

To provide structural support to communities, FrieslandCampina entered into a five-year partnership with the Red Cross in 2023. Through this collaboration, FrieslandCampina contributes to humanitarian aid and helps communities facing the most urgent needs worldwide.

The partnership focuses on emergency relief during disasters. Furthermore, it includes cooperation in the area of disaster prevention and preparedness.

In 2023, FrieslandCampina established the foundation *Stichting FrieslandCampina Donations* to provide structural support for the Red Cross and help people in need affected by disasters.
The foundation is non-profit, but it may engage in commercial activities to finance the objectives. Provided is that the income generated is (virtually) entirely spent on humanitarian objectives within a reasonable period. FrieslandCampina supports the foundation annually with a donation.

In 2024, donations were allocated to the following initiatives:

- Food aid in the Netherlands.
- Food aid trucks in the Philippines.
- Nature based solutions Philippines.
- Disaster relief following Typhoon Yagi in Vietnam.

FrieslandCampina aims to earmark the annual donations toward initiatives of the Red Cross that align with the purpose: *nourishing by nature*.

Governance

Foundation

The three pillars of FrieslandCampina's sustainability strategy – Nutrition, People and Planet – rest on a solid foundation that strengthens the responsible enterprise framework. This foundation comprises essential activities and commitments to governance themes that form the core of the business operations. This includes principles such as: transparency and integrity, ensuring product quality and -safety, animal health and welfare, risk management and compliance with laws and regulations. These ensure that FrieslandCampina is able to achieve the impact in a responsible and sustainable manner, with respect for all stakeholders.

ESG governance

General

ESG topics are integrated in the governance structure of FrieslandCampina. FrieslandCampina refers to the chapter Corporate Governance in this annual report, where the main elements of the corporate governance structure are disclosed, such as the composition of the executive board and supervisory board.

ESG roles and responsibilities

Executive board and executive team
The Supervisory Board has appointed a Chief Sustainability Officer (CSO) with a seat in the Executive Board, responsible for all sustainability related matters of FrieslandCampina, including themes as set out in our sustainability strategy (nutrition, people, and planet). Among other things, the CSO brings sustainability expertise to the Executive Team and joins every meeting of the ESG Committee of the Supervisory Board.

The Executive Team (including the Executive Board) is involved in developing the sustainability strategy, which is discussed in the ESG Committee of the Supervisory Board.

This ESG committee makes a proposal to the Supervisory Board for approval of the sustainability strategy. The strategy is also part of the business group strategies.

To develop the sustainability strategy, the material impacts, risks, and opportunities that were identified in the double materiality assessment (DMA) have been considered (also see page 47). The Executive Board adopts the sustainability strategy, with the approval of the Supervisory Board. In decisions on for example major transactions and investments, ESG considerations including potential trade-offs are taken into account by the Executive Board or the Executive Team.

The Executive Team is responsible for developing a view on sustainable long-term value creation, taking into account the impact of considering the impact of FrieslandCampina on people and the planet.
The Executive Team discusses and decides on the sustainability vision and strategy, including ESG targets.

The Executive Team is involved in sustainability topics. In all decision-making the Executive Team takes ESG considerations into account. To safeguard expertise, experts from the company can be present in Executive Team meetings to provide knowledge.

On a frequent basis, the Executive Team is informed on the execution of the sustainability strategy and the progress of the ESG targets. In addition, they are informed via regular updates about material impacts, risks, and opportunities, in the field of nutrition, people, and planet. This includes the reduction of greenhouse gas emissions, gender equality, product quality and nutrition, accessibility, and affordability of products for low-income groups and countries, and circular packaging. Moreover, the Executive Team receives information about new policies, such as the zero deforestation and the zero-conversion policy, new climate and social targets, and global nutrition standards of the company and adopts policies in this respect.

The Executive Board takes part in quarterly business reviews on sustainability. Here, the material impacts, risks and opportunities of the company are discussed, together with the results and progress in the execution of the sustainability strategy.

Additionally, the Executive Board receives regular updates on sustainable farming and land use by member farmers, and on the milk price mechanism to pay a good, transparent and fair pricing to member farmers.

Supervisory Board and ESG Committee
The Supervisory Board of FrieslandCampina has an ESG Committee consisting of at least three Supervisory Board members. The Committee assists the Supervisory Board in fulfilling its oversight responsibilities for FrieslandCampina's environmental and social sustainability strategy and its impact, risks, and opportunities relating to environmental and social sustainability matters.

After each meeting, the chair of the ESG Committee reports to the Supervisory Board, which enhances the knowledge, skills and experience of the Supervisory Board pertaining to sustainable development. At least once a year, the ESG Committee reports to the Supervisory Board on how the duties of the ESG Committee were carried out in the financial year. In this report, the composition of the ESG committee, the number of meetings of the ESG Committee and the main items discussed at the meetings are mentioned. In 2024 the following themes were addressed: the material impacts, risks and opportunities related to greenhouse gas emissions, sustainable farming and land use, climate change adaptation, circular packaging and waste, nutritional values of products, and the affordability and accessibility of products for low-income groups and countries.

When deemed necessary, the ESG Committee seeks external advice or assistance from one or more experts when deemed necessary to enhance their expertise and skills.

The Audit and Risk Committee supports the Supervisory Board in relation to ESG reporting and ensuring alignment with the target-setting for sustainability targets.

ESG in remuneration

The Remuneration Policy for the Executive Board and Executive Team is adopted and amended by the General Meeting of Shareholders on the recommendation of the Supervisory Board, following consultation with the Remuneration, Nomination and Governance Committee of the Supervisory Board. The policy is evaluated every year by the Supervisory Board. The ESG Committee of the Supervisory Board is consulted on sustainability targets within the long-term variable compensation (LTIP). See also chapters Governance and Remuneration report on page 108.

The LTIP of the Executive Team (including the Executive Board) is linked to three-year goals comprising financial and non-financial (sustainability) targets. The LTIP of the Executive Team has a set of sustainability objectives, with a 30 percent weight (for 2023-2025) of the total LTIP.

The target levels of the sustainability objectives are tied to FrieslandCampina's sustainability strategy and set at the beginning of each LTIP. These target levels are connected to FrieslandCampina's greenhouse gas-emission targets, improving biodiversity and better packaging.

FrieslandCampina uses the metrics of the Climate Plan for the target related to reducing greenhouse gas emissions. For improving biodiversity, the number of member dairy farmers that are rewarded for their efforts to improve biodiversity is considered as a metric to measure the performance of the company.

The LTIP covers a three-year performance period and pays out upon a sound qualitative and quantitative performance assessment of the objectives by the Remuneration, Nomination and Governance Committee. This variable cash incentive is paid out at the end of the three-year performance period.

The Supervisory Board has no incentive scheme for sustainability related performance.

Risk management ESG reporting

The ESG reporting is an integral part of the risk management framework of FrieslandCampina (also refer to the chapter Risk Management, page 100). Responsibilities for reporting ESG information are embedded in the organization. Throughout the internal reporting process, controls are conducted to ensure the correctness and completeness of ESG information.

The design of the risk management framework for ESG reporting is in development, partly because of the increased reporting obligations arising from CSRD. The focus is to mitigate the most critical risks. Important risks are related to the availability and quality of data. Prioritisation of risks is carried out based on the likelihood and potential impact of possible incorrect reporting of information.
The results of the double materiality assessment are considered, and alignment with the methodology applied for financial reporting is ensured.

Significant findings related to internal controls on ESG reporting will be reported to the Executive Board and the audit and risk-committee. In addition, the Corporate Internal Audit department assesses the effectiveness and structure of the internal controls.

Ethics and compliance

At some point, virtually everyone may be faced with tough choices and difficult situations at work.
In these instances, FrieslandCampina expects responsible business conduct from the employees by acting with integrity, respect, and transparency.

Compass

The success and reputation of FrieslandCampina depend on behaviour and way of doing business every day. This also applies to the trust that consumers, customers, partners, employees and other stakeholders have in the Company. FrieslandCampina has principles that guide the way of working. These principles are set out in the code of conduct: Compass.

Compass is the guiding light of FrieslandCampina. It unites the purpose, values and business principles, and it helps employees nourish integrity in everything they do.

Compass contains fifteen topics, including avoiding bribery, business partner integrity and preventing fraud. It describes the desired behaviours and standards expected from everyone connected with FrieslandCampina, including employees, suppliers, distributors, and other parties FrieslandCampina works with.

Compass topics

The Executive Board is responsible for ensuring that all employees abide by this way of working. Compass is managed and coordinated by the Global Ethics & Compliance team. For each of the fifteen topics, a specific topic owner is appointed. Topic owner responsibilities lie both within the Ethics & Compliance team, and elsewhere in the business, as is the case for Sustainability and Food Safety & Quality.

The Supervisory Board supervises the effectiveness of compliance with and enforcement of Compass.

After their appointment, each Executive Board and Supervisory Board member attends an induction program about Compass. The induction being tailored to their specific role.

The implementation of Compass is monitored by an Integrity Committee.

Violations of Compass are reported and handled via our Speak Up process. The Integrity Committee review and monitor the most serious violations.

The Integrity Committee, which comprises of the CFO, CPO, General Counsel, Director Ethics & Compliance, Global Director Internal Audit and a Business Group President, meets at least every quarter to review the Speak Up reports, assign resources to investigate the high impact (Tier 1) Speak Up cases and propose on disciplinary measures. The Integrity Committee meets more frequently as needed to discuss new Tier 1 cases.

We further safeguard implementation of Compass through an internal control framework which tracks the completion and effectiveness of different training and awareness mechanisms.

In addition, the senior management needs to complete an annual compliance statement to confirm that they have adhered to Compass throughout the year. All of which help to nourish integrity within FrieslandCampina.

Policies
For all fifteen compass topics, global policies are in place. Every policy is reviewed annually and updated based on changes in legislation and/or business strategy and employee needs. This ensures that the Compass documents continue to be relevant to the business operations and reflect applicable laws and regulations. Every global policy is reviewed and approved by the Executive Board. The business and corporate departments are accountable for the implementation of these policies. The policies are available to our own workforce on our intranet. Each policy describes the need of the policy, the topic, how to Speak Up in case of potential violations, and how to contact the Ethics & Compliance team for further details. The policies refer, if applicable, also to other relevant documents.

Compass and related policies are available on the external Company website, intranet site, and the intranet pages on ethics and human rights. Additionally, there are leaflets, posters, videos, local campaigns, and global Compass awareness campaigns run regularly throughout the year. Every employee receives trainings about Compass to increase their awareness about, understanding of, and commitment to, the rules of conduct.

In 2024 Compass and Speak up were reviewed and modernized. Moreover, new training modules were developed and implemented, starting with a training to the CFO, CEO and CPO.

Training
During onboarding programmes Compass is explained to all new employees. Twice a year, Compass toolkits are updated to provide deeper guidance on specific Compass topics, including avoiding bribery and preventing fraud.
A communication toolbox and training materials are available for all employees via the Compass intranet site.

An additional annual Compass training is mandatory for more than a thousand employees who face an increased risk of misconduct. These employees receive training in recognizing and avoiding such misconduct, including fraud, corruption and bribery. The overview of these employees is reviewed annually.

Speak Up
One of the principles of Compass is that people are encouraged to speak up, and are provided with the psychological safety to do so when they have questions or feel concerned about Compass violations. The Speak Up procedure enables each of our employees, business partners and all third parties to raise concerns about misconduct, improper behaviour or possible violations of law or of Compass.

The Speak Up procedure is available in multiple languages and is, during trainings and meetings, communicated broadly and continuously within FrieslandCampina.

FrieslandCampina does not tolerate any negative consequences for employees for speaking out on possible violations via the Speak Up procedure. This is explicitly documented. The extent to which employees feel safe to speak out is reflected in the Over2You survey.

There are multiple ways for employees to Speak Up on violations of Compass or any misconduct.
All employees, business partners and third parties can use the Speak Up phone and web service.
In addition, all employees can raise a concern with a local trusted representative, any member of their management or leadership team, or with the Director Ethics and Compliance.

The Speak Up phone and web service are free of charge and available 24 hours per day, seven days per week, in the languages of the countries in which FrieslandCampina operates. It is confidential and secure. The service is hosted by an external independent service provider. The reported information is confidential to the maximum extent possible. Appropriate actions are taken, when necessary, in line with local legislation. Also, reporters can choose the option to express themselves anonymously. In that case, the reporter's anonymity is always maintained, and all information regarding that person's identity is handled confidentially.

FrieslandCampina takes continuous efforts to communicate the Speak Up procedure and how to raise a concern to all employees and stakeholders. This includes information on its corporate website, local intranets, and via Compass trainings.

In 2024, in total 198 (2023: 254) reports were received through the various Speak Up channels. Of these 112 were related to our code of conduct, Compass. The comparative number has been adjusted from 107 to 119 as 12 incidents from 2023 were re-classified as Compass-related cases.

Compass related Speak Up cases	2024	2023
Total Compass related cases	112	119
Of which, confirmed cases (violations)	29	50
Disciplinary measures	26	44
Compass cases related to corruption and bribery, including fraud	43	39
Of which, confirmed cases (violations)	15	24
Compass cases related to discrimination	46	48
Of which, (partly) confirmed cases (violations)	7	15

In 2024, 52 percent (2023: 66 percent) of all Compass related cases was resolved within ninety days.

Speak Up reports and investigations provide insights into the issues that have occurred or could potentially occur. They help the company in preparing mitigating actions to prevent the behaviour, or adjust the processes, that led to these violations.

Within FrieslandCampina, discrimination is defined as all aspects of Workplace Respect, including harassment and bullying.

In 2024, no cases related to human rights were reported (2023: 3 cases). There were no convictions, fines, penalties, or compensation for damages as a result of corruption, fraud and bribery incidents (2023: zero). This also applies for cases of discrimination.

In non-high impact cases (Tier 2), independent case owners are appointed by responsible management or the corporate director.

In high impact cases (Tier 1), the Integrity Committee assigns the case owner and receives a regular update and final investigation report. The final report includes recommendations on actions to be taken including any relevant disciplinary measures. The Integrity Committee decides on the disciplinary measures and improvement actions and is responsible for monitoring and responding to any trends identified in investigations. The responsible management is then informed and asked to implement the actions and disciplinary measures accordingly. FrieslandCampina has a policy on disciplinary measures that ensures transparency and consistency of disciplinary measures across the organization.

An anonymized learning insight report is drafted and shared with the Executive Team. For Tier 2 cases, an investigation report is shared with the local managing director which provides information and learnings on the case, including recommended actions and disciplinary measures for local implementation.

FrieslandCampina has a zero-tolerance policy against negative consequences for anyone who speaks out. Any form of retaliation is not allowed against anyone who, in good faith, reports a potential violation. Any form of direct or indirect retaliation is strictly prohibited. If a person feels punished or treated unfairly, then they can reach out to the Director Ethics & Compliance who will initiate follow up action as required.

Business relations

FrieslandCampina wants employees to establish and maintain fair and mutually beneficial relationships with reliable business partners who apply the standards of FrieslandCampina and who contribute to the goals and integrity commitments. Business partner relationships are consistently evaluated to, where necessary, continue improvements. Furthermore, the Company monitors business partners through automated screening of sanctions. The same is expected from the business partners.

To identify and mitigate current and new risks for good business conduct, FrieslandCampina take various actions. Including conducting internal risk assessments and evaluations with, and training of, external suppliers. All business partners are required to sign the Business Practices Statement which defines FrieslandCampina's expected ways of working in line with Compass. This forms an integral part of onboarding business relations. Details can be found on our website, see Our values - FrieslandCampina Global - FrieslandCampina.

Product quality and safety

Product quality and safety is one of the fundaments of the sustainability strategy of FrieslandCampina. For FrieslandCampina it is key to ensure to provide products of good quality to all customers and consumers. The global quality system Foqus is used to guarantee food safety and quality throughout the entire value chain, from livestock farming to distribution. Thanks to Foqus, FrieslandCampina complies with all relevant national and international regulations and standards for food quality and food safety, such as FSSC 22000.

The quality departments promptly handle any product incident to ensure consumer safety as well as to ensure compliance with legal requirements and guarantee product quality. To measure and improve the impact on product quality and safety, and limit the risk of quality issues, FrieslandCampina continuously monitors complaints received from customer and consumers.

	2024	2023	Target (norm)
Consumer complaints ratio	0.76	0.96	1.21
Customer complaints ratio	1.18	1.86	1.66

Engaging consumers and customers

Within FrieslandCampina an end-to-end complaint management process has been established to best learn from the feedback from our customers and customers. Both consumers and customers can raise their concerns or complaints regarding the quality or safety of products. Each market and business group has its own channels to raise complaints, such as web forms. This feedback is used to improve the quality and safety of products. Every complaint is managed in our systems and is only closed after an answer is sent to the consumer or customer. On a monthly basis, consumer and customer complaints are assessed and improvements are initiated. The Global Quality Director is responsible for addressing consumer and customer complaints.

Targets

Complaints of consumers and customers reflect the quality and safety of products. The aim is to improve our complaint rates year over year, ultimately striving for zero complaints. To achieve this target, FrieslandCampina identifies the biggest root causes contributing to complaints and we solve these. The Company sets targets for both consumer and customer complains.

Policies

FrieslandCampina applies seven Golden Quality Rules, which are the foundation of all quality assurance efforts. These rules are used as a framework that oversees all quality programmes and systems, including the Foqus quality system, and apply to every country in which FrieslandCampina operates. More information can be found on the website: seven golden quality rules.

Actions

The business groups have undertaken specific initiatives in 2024 to reduce the amount of complaints and to improve the quality of products. This is based on the feedback received from consumers and customers. One of the focus areas in 2024 was to reduce complaints in pre-packed cheese. This is done by strengthening process control and improving packaging design.

Methodology and definitions

The consumer and customer complaints ratio are calculated by dividing the total number of complaints received by the total number of consumer units produced and the total consolidated production volume (in millions) respectively. The ratios reflect the formal dissatisfaction with FrieslandCampina's products and/or services. The ratios include the number of consumer and customer complaints relating to product quality and/or safety.

Privacy and data protection

Privacy and data protection are important topics for FrieslandCampina. While processing personal data is not part of the core activities, it is essential in supporting various business processes.
For instance, FrieslandCampina manages personnel files for all employees, and uses personal information to market the products. To safeguard the data FrieslandCampina handles, a robust framework of privacy and data protection policies and guidelines is implemented.

In 2024, FrieslandCampina continued to strengthen the global privacy and data protection program. The governance has been re-established with the formation of a new Privacy Council and the appointment and training of new Local Privacy Officers in the businesses worldwide.

Additionally, FrieslandCampina developed new methodologies for registering and assessing personal data processing activities. These measures are designed to maintain oversight of the personal data under the Company's responsibility and to mitigate associated risks. With this updated way of working, which will be further implemented in 2025, FrieslandCampina ensures effective control of the data that is managed and enhances the ability to safeguard privacy rights.

Employees
To elevate employee awareness and understanding of privacy and data protection, two e-learning courses were developed. These courses are mandatory for specific groups of employees.

The first course, Privacy Basics, is mandatory for all employees who use a computer as part of their role. They must follow this course upon joining FrieslandCampina. This course provides fundamental knowledge about protecting personal data.

The second course, Privacy Advanced, is mandatory for employees who regularly work with personal data. Like Privacy Basics, this course is provided to employees when they join FrieslandCampina. Privacy Advanced offers a more in-depth understanding of privacy and data protection principles. With this training, employees gain essential knowledge to protect personal data in their day-to-day work.

The frequency of both courses is once every three years. Both e-learning courses conclude with a test that employees must successfully pass to complete the training.

Functions at risk
Each year, assignment profiles ('functions at risk') for the e-learnings are defined based on HR profiles, departments and reward scales. The courses are then automatically assigned. For the Privacy Advanced group, certain roles within production are exempt, as these positions typically do not handle personal data.

Courses	2024	Target
Privacy basic	82%	90%
Privacy advanced	79%	90%

The percentages show which part of the courses is completed per the end of the year. The current completion rates indicate that whilst a significant majority of the employees have completed the privacy e-learnings, improvement is needed to ensure full compliance and engagement. Therefore, in 2025, FrieslandCampina strives to improve employee awareness and engagement.

As in this annual report FrieslandCampina reports on the completion percentages of these courses for the first time, comparative figures are not disclosed.

Cybersecurity

Ensuring the protection of computer systems and data is critical to the long-term success of FrieslandCampina and member dairy farmers. In a digital world, safeguarding against cyber threats is a priority and a fundamental element of sustainable business operations.

In 2023, the Executive Board approved a comprehensive multi-year cybersecurity strategy and roadmap to address emerging risks and strengthen the defense mechanisms. As part of this effort, in 2024, FrieslandCampina further improved the technical security capabilities by elevating our global Security Operations Centre (SOC). This makes real-time monitoring and rapid response to potential threats possible. Additionally, a new policy and control framework across the entire organization was developed and implemented to strengthen the governance and ensure consistent adherence to best practices in cybersecurity. Also, a ransomware readiness simulation was conducted at a key production location, with the central crisis team and representatives of the executive board, to test the response mechanisms and enhance preparedness for a potential cyberattack scenario.

In 2025, the cybersecurity program will focus on the following key themes:

- Targeted employee awareness and training to foster a culture of cybersecurity vigilance.
- Securing digital infrastructure and applications with 24/7 monitoring of our critical environments to ensure robust and resilient operations.
- Protecting the privacy of member dairy farmers, employees, and customers, and safeguarding sensitive company information from unauthorized access or breach.
- Preserving the reputation of the brands by proactively mitigating reputational risks associated with cybersecurity incidents.
- Further rollout of an enhanced security policies across all levels of the organization.
- Increasing the resilience of the organization through training and simulation to ensure quick recovery from cybersecurity incidents.

FrieslandCampina continues to collaborate with leading cybersecurity partners to adequately react to possible threats and optimise the use of new technologies. Employees are encouraged to take responsibility for the security of the digital ecosystem of the company. Mandatory e-learning modules address key topics like cyber threats, identity protection, device security, and data handling. The progress of these trainings is monitored regularly to ensure full engagement.

Training	2024	2023	Target[1]
Cybersecurity training	87%	89%	86%

1 Average target of five modules for 2024.

The percentages show which part of the training is completed per the end of the year. Five modules are repeated separately every two years.

With the mentioned initiatives, we aim to build a more secure digital environment. Every employee plays a critical role in protecting the company, the stakeholders, and its reputation.

Health and welfare of cows

	2024	2023
Average lifespan of cows	6 years, 1 month, 15 days	6 years, 2 months, 13 days
% member dairy farmers with average lifespan above 2018 average	78%	81%

Each and every day, member dairy farmers devote effort to giving their cows and calves a good life. This is why cows and calves have comfortable resting places, sufficient amounts of excellent feed, and always have unobstructed access to clean drinking water.

Policy

To provide for the welfare of their cows and calves, member dairy farmers take more than a hundred requirements into account. These basic requirements apply to all member dairy farmers who supply milk to FrieslandCampina and go beyond the provisions of Dutch and European laws and regulations. The member dairy farmers are supported by various programmes and work closely with specialised veterinarians. Each year a health plan is prepared to ensure cows stay in good condition.

For monitoring and safeguarding animal health and welfare FrieslandCampina uses the mandatory quality and sustainability programme for member dairy farmers: Foqus planet. With the help of various tools, such as monitoring systems, member dairy farmers are able to continuously improve the health and welfare of their cows. For instance, all member dairy farmers must comply with the basic requirements in the field of animal welfare, such as animal health checks and animal health plans. This is closely monitored through audits including milk testing, administrative controls and physical audits on the farm.

Also part of the Foqus planet basic requirements is CowCompass (part of CowMonitor). Certified veterinarians assess the potential risks to the health and welfare of cows. This is consistent with Welfare Quality®, the EU standard for animal welfare.

Antibiotics are only used when this is essential. For years, the independent Netherlands Veterinary Medicines Authority (SDa) has observed a decrease in the use of antibiotics on our member dairy farms and has indicated that its current use is at a low and acceptable level.

Actions

To encourage dairy farmers to continuously improve animal health and welfare, FrieslandCampina rewards them based on the results in lifespan and calf rearing.

The average lifespan of cows on member dairy farms was 6 years, 1 month and 15 days in 2024. The decrease of 28 days compared to last year is mainly caused by the bluetongue virus. In 2018, this was 5 years, 6 months and 20 days. In 2024, the cows at 78 percent of member dairy farms had an average lifespan in excess of the 2018 average (2018: 50 percent).

In 2024, 99.6 percent (2023: 99.3 percent) of member dairy farmers participated in CalfOK. This provides them with insight into the quality of the young livestock rearing process. Dairy farms with a high CalfOK score receive a premium.

Furthermore, member dairy farmers are offered practical tools for obtaining more insight into responsibly extending the lifespan of cows and the measures they can take.

Responsibly extending the lifespan of cows means that fewer young livestock is required as replacements and needs to be raised. This also reduces greenhouse gas emissions. Improving the quality of raising young livestock also contributes to the lifespan of dairy cows.

Risk management

FrieslandCampina has further developed its risk management over the past year, operating in a complex and volatile environment. By means of proactive measures and the continuous evaluation of potential risks, we have increased our resilience and adaptability. In this respect, it continues to be our goal to safeguard the continuity and stability of our operations. We will continue to devote energy to having a robust risk management strategy that helps us to effectively cope with future challenges.

Governance

The Executive Board of FrieslandCampina is accountable for effectively managing the company's risks. Risk assessments and mitigating measures are the responsibility of line management (the 'first line'); these are the individual managers and management teams of the business groups and operating companies. Management is supported by corporate departments in this respect. They serve as the 'second line' and are responsible for the design and effectiveness of the risk management framework, its processes and systems, including policies and procedures. The 'second line' informs the Executive Board and the Supervisory Board's Audit & Risk Committee about the progress and outcomes of the various risk management programmes.

Corporate Internal Audit, the 'third line', objectively evaluates the structure and the operational effectiveness of the internal risk management measures (including those carried out by the 'first' and 'second line'). Corporate Internal Audit independently reports to the Executive Board and Audit & Risk Committee on the effectiveness of the risk management framework, policies and procedures.

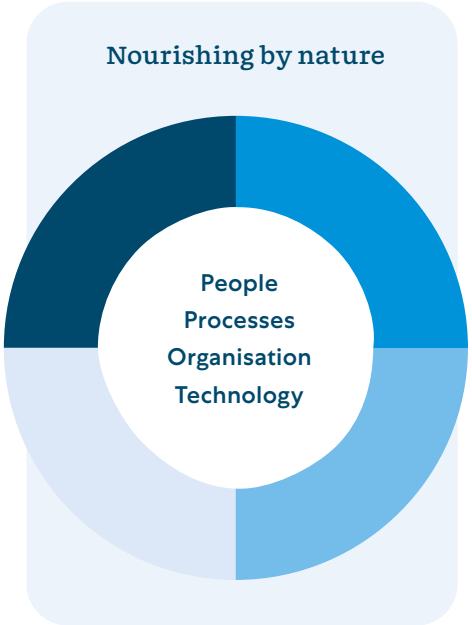
The Audit & Risk Committee informs the Supervisory Board of the Company. The role of the Audit & Risk Committee is described in the 'Corporate Governance' section; see page 108.

Risk Management Framework

FrieslandCampina's Risk Management Framework, used by the company and its consolidated subsidiaries, complies with the conditions of the Dutch Corporate Governance Code that are based on internationally recognised COSO standards. The framework is updated on an annual basis and describes the risk appetite, risk management measures, responsibilities and governance.

Risk awareness and culture

Employees must abide by the company's applicable general code of conduct, Compass, and comply with the applicable laws, regulations and policies.



FrieslandCampina stimulates a culture in which weaker areas in its risk management programmes or control measures can be transparently reported and effectively dealt with, for example through the company's Speak Up process. For more information about our Compass programme, see page 91.

Risk Management quality

During the year under review, risk management activities did not show any material omissions in the design and effectiveness of the framework. Various risk assessments were carried out according to plan to support the evaluation of the framework's effectiveness, and the results were judged to be effective. A new light-touch approach was introduced to discuss key business risks in an efficient and effective manner with all of our entities throughout the world.

FrieslandCampina's overall risk profile and risk trends were discussed during regular dialogue sessions with various risk owners in order to identify interrelationships between risks and areas of concern. In addition, a distinct number of risk-related deep dives were performed in a few countries incorporating country-specific risks, developments and implemented risk mitigating measures.

Key risks, trends and risk mitigation measures

FrieslandCampina is active in a significant number of countries and product-market combinations. As a consequence, the Company is exposed to risks and trends of a varying nature.

The Executive Board, supported by our Enterprise Risk Management team, identifies and monitors risks that are ranked based on probability of occurrence and/or impact. Risks are categorised as strategic, operational & financial or compliance risks, and control measures are formulated on the basis of risk appetite: 'none', 'low to none' and 'moderate'.

Strategic

These risks might impair the achievement of our strategic objectives. The Company in principle is prepared to accept a 'moderate' risk level, as long as strategic and other long-term goals are not jeopardised as a result.

Operational & Financial

These risks are of a more operational or financial nature and might impact the more short-term achievement of our objectives. The Company in principle is prepared to accept a 'moderate' risk level, as long as the business continuity or short and long-term goals are not jeopardised as a result.

Compliance

Regarding compliance risks, the Company accepts a 'low to none' risk level. The Company does not accept any risks that adversely affect customers, business continuity or reputation and/or lead to any non-compliance with applicable regulations. There is 'zero tolerance' for risks that adversely affect food quality and food safety standards.

The following is a high-level overview per risk category. This includes a generic description, the 2024 developments and 2025 outlook, as well as the most important ways in which these risks are managed. As risks have multiple interrelations and correlations, the risk profile could be further exacerbated when a combination of these risks manifests at the same time. Note that these risks are also related to the stakeholder materiality matrix on page 47.

Area of Risk	What could happen?	Risk Appetite	Recent developments & outlook for 2025	How is the risk managed?
1 **Economic and geopolitical/ political environment**	Geopolitical and economic concerns, including political instability, trade restrictions, changes in regulations and economic lags, can affect the company's global activities and financial performance.	Moderate	Geopolitical tensions and further developments of the BRICS group that affect business operations (e.g. in Asia and Europe); Intensification of government interventions and trade barriers pursuant to elections (e.g. USA, Europe); FrieslandCampina remains largely dependent on a limited number of countries for its profitability; Inflationary pressures and foreign currency devaluation in emerging markets (e.g. Nigeria, Pakistan).	Trend and scenario analysis; Increase the flexibility of the supply chain; Monitor political changes and government relations; Diversify portfolios, hedging and/or financial measures; Conservative financing to be able to absorb any unforeseen circumstances.
2 **Innovation and markets**	A weak innovation pipeline and/or ineffective product innovation that fails to meet the customer's wishes potentially can affect market share and operating profit. This can hinder efficiency improvements and the exploitation of new and existing commercial strategies.	Moderate	Local competition with greater speed, cost efficiency and flexibility in innovation and product development; Changed consumer preferences and consumers opting for cheaper alternatives.	New R&D structure to improve coordination and cooperation among worldwide teams; Market analysis and tighter customer engagement; Focus on high-impact R&D initiatives; Promote innovation by means of strategic partnerships.
3 **Milk supply**	An over or undersupply of milk and the associated volatility can affect the efficiency of the supply chain and the cost of goods sold as well as the operating results.	Moderate	The Dutch milk supply was relatively stable in 2024, in comparison to 2023; The manure production derogation will be terminated in the coming years, with expected consequences for the Dutch milk supply; Volatility and sensitivity of raw material prices.	Milk supply scenario analyses and planning; Attract and retain member dairy farmers; Expand the portfolio in key markets; Optimise the milk valorisation process; Coordination between Dutch government and stakeholders in the sector.

- No risk appetite
- Low to no risk appetite
- Moderate risk appetite

Area of Risk	What could happen?	Risk Appetite	Recent developments & outlook for 2025	How is the risk managed?
4 **Quality & Food Safety**	Food safety or quality problems (e.g. contamination, recalls, non-compliance with laws and regulations, or detected problems) can affect demand, form a threat to our license to operate and can have a considerable negative impact.	None	Animal diseases (e.g. bird flu and Foot-and-Mouth Disease) that impact the milk supply and export restrictions; Refinement of governance (import regulations) to strengthen local dairy industry (e.g. Asia and Africa), such as Halal regulations and obligations with respect to the origin and processing of milk.	FrieslandCampina's Golden Quality Rules and strict control of key quality aspects; Continuous quality improvement programmes; Clear guidelines for suppliers for responsible procurement and Foqus planet programme for member dairy farmers; Research programme in cooperation with the Dutch Dairy Association (NZO) and coordination with Dutch and European authorities.
5 **Environmental, Social and Governance (ESG)**	Failure to achieve ESG objectives, inability to report on ESG performance and/or failure to fully or sufficiently valorise our performance propositions with customers (e.g. CO_2eq propositions) affect FrieslandCampina's long-term strategy and reputation.	Moderate	Limited progress and/or progress reporting by third parties and suppliers can affect the company's reputation and ESG performance; Provide access to complex data sources; Refinement of ESG regulations and reporting measures (e.g. human rights, forestation-free products, packaging and 'permitted' sustainability claims); Increasing pressure exerted by stakeholders and NGOs.	Development of data frameworks, tooling and programmes to reduce contracts with our most important suppliers; Strengthen internal ESG governance and reporting on indicators that link sustainability to business objectives; Specific ESG taskforces focused on standardising processes and the reliability of data sources; Coordination with stakeholders in the sector and NGOs; Ensure that our performance is supported by data, with international coordination in the area of standards and statistics.

- No risk appetite
- Low to no risk appetite
- Moderate risk appetite

Area of Risk	What could happen?	Risk Appetite	Recent developments & outlook for 2025	How is the risk managed?
6 **Agility of people and organisations**	Organisational complexity, overloaded employees and a mismatch of skills can delay implementation and result in high costs. Failure to attract and retain talent can endanger operating performance.	Moderate	Reorganisations and large transformation programmes (e.g. Expedition 2030, Performance+ and SAP S/4HANA); Tight labour market (e.g. in the Netherlands) and inflationary pressure on salaries; Greater focus on sustainable engagement of employees.	Renowned and mandated programme management for our transformations; Refined and benchmarked HR measures (recruitment, talent and compensation management); Employee surveys with global and focused local follow-up; Strengthen people management-related skills.
7 **IT & Cybersecurity**	Cybersecurity incidents, IT & operational technology systems malfunctions, performance problems and/or insufficient protection of IT resources can cause serious business disruptions, security risks and financial losses. Failure to benefit sufficiently from digital innovations can hinder business objectives and efficiency gains.	Low to none	Interrelationship between IT and operational technology systems creates broader attack opportunities; AI threats can circumvent traditional security measures, which can result in serious disruptions; Obsolete systems may be insufficiently protected, making them vulnerable to cyber attacks; Increasing importance of strong digital skills and knowledge.	Improved cybersecurity measures to prevent domain-transcending attacks and to execute FrieslandCampina's Digital Security Programme, including regular external benchmarking; Uniform monitoring systems for IT as well as operational technology environments to rapidly detect and respond to incidents; Disaster recovery and contingency plans to minimise disruption of production activities; Employ industry best practices and digital innovation in cooperation with external service providers.

- No risk appetite
- Low to no risk appetite
- Moderate risk appetite

Area of Risk	What could happen?	Risk Appetite	Recent developments & outlook for 2025	How is the risk managed?
8 **Supply Chain & Sourcing**	Low effectiveness of the supply chain with high conversion costs and/or scarcity of raw materials or price increases could threaten our capacity to produce and deliver products at competitive prices.	Moderate	Vulnerable supply chain amidst global unrest (e.g. in the Middle East); Scarcity of raw materials at specific locations; Inflation results in high sourcing costs; Lack of flexibility in the supply chain in relation to certain products/locations.	Supply Contingency programme to improve the supply of key raw materials; Strategic initiatives for alternative production routes/diversification and improved operational efficiency; Structural cost savings programmes.

- No risk appetite
- Low to no risk appetite
- Moderate risk appetite

Outlook for 2025

FrieslandCampina expects inflation to continue to persist in 2025. Thanks to the implementation of Expedition 2030 and Performance+ the company is well-prepared. The programmes have produced significant cost reductions and contributed to efficiency improvements within the organisation. For 2025, FrieslandCampina expects to achieve additional cost reductions ranging from 100 million to 150 million euros. This will bring the total annual savings to 400 million to 450 million euros in line with the targets announced in 2023. These savings will partially be used to offset inflation, facilitate growth and support the company's profitability.

Expected result trend

FrieslandCampina expects the higher commodity dairy prices compared to the guaranteed price, and the positive effect of stocks that in 2024 contributed to a better result will not reoccur in 2025. Investments will be somewhat lower in 2025, due to the completion of large projects in 2024.

Investments

Investments in 2025 will be somewhat below 2024 levels, due to the completion of large projects last year. The company will focus on the further optimisation of existing production facilities. In 2025, a three-year SAP systems upgrade programme will be initiated, which will contribute to the further optimisation of business operations.

Proposed merger with Milcobel

On 18 December 2024, Zuivelcoöperatie FrieslandCampina U.A. and Milcobel CV announced their Proposed merger, with the objective of creating a strong foundation for the future for their members and stakeholders. The merger proposal will be developed and discussed in the first half of 2025, and will then be submitted for approval to Milcobel's Extraordinary Meeting of Shareholders and FrieslandCampina's Members' Council. The proposal will also require approval by the competition authorities. The aim is to complete the merger prior to the end of 2025.

Management statement

The Executive Board of the company has final responsibility for controlling the risks associated with corporate goals and the reliability of external (financial) reporting. The Executive Board is also responsible for assessing the effectiveness of the controls aimed at preventing or mitigating such risks.

The Executive Board has assessed the performance of the internal management and control measures. Based on this assessment, the Executive Board concludes that:

- The report provides sufficient insight into the shortcomings and functioning of the internal risk management and control systems;
- The above-referenced systems provide a reasonable degree of certainty that the financial reporting does not contain any material misstatements as at the end of the financial year 2024;
- In accordance with the current state of affairs, the financial reporting has been prepared on a going concern basis; and
- The report includes a statement of the material risks and uncertainties that are relevant to the expected continuity of the company for a period of 12 months following the preparation of the report.

The system of tasks for the internal risk management and control systems and the ensuing findings, recommendations and measures are discussed with the Audit and Risk Committee, the Supervisory Board and the external auditor.

Statement of Executive Responsibility

In accordance with Section 5:25c subsection 2 under c of the Dutch Financial Supervision Act (Wft), the members of Royal FrieslandCampina N.V.'s Executive Board herewith state that, insofar as they are aware, the company's financial statements provide a true and fair view of the assets, liabilities and financial position of Royal FrieslandCampina N.V. and the companies jointly consolidated; and That the Annual Report provides an accurate overview of the situation as at 31 December 2024 and progress and operations during the financial year of Royal FrieslandCampina N.V. and the consolidated companies; and That the essential risks that Royal FrieslandCampina N.V. is confronted with are set out in the Annual Report.

Executive Board
Jan Derck (J.D.) van Karnebeek
Chief Executive Officer

Hans (J.G.) Janssen
Chief Financial Officer

David (D.A.) Cutter
Chief Supply Chain and Research & Development Officer

Mireille (M.) Einwachter
Chief Sustainability Officer

Amersfoort, 14 February 2025

Corporate Governance

Corporate governance at a glance

Corporate governance principles

Royal FrieslandCampina N.V. (the 'Company') applies the principles of the Dutch Corporate Governance Code (the 'Code'), which was updated in 2022, on a voluntary basis. The way in which the Code's principles will be applied is described in this section. This includes an indication and motivation of the points in which the Code is not applied by the Company.

Shareholder structure

All shares in the Company's capital are held by Zuivelcoöperatie FrieslandCampina U.A. (the 'Cooperative'), whose members are involved in dairy farming. The Cooperative's geographical area of operations is divided into districts, each of which has a District Board. The Cooperative's members appoint the members of the District Boards, which collectively make up the Cooperative's Members' Council. The Members' Council appoints the members of the Board of the Cooperative on the binding recommendation of the Cooperative's Chair's consultation process. The Cooperative is the sole shareholder of the Company. The Board of the Cooperative exercises the Cooperative's shareholders' rights and in this capacity functions as the General Meeting of Shareholders of the Company. There are a number of decisions regarding which, on the grounds of the Company's Articles of Association, the Executive Board must obtain the approval of the General Meeting of Shareholders. For a number of important decisions for which the Board of the Cooperative votes on behalf of the Cooperative as the Company's shareholder, the Board of the Cooperative must obtain approval of the Members' Council.
The Cooperative's governance structure is described in the Cooperative's Annual Report.

Board structure

The Company has a so-called 'two-tier structure' with an Executive Board and a Supervisory Board. During the year under review, the Executive Board consisted of the Chief Executive Officer (CEO), the Chief Financial Officer (CFO), the Chief Sustainability Officer (CSO) and the Chief Supply Chain and Research & Development Officer (CSCO). The Executive Board's composition and division of tasks are set out on page 256. During the year under review, the Supervisory Board consisted of four external members and five internal members, including four members of the Board of Zuivelcoöperatie FrieslandCampina U.A. and one member of the dairy cooperative who is not part of the Cooperative's Board. Hans Hettinga, member of the Board of the Cooperative and member of the Supervisory Board, died on 4 May 2024.
Hans Hettinga was a reliable, intelligent and personally committed farmer executive board and supervisory board member, whose legacy continues to live on in the Cooperative and the Company, and in the community in which he was also fully active. On 12 June 2024, Wietse Duursma is appointed as member of the Board of the Cooperative and as member of the Supervisory Board, effective 10 December 2024.
The composition of the Supervisory Board as at 31 December 2024 is reported on page 254 and 255.

Supervisory Board committees

The Supervisory Board has established three committees:

- Audit and Risk Committee, consisting of five Supervisory Board members;
- Remuneration, Nomination and Governance Committee, consisting of four Supervisory Board members;
- ESG Committee (named Sustainability Committee up until 26 April 2024), consisting of four Supervisory Board members.

The composition of the committees of the Supervisory Board as at 31 December 2024 is reported on page 255.

The corporate governance principles followed by Royal FrieslandCampina N.V. are laid down in the Articles of Association and the Regulations of the Company's various bodies. This information is published on FrieslandCampina's website. Although the Code is not applicable to the Company, because, according to law, only companies whose shares or depositary receipts for shares are listed on the stock exchange are governed by the Code, the Company applies the princip les and best-practice provisions of the Code that are compatible with its control structure and the nature of the Cooperative. The provisions that are not applied are highlighted in this overview, Along with the reasons why they are deemed inappropriate and the extent to which they are not applied.

Executive Board

Composition, tasks and responsibilities

During the year under review, the Executive Board consisted of the CEO, CFO, CSO and CSCO. The Executive Board, in its day-to-day affairs, is supported by the Executive Team, which during the year under review consisted of all members of the Executive Board, the Chief People Officer (CPO), the President Europe, the President Middle East, Africa & Pakistan, the President Retail & Americas, the President Asia, the President Specialised Nutrition, the President Ingredients and the President Professional and Trading. All business units and a number of strategic functions come together in the Executive Team, which results in fewer management layers, provides for better decision-making and accelerates the strategy's implementation. The task of the Executive Team is to determine and implement the strategy, allocate resources, integrally valorise milk, transform objectives into specific plans, and manage operating companies and departments within their respective areas of responsibility. The Executive Team makes decisions with an absolute majority, whereby this majority comprises the majority of the votes of the members of the Executive Board. In case of a tied vote, the CEO decides.

Appointment of members of the Executive Board and other members of the Executive Team

At the recommendation of the Remuneration, Nomination and Governance Committee (RNGCo), the Supervisory Board appoints, suspends and dismisses the members of the Executive Board. Following approval by the Supervisory Board and after consultation with the RNGCo, the CEO appoints, suspends and dismisses the other members of the Executive Team.

Remuneration policy and remuneration of the members of the Executive Board and the remaining members of the Executive Team

The remuneration policy applies almost all recommendations of the Code. The Company is legally exempt from publishing its remuneration policy, since the Company is a so-called 'private limited liability company'. The remuneration report (starting on page 126) indicates that the Company will provide more details about the remuneration paid to the members of the Executive Board and the Supervisory Board over time.

The remuneration report also includes the principles underlying the remuneration policy for the Executive Board and the Supervisory Board. The remuneration policy is adopted on the recommendation of the Supervisory Board and can be changed by the General Meeting of Shareholders, following consultation with the Remuneration, Nomination and Governance Committee. FrieslandCampina is also accountable to the Cooperative's Members' Council on this topic.

Each year, the CEO and the CPO discuss the remuneration of the members of the Executive Team with the Supervisory Board during the internal deliberations of the Board, in the absence of the other members of the Executive Board. Pursuant to the Supervisory Board's regulations, the Board is authorised to reclaim the variable remuneration from a member of the Executive Board when it is allocated on the basis of incorrect (financial) data. The CEO has a similar authority with respect to the members of the Executive Team.

Supervisory Board

Tasks and responsibilities

The Supervisory Board supervises the policy set by the Executive Board and the general course of events in the Company and its associated companies. In addition, the Supervisory Board advises the Executive Board.

The Board discusses the long-term sustainable value creation strategy with the Executive Board, as well as the most important risks incurred by the Company. In addition, the structure and functioning of and any significant changes to the risk management and control systems are discussed. The Supervisory Board also has the authorities set out in the provisions of Book 2 of the Dutch Civil Code in respect of companies subject to the structure regime. These include, in particular, the appointment of Executive Board members, the determination of the number of members and approval of decisions by the Executive Board as specified in legislation. Under the Articles of Association, certain decisions of the Executive Board require the approval of the Supervisory Board.

In the performance of its duties, the Supervisory Board focuses on the interests of the Company and its associated companies.

The Supervisory Board also considers the relevant interests of the parties involved in the Company and relevant aspects for the Company, such as sustainable long-term value creation, corporate social responsibility, sustainability and human rights.

Several times each year, members of the Executive Team attend a meeting of the Supervisory Board, or a part thereof. During these meetings, various topics, including the Company's strategy, are discussed. Members of the Executive Team are also invited to attend the meetings of the Supervisory Board when topics relevant to them come up. The Remuneration, Nomination and Governance Committee regularly holds progress meetings with the members of the Executive Team.

Composition, independence and appointment

A covenant has been signed with the Central Works Council (CWC). The covenant includes agreements regarding the composition of the Supervisory Board, the required profile of the members of the Supervisory Board, the strengthened rights of recommendation of the CWC in respect of the appointment of Supervisory Board members and the way in which the CWC exercises these rights. The profile sketch has been published on the Company's website as an appendix to the Supervisory Board Regulations.

The composition of the Supervisory Board is set out in the profile sketch. In accordance with this profile sketch, the Supervisory Board consists of five internal members and four external members.
The five internal members must consist of at least three and at most five members of the Board of the Cooperative, including the Chair, and a maximum of two members of the Cooperative who are not members of the Board of the Cooperative.
The internal members (56 percent of the members of the Supervisory Board) are not independent in the sense of the Code. This is a conscious choice in order to maintain a dominance of internal members on the Supervisory Board.

The four external members all are independent as defined by the Code. They are selected on the basis of the criteria set out in the profile sketch. At least one member of the Supervisory Board is a financial expert.

The Company is subject to the structure regime. Supervisory Board members are appointed by the Supervisory Board on the basis of a co-optation system. Members are appointed for a four-year term and can subsequently be reappointed once for another four-year term. After this term, they can be reappointed for another two-year term, with a possible extension of another two years. Reappointment after eight years must be substantiated in the report of the Supervisory Board.

The rule that applies to the Chair is that if the Chair completes his/her third term as Chair, he/she is eligible for reappointment for a two-year term, which can subsequently be extended once for two years. In deviation from this, on 12 November 2021, Sybren Attema was appointed Chair for a four-year term. His performance was evaluated at the beginning of 2024, two years after his appointment.

On 10 December 2024, the Members' Council decided to extend the term of Sybren Attema as Chair of the Board of the Cooperative to immediately following the adjournment of the Members' Council meeting in December 2027. A transition provision of the Cooperative's articles of association was amended for this purpose. In addition, the Supervisory Board decided to extend Sybren Attema's term as Chair of the Supervisory Board of the Company by the same period.

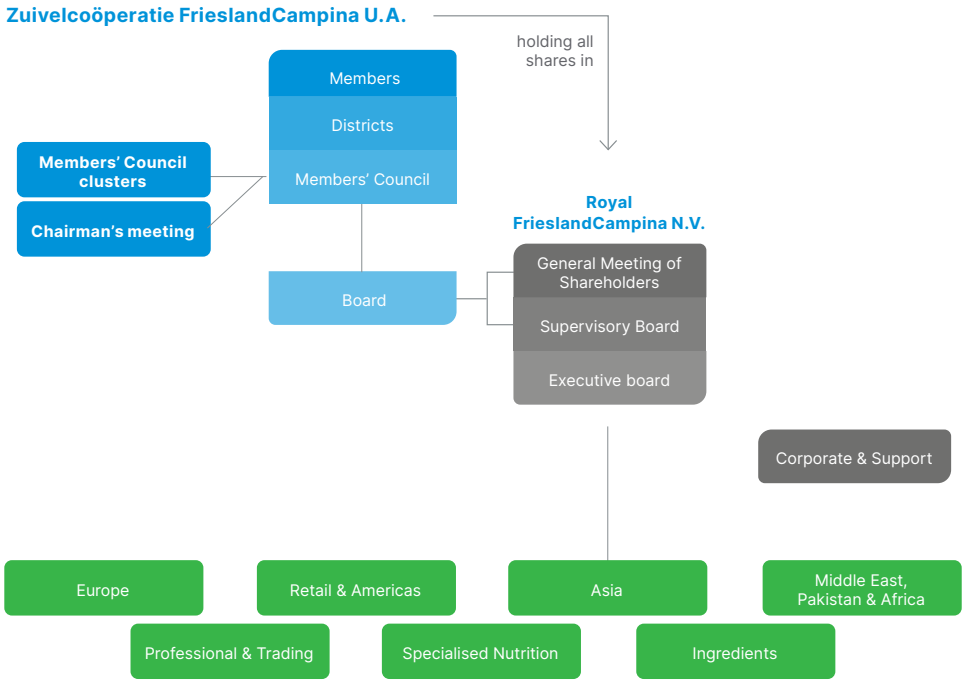
Remuneration

The General Meeting of Shareholders adopts the remuneration of Supervisory Board members as proposed by the Supervisory Board and is annually held accountable by the Cooperative's Members' Council. The remuneration is not dependent on the Company's results. The remuneration policy and the remuneration of Supervisory Board members is set out on page 133.

Supervisory Board committees

The Supervisory Board has three committees: the Audit and Risk Committee, the Remuneration, Nomination and Governance Committee and the ESG Committee. These committees prepare the decision-making for the Supervisory Board but do not have independent decision-making authority. The regulations of the committees are posted on FrieslandCampina's website. The committees report regularly to the Supervisory Board regarding their deliberations and findings.

As stated earlier, five of the nine Supervisory Board members are not independent as defined by the Code. As a result, the composition of the committees also deviates from the best-practice provisions of the Code, which stipulate that more than half of the members of committees must be independent.



Governance structure as at 31 December 2024.

During the year under review, less than half of the Audit and Risk Committee consisted of external, independent members, and as such it did not comply with the Code, which stipulates that more than half of the members of committees must be independent. In the year under review, the Remuneration, Nomination and Governance Committee consisted of two external and, therefore, independent members, and two members who are not independent, and as such this committee's composition also was not in line with the Code. Up until his death on 4 May 2024, Hans Hettinga was a member of this committee. Effective 5 June 2024, Elze Jellema assumed his seat on this committee.

In the year under review, the ESG Committee consisted of two internal and two external members, and as such this committee's composition too was not in line with the Code.

Audit and Risk Committee

In the year under review, the Audit and Risk Committee consisted of three internal and two external members. The duties of the Audit and Risk Committee are of a preparatory nature with respect to:

- The integrity and quality of the financial and non-financial/ESG reporting and the effectiveness of the Company's internal risk management and control systems;
- Increasing role relating to aspects such as the integrity and quality of ESG reporting, the effectiveness of the internal risk management and control systems relating to ESG and assurance by the external auditor;
- The Company's financing;
- The application of information and communication technology by the Company, including cybersecurity-related risks;
- The Company's tax policy;
- The relationship with the internal auditor and the external auditor (including monitoring the independence of the external auditor), compliance with recommendations and follow-up on observations;
- Recommending candidates for appointment as internal auditor;
- The annual evaluation of the internal audit function;
- Providing advice concerning the nomination for appointment or reappointment or dismissal of the external auditor and preparing for the selection of the external auditor;
- Proposing the assignment of the audit of the financial statements by the external auditor;
- Annually discussing the draft audit plan with the external auditor;
- Compliance with legislation and regulations.

The Chair of the Audit Committee is the first point of contact for the external auditor should the auditor reveal irregularities in the financial and non-financial reporting of the Company. The Audit and Risk Committee also discusses material Speak Up issues and the measures implemented in this regard. The Chair of the Audit and Risk Committee reports on this to the Supervisory Board.

Remuneration, Nomination and Governance Committee

The Remuneration, Nomination and Governance Committee comprises at least three members: the Supervisory Board member with the 'social profile', who also chairs the Committee, the Supervisory Board's Chair and at least one other member of the Supervisory Board. During the year under review as well as on the balance sheet date, the Remuneration, Nomination and Governance Committee consisted of two external and, therefore, independent members, and two members who are not independent as defined by the Code.

The duties of the Remuneration, Nomination and Governance Committee include:

- Preparing proposals for the remuneration policy for the Executive Team and the remuneration of individual Executive Board members;
- Compiling the remuneration report;
- Selecting and preparing proposals (including drawing up appointment criteria and procedures) for the appointment of Executive Board and external Supervisory Board members and the internal member of the Supervisory Board who is not also a member of the Board of the Cooperative;

- Regularly evaluating the size and composition of the Supervisory Board, the Supervisory Board's committees and the Executive Board, and proposing a profile;
- Advising the Supervisory Board on proposals by the CEO for the appointment of members to the Executive Team;
- Regularly evaluating the functioning of the Executive Board, the Supervisory Board, the individual members of both these boards, and the Supervisory Board's committees;
- Preparing a succession plan for members of the Executive Board and the Supervisory Board;
- Supervising th e Executive Board's succession policy and the selection criteria and appointment procedures for members of senior management.

After each meeting of the Remuneration, Nomination and Governance Committee, the committee's Chair reports to the Supervisory Board on the topics dealt with by the committee.

ESG Committee

The ESG Committee consists of at least three members: two internal members, who are not independent, and at least one external member. In the year under review, the ESG Committee consisted of two internal members, who were not independent, and two external members. Up until 26 April 2024, this committee was named the Sustainability Committee. On 26 April 2024, the Supervisory Board decided to expand the scope of the ESG Committee to include the 'environmental', 'social' and 'governance' topics.

The duties of the ESG Committee include:

- Discussing and providing advice on the long-term social and sustainability vision and strategy, setting sustainability targets and evaluating the strategy's implementation;
- Investigating and providing advice on the Company's impact and on the risks and opportunities relating to social and other sustainability aspects;
- Reviewing the Company's and the leadership's capacities relating to sustainability and social sustainability;
- Providing advice about the Company's stakeholder management in relation to sustainability and social sustainability matters.

After each meeting of the ESG Committee, the Chair reports to the Supervisory Board, which contributes to enhancing the knowledge, skills and experience of Supervisory Board members pertaining to sustainable development and ESG. The ESG Committee supports the Supervisory Board in maintaining oversight of the risks relating to sustainability and corporate social responsibility. The Audit and Risk Committee is responsible for supporting the Supervisory Board in relation to sustainability reporting. The Chair of the ESG Committee coordinates the sustainability targets and the monitoring of these targets with the Audit and Risk Committee. The Supervisory Board is responsible for approving the reporting on sustainability targets.

Conflict of interest

FrieslandCampina has drawn up strict rules to prevent any form and appearance of conflict of interest between the Company on the one hand and the members of the Executive Board, the other members of the Executive Team and the members of the Supervisory Board on the other.
In accordance with these rules, decisions to enter into transactions involving conflicting interests of Executive Team or Supervisory Board members of a material significance for the Company and/or the relevant individual must be approved by the Supervisory Board. During the year under review, no conflicts of interest were reported.

The General Meeting of Shareholders

The Company's General Meeting of Shareholders has the authority to approve certain Executive Board decisions as specified in the Articles of Association.

This concerns major decisions relating to the operations, legal structure and financial structure of the Company (as well as the companies in which it holds shares) and decisions on major investments. The other important authorities of the General Meeting of Shareholders are:

- Adopting the Company's financial statements and profit appropriation;
- Discharging the members of the Executive Board for their management and the members of the Supervisory Board for their supervision of the Executive Board;
- Adopting the remuneration policy for the Executive Board and the Executive Team and approving the remuneration of Supervisory Board members;
- Appointing and dismissing the external auditor;
- Amending the Articles of Association;
- Issuing shares, excluding the pre-emptive right, authorising the acquisition of the Company's own shares, reducing the paid-up capital, dissolution and applying for bankruptcy.

During the Company's General Meeting of Shareholders, the Board of the Cooperative exercises the voting rights on behalf of the Cooperative. In respect of a number of major shareholders' decisions, stipulated in the Cooperative's Articles of Association, the Board, in exercising its voting rights in the Company, requires the prior approval of the Cooperative's Members' Council.

Company, share capital and Articles of Association

Royal FrieslandCampina N.V. is a public limited liability company, with its registered office in Amersfoort, the Netherlands, and its head office at Stationsplein 4, Amersfoort. The Company's Articles of Association were most recently amended effective 26 January 2018 and are published on its website. The Company is registered in the Trade Register of the Chamber of Commerce under number 11057544. On 31 December 2024, the Company's authorised capital amounted to 1,000,000,000 euros, divided into 10,000,000 (ten million) shares with a nominal value of 100 euros each. The shares are registered. On the same date, 3,702,777 shares were issued, which are all paid up and are held by the Cooperative. For the stipulations regarding the issuing of shares, pre-emptive right, acquisition of own shares and capital reduction, please refer to the Company's Articles of Association.

Audit of the financial reporting and the roles of the internal and external auditors

Financial reporting

The Executive Board is responsible for the quality and completeness of the published financial and sustainability reporting. The Supervisory Board ensures that the Executive Board fulfils this responsibility.

External auditor

The external auditor is appointed by the General Meeting of Shareholders. The Supervisory Board nominates a candidate for this purpose. The Audit and Risk Committee and the Executive Board both issue a recommendation to the Supervisory Board in this respect. The remuneration of the external auditor and the assignments of the external auditor are approved by the Supervisory Board on the recommendation of the Audit and Risk Committee and after consultation with the Executive Board. The external auditor is present during the Supervisory Board meeting in which the decision to approve the financial statements is made. The external auditor discusses the draft audit plan with the Executive Board before submitting it to the Audit and Risk Committee.

Internal audit function
The internal auditor operates under the responsibility of the Executive Board.
The Supervisory Board supervises the internal audit function and maintains regular contact with the internal auditor. The Executive Board, the Audit and Risk Committee and the external auditor are involved in the work plan of the internal audit function and are notified of its findings. The internal auditor has direct access to the Audit and Risk Committee and the external auditor.

Best-practice provisions of the Code not applied by FrieslandCampina as of 31 December 2024
The Company fully endorses the Code by applying the principles and best practice provisions or by explaining why the Company deviates from the Code. The provisions listed below are not applied for the reasons set out above, unless these reasons are set out below:

2.1, 2.1.7-2.1.9
Independence of the supervisory board: see rationale under 'Supervisory Board – Composition, independence and appointment'.

2.2.2
Appointment and reappointment terms of Supervisory Board members: deviation concerning the Chair of the Supervisory Board: see rationale under 'Supervisory Board – Composition, independence and appointment'.

2.3.2.
Institution of committees: the Remuneration Committee and the Selection and Appointment Committee, for practical reasons, have been combined into the Remuneration, Nomination and Governance Committee.

2.3.4.
Composition of committees: the composition of the Audit and Risk Committee, the Remuneration, Nomination and Governance Committee and ESG Committee deviates from the best-practice provisions of the Code, which stipulate that more than half of the members of the committees should be independent: see rationale under 'Supervisory Board Committees'.

2.8.1-2.8.3
Takeover bids: the best-practice provisions in respect of takeover bids are not applicable in view of the fact that all shares in the Company's capital are held by the Cooperative and are not listed.

3.1.3, 3.4
Discussion of the Executive Board's remuneration, publication of remuneration report, most important components of employment conditions for the Executive Board. For a more detailed explanation of the remuneration policy and the increased transparency about the remuneration of the Executive Board and the Supervisory Board over time, see the remuneration report on page 126.

4.1-4.4.8.
General Meeting of Shareholders: best-practice provisions in respect of the general meeting of shareholders, information provision and briefings, voting and the issue of depositary receipts for shares are not applicable in view of the fact that all shares in the Company's capital are held by the Cooperative and are not listed.

Report by the Supervisory Board

The Supervisory Board is an independent body of the Company responsible for supervising and advising the Executive Board. In addition, the Supervisory Board (the 'Board') oversees general business progress, the long-term sustainable value creation strategy and the operational performance of the company. In this respect, the Board also focuses on the effectiveness of the Company's internal risk management and control systems and the integrity and quality of the financial and non-financial reporting. In the performance of its duties, the Supervisory Board is led by the interests of the Company and its associated companies, and takes the relevant interests of all parties involved in the company into consideration in this respect. During the year under review, the Board carried out its tasks in accordance with the applicable laws and regulations and the Articles of Association of Royal FrieslandCampina N.V. (the 'Company').

Composition, independence and diversity

Composition of the Supervisory Board and its committees; independence

During the year under review, the Supervisory Board of the Company consisted of four external members and five internal members, including four members of the Board of Zuivelcoöperatie FrieslandCampina U.A. and one member of the dairy cooperative who is not part of the Cooperative's Board. All external Board members are independent in the sense of the Corporate Governance Code (the 'Code') and the Supervisory Board's regulations. The composition of the Supervisory Board and its committees as at 14 February 2025 is shown on pages 254 and 255.

Pursuant to its profile sketch, the Supervisory Board is considered justly composed, with five internal members and four external members. The internal members must consist of at least three and at most five members of the Board of the Cooperative, including the Chair, and a maximum of two members of the Cooperative who are not members of the Board of the Cooperative. The composition reflects the dominance of members within the Supervisory Board. Hans Hettinga (internal member of the Supervisory Board and member of the Board of the Cooperative) died unexpectedly on 4 May 2024.

Hans Hettinga was a reliable, intelligent and personally committed Cooperative and Supervisory Board farmer member, whose legacy continues to live on in the Cooperative and in the community in which he was active. On 12 June 2024, Wietse Duursma is appointed as member of the Board of the Cooperative and as member of the Company's Supervisory Board, effective 10 December 2024. On 12 November 2021, Sybren Attema, Chair of the Supervisory Board as well as the Cooperative Board, was appointed for a four-year term, which was to expire on 12 November 2025. On 10 December 2024, his term as member and Chair of the Supervisory Board and the Cooperative Board was extended to expire after the meeting of the Members' Council that is to take place in mid-December 2027.

Roster of appointments and retirements of the Supervisory Board (as at 14 February 2025)

	Start date of initial term	Reappointed for new term in December	Expiry of current term in December
J.W. Berendsen*	16 December 2014	2018, 2023	2025
S.S.U. Attema**	12 November 2021		2027
N. den Besten***	7 October 2021		7 October 2025
W. Duursma	10 December 2024		2028
E. Jellema	17 December 2019	2023	2027
H.W.J. Schipper#	17 December 2019	2023	2027
J.B.P. Coopmans#	13 December 2022		2026
M. Vaesen#	13 December 2022		2026
P.H.M. Hofsté#	12 December 2023		2027

Supervisory Board members are appointed for a maximum of two four-year terms, followed by a third two-year term that can be extended once by another two years (4+4+2+2). A Supervisory Board member who in his/her third term is Chair of the Board, is eligible for reappointment for another two-year term that can be extended once by another two years (4+4+2+2+2+2).

External Supervisory Board member, not being a member of the Board of Zuivelcoöperatie FrieslandCampina U.A.
* J.W. Berendsen's second term Expired in December 2022. J.W. Berendsen was reappointed for a two-year term as of 12 December 2023.
** S.S.U. Attema was appointed on 12 November 2021 for a four-year term, which was to expire on 12 November 2025. On 10 December 2024, this term was extended to expire after the meeting of the Members' Council in mid-December 2027.
*** N. den Besten was originally appointed effective 14 December 2021, but the Members' Council on 7 October 2021 decided to advance the effective date to 7 October 2021.

Diversity, equality and inclusion

The aim is to achieve a balanced composition of the Supervisory Board, whereby a combination of different experiences, backgrounds, skills and independence of its members enable the Board to discharge its various obligations in relation to the Company and its stakeholders. In addition, the aim is to achieve a diverse, inclusive composition whereby equal treatment and equality is a key consideration. Furthermore, the objective is to achieve a balanced participation of men and women. The target is to have at least one-third of the seats on the Supervisory Board occupied by women and at least one-third by men. With four female members out of a total of nine positions, the Board's composition is in line with the objectives of having a balanced participation of men and women as set out in the policy for diversity, equality and inclusion.

Meetings of the Supervisory Board

The Supervisory Board met nine times during the year under review. Apart from the regular meetings there was contact among members of the Supervisory Board, as well as with members of the Executive Board and the other members of the Executive Team. To prepare for the meetings, the Chair and Vice-chair of the Supervisory Board, and Elze Jellema, Vice-chair of the Board of the Cooperative, regularly spoke with the CEO and CFO, among others. During the year, the Board also met multiple times outside the regular meeting cycle to discuss strategy updates.

After a challenging first half-year of 2023, Expedition 2030 was initiated in the second half of 2023. This transformation programme is fully focused on restoring FrieslandCampina as a leading dairy company. In addition, improvements and standardisation were implemented within the supply chain as part of the Performance+ programme, in order to reduce costs. During every meeting in 2024, the Supervisory Board was extensively informed about the implementation of Expedition 2030 and Performance+. The specific strategies as well as the appropriate cost structure for each business group and the supporting staff departments were discussed at the same time. The changes that were implemented at the end of 2023 have led to a strong start in 2024. In the first half of the year, the operating profit improved significantly due to improvements in the volume mix,

positive developments of our consumer brands in Southeast Asia and of our Friso infant nutrition brand in China, the elimination of the impact of expensive stocks, and lower costs. In May, a new production facility was opened in Malaysia, and in July a new production facility was opened in Indonesia to be able to meet future market demand in the region. The Supervisory Board at every meeting was updated on these developments, the associated challenges and the mitigating measures that were taken, such as the implemented price increases.

Moreover, the Supervisory Board elaborately discussed changes in the market in relation to the milk supply in Northwest Europe and engaged in a strategic discussion on this topic with the Executive Board.

In September 2024, the Supervisory Board visited Shanghai and Beijing, where they extensively engaged local management in discussions about Specialised Nutrition, Ingredients and Professional business in China. They also spoke about opportunities in the area of digitalisation and the use of artificial intelligence (AI), and about geopolitical challenges.

On 18 December 2024, FrieslandCampina and Milcobel announced their proposed merger. The Supervisory Board was intensively involved in the discussions and negotiations concerning this proposed merger. By combining forces, a leading dairy cooperative and company will emerge. The merger establishes the foundation for a future-oriented organisation with a key focus on dairy for member dairy farmers, employees, consumers and commercial customers. The proposed merger has been approved by the Supervisory Board but still requires approval of the FrieslandCampina Members' Council, the Milcobel Extraordinary Meeting of Shareholders and the competition authorities. Member dairy farmers, employees, works councils and trade unions have been informed about the proposed merger. The expectation is that the merger can be effected at the end of 2025.

The FrieslandCampina and Milcobel merger will result in a single international and future-oriented organisation that is better able to exploit opportunities and more effectively able to address challenges in the global dairy market. The merging parties, both for generations owned by dairy farmers, complement each other perfectly in terms of market positions and product -portfolios. The merger provides opportunities for further development in market segments such as consumer cheese, mozzarella, white dairy (incl. milk, buttermilk and yoghurt) and ingredients, as well as benefits in the area of efficiency and expertise, for example in relation to sustainability.

During the year under review, the Supervisory Board, after every meeting of the ESG Committee, was informed about the integrated sustainability programme and the climate plan. In April 2024, the Supervisory Board approved the integrated ESG strategy and also approved the scope 1, 2 and 3 FLAG and non-FLAG targets voor 2030 for submission to SBTi for validation. The Supervisory Board also decided to expand the scope of the Sustainability Committee and to change its name to ESG Committee to ensure a better fit with the integrated ESG strategy, whereby the 'S' of social sustainability and the 'G' of governance concerning the implementation of the ESG-strategy are given sufficient attention.

The Company's financing and member financing was also elaborately discussed in the year under review. In April 2024, the Supervisory Board had approved a mandate to refinance the outstanding hybrid bond with an initial reset date in December 2025. On 12 June 2024, the Members' Council also approved this mandate. In October 2024, the new hybrid bonds were successfully placed in the market. Furthermore, in April 2024, the Supervisory Board approved decisions aimed at member retention, member recruitment and member financing, whereby an integrated package of regulations was approved, such as an amendment to the farm transfer regulation, the extension of the milk volume regulation, the introduction of a volume premium and the temporary exemption of the joining

fee for new Cooperative members. In addition, it was decided to convert the fixed member bonds into free member bonds, effective June 2024, to help improve the liquidity position of Cooperative members. The Supervisory Board and the Audit and Risk Committee have discussed the financial and non-financial impacts of these decisions in detail.

The more regular topics were also discussed during the meetings. The financial position, the objectives for the upcoming year, partnerships, the progress of large investment projects, such as the production facilities being built in Indonesia and Malaysia, and internal risk management received the necessary attention. The Supervisory Board was informed of and approved the internal auditor's Audit Plan and activities. In February of the year under review, the 2023 financial statements and the text of the Annual Report were discussed with the Executive Board and the external auditor, and approved by the Supervisory Board. The report concerning the findings for the first half-year was clarified by the external auditor and the Supervisory Board also discussed the auditor's management letter with the Executive Board.

In 2024, special attention was furthermore devoted to the following topics:

- The Board was regularly informed of the progress made in the area of sustainability, safety and digital security;
- The Board was informed about how the Executive Board monitors the effective execution of investment projects;
- The Board approved a 30-million-euro investment in the expansion of the whey processing capacity in Workum. The whey supplied by the adjacent cheese plant will be converted into high-quality protein products for sports, medical and infant nutrition. This investment project also includes the replacement of a gas-fired evaporator by sustainable filtration systems. This replacement is expected to result in an annual reduction of 6.8 kt of CO_2 greenhouse gas emissions and 350,000 m^3 of drinking water. The overall project is scheduled to be completed in 2026;
- The Board has decided to relocate the production of natural cheese from Born to Workum. In this respect, the cheese production facility in Born will be shut down no later than on 10 May 2025;
- Activities in the area of potential acquisitions and partnerships were regularly discussed;
- An elaborate risk management analysis was discussed;
- The SAP update, SAP S/4HANA, was approved by the Board;
- Following intensive preparation and a recommendation by the Audit and Risk Committee, the nomination of a new external auditor, effective from 2026, was proposed to the General Meeting of Shareholders;
- The Board decided to extend the term of Sybren Attema as member and Chair of the Supervisory Board until after the Members' Council meeting in mid-2027 and also decided to reappoint Hans Janssen as CFO effective May 2025 for a second four-year term;
- The objectives of the members of the Executive Board and other Executive Team members were approved; and
- The Company's people strategy was discussed with the Board, and talent development and retention within the Company and succession planning were also elaborately discussed.

The Supervisory Board each year conducts a self-evaluation of its activities and that of individual Supervisory Board members. The activities of the Supervisory Board's committees are also included in this.

The evaluation looks at various aspects, such as the material characteristics of the activities, interaction between the committees and the Executive Board, potential changes to the Board's composition, and training and skills. These evaluations are regularly carried out with the help of an independent expert.

The Supervisory Board conducted an elaborate self-evaluation at the end of 2022 guided by independent experts. This resulted in a change to the Supervisory Board's composition effective 13 December 2022. For 2024, the Board conducted an internal self-evaluation, facilitated by an internal expert in the area of talent and leadership development. This has resulted in the further optimisation of agenda setting by the Supervisory Board with sufficient attention for strategic challenges, that were also dealt with in various deep dives.

Supervisory Board committees

The Supervisory Board has established three committees that provide advice to the Board on specific tasks and that prepare specific decisions. These are the Audit and Risk Committee, the Remuneration, Nomination and Governance Committee and the ESG Committee. The tasks of these committees follow from the committee regulations, which form part of the Supervisory Board's regulations and are posted on the Company's website. These tasks are also summarised in the section on Corporate Governance on page 108.

Audit and Risk Committee

During the year under review, the Audit and Risk Committee met five times in the presence of management, including the CFO and the officers responsible for the relevant corporate services departments. In all committee meetings, the external auditor was present during the discussion of specific agenda items. There also was contact among the members of the committee and with management, outside the meetings. In October, an additional deep dive session took place concerning the internal controls relating to ESG reporting. After each meeting, the Chair of the Audit and Risk Committee reported to the Supervisory Board on the committee's findings. In addition, in the year under review, the Audit and Risk Committee met two times with the external auditor in the absence of the Executive Board.

The 2023 Annual Report and financial statements were discussed during the year under review, as was the external auditor's report concerning the financial statements and the Executive Board's statement of executive responsibility included in the 2023 Annual Report. During discussions of the Company's results, the annual and semi-annual reports, the Audit and Risk Committee devoted particular attention to the more technical reporting aspects, such as the outcome of the goodwill impairment test, reporting concerning the cost savings resulting from the implementation of Performance+, the recognition of disposals, the tax position, including the deferred tax assets, the mitigation of currency risks, particularly in Nigeria, and the valuation of tangible and intangible fixed assets. In addition, a regular update was provided on the preparations for the CSRD implementation, the governance and data collection processes and internal controls established for this purpose, and the progress of the CSRD implementation towards the 2025 financial year. In addition, a number of internal investigations were discussed, as well as how the first, second and third line responded to this and which mitigating and corrective measures were implemented.

The planned activities of the external auditor were discussed on the basis of the external auditor's Audit Plan, which was approved by the Supervisory Board. The 2024 half-year report, the 2024 interim report of the external auditor and, in particular, its interim audit findings were extensively covered during the year under review. The list of assignments the Company provided to the external auditor was approved five times by the Audit and Risk Committee during the year under review. The Audit and Risk Committee was of the view that the external auditor maintained its independence.

Each year, the Audit and Risk Committee discusses and approves the internal auditor's Audit Plan and activities, and advises the Supervisory Board on this. In addition, during each meeting, the internal auditor reports to the committee on the activities carried out, and the audit findings and the progress on the follow-up actions arising from earlier findings are discussed. Furthermore, the Audit and Risk Committee was informed of the operation of the internal control framework, the privacy-related

findings, the outcome of large CAPEX project reviews and the conduct of audits. The Audit and Risk Committee concluded that the effectiveness of the internal control assessments is up to par.

The Audit and Risk Committee was regularly informed by a number of managers (Accounting, Treasury, IT, Tax, Legal Affairs and Privacy) about their activities. The outcome of the analysis of the key business risks and the activities being carried out to mitigate these risks were also reported.
In addition, the committee discussed the non-financial reporting and preparing for existing and expected laws and regulations relating to non-financial reporting, sustainability reporting and the due diligence relating to sustainability and other ESG topics, as well as the organisation structure required to effectively anchor all this within the Company. Compliance with the FrieslandCampina Compass Code of Conduct and the performance indicators that are monitored in this respect, such as the degree to which employees are aware of the underlying programme, were also discussed. The activities of the 2024 programme for good business behaviour were highlighted, as well as the material Speak Up issues and the measures implemented in this regard.

FrieslandCampina applies the Dutch laws and regulations that apply to Public Interest Entities. These rules determine that an accounting firm is permitted to audit and sign off on a company's financial statements for a maximum consecutive term of ten years. Since this maximum term will have expired for PwC after they sign off on the 2025 financial statements, it was decided to initiate the appointment procedure.
The Audit and Risk Committee followed an intensive process concerning the selection and appointment of a new external auditor effective for the 2026 financial year, and in December 2024 this resulted in a recommendation from the Audit and Risk Committee to the Supervisory Board to nominate EY for appointment as the external auditor. Sandra Berendsen, member of the Audit and Risk Committee, did not participate in this process, nor in the decision-making process, in view of her supervisory membership at KPMG. In December, on the nomination of the Supervisory Board, the General Meeting of Shareholders subsequently decided to appoint EY as the external auditor effective from the start of the 2026 financial year.

In February 2025, the 2024 Annual Report and financial statements were discussed, as was the external auditor's report concerning the financial statements and the Executive Board's statement of executive responsibility included in the Annual Report.

Remuneration, Nomination and Governance Committee
The Remuneration, Nomination and Governance Committee met seven times during the year under review and reported to the Supervisory Board on its deliberations after each meeting. In addition, there was frequent mutual consultation and there was regular contact with management, in particular with the CEO, the CPO and various Human Resources employees. The CEO and the CPO were invited to be present for a number of agenda items during various meetings of the committee and they attended these meetings. Members of the Committee also met several times with the Central Works Council.

The activities of the Remuneration, Nomination and Governance Committee in the area of remuneration included the usual preparation for the Board's decision-making process concerning achievement by Executive Board members of the objectives for the variable remuneration for the previous year. Proposed objectives for Executive Board members for the year under review were discussed as well as the performance of Board members. Feedback on the conclusions was provided to the relevant individual Executive Board members. The new structure, method of working and composition of the Executive Team was also discussed with the Board.

During the year under review, the Remuneration, Nomination and Governance Committee evaluated the remuneration and remuneration policy for the members of the Executive Board and the Executive Team, and this policy was adopted by the General Meeting of Shareholders on the proposal of the Supervisory Board, following consultation with the Remuneration, Nomination and Governance Committee. The remuneration of the Supervisory Board was not adjusted in the year under review, since it had already been extensively evaluated and adjusted in 2023.

The committee elaborately discussed the people strateg y, talent development and retention within the Company and succession planning in advance of the discussion of these topics with the full Supervisory Board. Furthermore, the Chair of the Remuneration, Nomination and Governance Committee regularly met with the executive board of the Central Works Council concerning various subjects, such as the implementation of Expedition 2030 and its impact on employees.

At the Members' Council meeting of 19 February 2025, the details of the remuneration of the members of the Executive Board and the members of the Supervisory Board for 2024 will be reported to the Members' Council.

ESG Committee

The Sustainability Committee met four times during the year under review and reported to the Supervisory Board on its deliberations after each meeting. The committee reviewed the sustainability strategy and the specific targets in detail on multiple occasions. In addition, it monitored whether these targets were being achieved and regular updates were provided about the valorisation of sustainability initiatives by the various business groups.

The validation of the SBTi targets, the Forest, Land and Agriculture (FLAG) related targets and the other targets related to the reduction of emissions were discussed in detail with the committee. The dealings with and the response to various action groups and representatives, for example, Friends of the Earth, were regularly discussed with the committee. Developments in the area of regenerative agriculture and the potential consequences for the Cooperative and its members were highlighted by experts from the perspective of the Company, the Cooperative and member dairy farmers. In addition, Finance regularly provided an update about developments concerning sustainability reporting and the steps that are being taken to implement CSRD and CSDDD within the organisation. The outcome of the double materiality test and the KPIs that will be used for reporting purposes were also reviewed in detail in this respect.

In addition, the integrated ESG strategy, with specific KPIs concerning nutrition, people and planet, were discussed with the committee before it was approved by the full Board. The expansion of the committee's tasks and responsibilities in line with the integrated ESG strategy, whereby the committee's name was also changed from Sustainability Committee to ESG Committee effective April 2024, was discussed in advance by the committee and decided on by the full Supervisory Board in April 2024.

Attendance during meetings

The table below shows the presence of Supervisory Board members at various meetings in the year under review. Active Supervisory Board members who were unable to attend a meeting always provided input to the Chair of the relevant meeting in advance. Observers of the Supervisory Board were also present during several meetings of the committees. The table only reflects when a member of the relevant committee was present during a meeting in the year under review. On 12 June 2024, the Members' Council appointed Wietse Duursma as member of the Supervisory Board, effective 10 December 2024. Effective from his appointment in June, he participated in the meetings of the Supervisory Board as an observer. Aside from the formal meetings in the year under review, there also were many informal meetings concerning the proposed merger with Milcobel and other strategic topics.

Members of the Board	Meetings of the Supervisory Board (9)	Meetings of the Audit and Risk Committee (5)	Meetings of the Remuneration, Nomination and Governance Committee (7)	Meetings of the ESG-Committee (4)
S.S.U. Attema	9/9		7/7	3/4
N. den Besten	9/9	5/5		4/4
H.T.J. Hettinga	1/2		3/4	
E. Jellema	9/9	5/5	2/2	
P.H.M. Hofsté	9/9	5/5		4/4
H.W.J. Schipper	3/9		5/7	
M. Vaesen	7/9			4/4
J.B.P. Coopmans	9/9	5/5	7/7	
J.W. Berendsen	9/9	5/5		

Composition of the Executive Board and diversity

The composition of the Executive Board as of 14 February 2025 is reported on page 256. In the year under review, the Executive Board consisted of four members: the CEO, the CFO, the CSCO, and the CSO. All members of the Executive Board are also members of the Executive Team. The composition of the Executive Team is reported on pages 256 and 257.

Diversity

The aim of achieving a balanced composition also applies to the Executive Board and the Executive Team, where the combination of different experiences, backgrounds, skills and independence of members enable both bodies to function optimally.

In addition, the aim is to have a balanced ratio of men and women on the Executive Board, as well as the Executive Team, with the objective of achieving a representation of at least 30 percent men and at least 30 percent women on both bodies. During the year under review, the Executive Board consisted of 25 percent women. As at 31 December 2024, the percentage of women on the Executive Leadership Team was 25 percent.

As the preference is to recruit internal candidates for both bodies, it is important that the ranks below the Executive Board also include sufficient women candidates. In future appointments/reappointments, the balanced participation of men and women will be considered as an additional selection criterion. See the overview on page 256 for the composition of the Executive Team. FrieslandCampina pursues a diversity policy focused on increasing the number of women in these ranks.

Financial statements and profit appropriation

In the meeting of the Supervisory Board of 14 February 2025, the Board discussed the 2024 financial statements with the Executive Board and approved the financial statements, after obtaining the advice of the Audit and Risk Committee, which had earlier discussed the financial statements in February. The financial statements were audited by PricewaterhouseCoopers Accountants N.V., which provided an unqualified auditor's opinion on them. The consolidated result of 321 million euros will be appropriated as follows: 64 million euros is reserved as the interest payment for the holders of member bonds (2023: 58 million euros) and 10 million euros will be paid to the provider of the cooperative loan (2023: 19 million euros); 10 million euros will be paid to the holders of perpetual bonds (2023: 9 million euros); 73 million euros is allocated to non-controlling interests (2023: 67 million euros) and 164 million euros will be added to the retained earnings, including the non-controlling interest that is directly attributable to the shareholder, Zuivelcoöperatie FrieslandCampina U.A. (2023: -302 million euros charged to the internal reserve). For 2024, member dairy farmers will receive a supplementary cash payment of 1.21 euros per 100 kilograms of supplied milk.

The General Meeting of Shareholders will also be asked to discharge the members of the Executive Board for their management during the 2024 financial year. Furthermore, the General Meeting of Shareholders will be asked to discharge the members of the Supervisory Board for their supervision of the Executive Board during the 2024 financial year.

On 11 March 2025, the Members' Council of Zuivelcoöperatie FrieslandCampina U.A. (the 'Cooperative') will be asked to grant approval of the decision to adopt the 2024 financial statements of Royal FrieslandCampina N.V. This decision is taken by the Board of the Cooperative, which exercises the Cooperative's shareholders' rights and, in this capacity, functions as the General Meeting of Shareholders of the Company.

In conclusion

The Supervisory Board is grateful to the Executive Board, the Executive Team and all employees of FrieslandCampina for their tremendous efforts and dedication in 2024, which have produced exemplary results.

Supervisory Board
Amersfoort, 14 February 2025

Remuneration

On behalf of the Remuneration, Nomination and Governance Committee of the Supervisory Board (RNGCo), FrieslandCampina's 2024 Remuneration Report is presented below.

The Landscape

The dairy industry, as discussed in other sections of the Annual Report, is under increasing scrutiny from governments and society particularly with respect to sustainability impacts and efforts.
The industry is therefore transitioning rapidly, and FrieslandCampina intends to be at the forefront of these changes.

As a multinational company present in 30 countries, FrieslandCampina competes for talent on the international stage. Critical to the company is ensuring that its executive remuneration policies align with its purpose as well as the ambitions and requirements of a global enterprise that relies on talent to innovate, perform and drive the next generation of growth.

The company is confident we have a policy that drives performance and can support the recruitment, engagement and retention of qualified and experienced Executive Board, Executive Team and Supervisory Board members.

Transparency

The company continues the 3-year transparency plan initiated in 2021, to aiming to provide more detailed information on its remuneration principles, policies, and the actual remuneration of our Executive Board and Supervisory Board.
Due to the changes in the governance of FrieslandCampina introduced as per January 2024, the Executive Team is also responsible for daily management activities and takes decisions during its meetings. Therefore, this year, the remuneration chapter discloses the remuneration (actually paid out) to the Executive Team at an aggregated level. In the coming years, historical comparison covering the previous two years will also be included.

Remuneration Review

In accordance with our remuneration policy, the biennial review of the remuneration of the Executive Board is due end of 2024, and the outcome of the approved remuneration changes as per 1 January 2025 can be found in section 5 (page 132).

1. Remuneration at a glance

The Executive Board Remuneration Policy has been designed to drive performance and support the recruitment, engagement, and retention of qualified and experienced board members. The short and long-term interests of FrieslandCampina are captured in five underpinning remuneration principles.

Remuneration principles of the Executive Board and Executive Team Remuneration Policy

The remuneration principles have been established in consultation with the Supervisory Board and several stakeholders. The main objective is to serve as a foundation for the remuneration design and the application of it in policies and practices.

Connected to the business strategy

The design of the incentives aims to reward the successful implementation of the company strategy. This is done by having underlying objectives in the incentive plans that are linked to our business strategy and to the sustainable long-term value creation of FrieslandCampina. The mixture of long and short-term incentives enables attention on near term performance balanced with longer term interests.

Competitiveness

An annual base salary that is positioned at market median, with a moderate variable remuneration level to reflect the cooperative context, that leads to an overall total direct compensation level around the 25th percentile of the relevant market reference groups.
This results in relatively modest compensation levels compared to the relevant market reference that corresponds with our cooperative structure while still allowing FrieslandCampina to compete for executive talent in an international talent market.

Linked to individual and company performance

The short-term variable compensation aims to drive both commercial and financial results and align the interest of employees, FrieslandCampina and the Cooperative. The long-term variable compensation is linked to the interest of our owners and financial long-term performance.

Focus on sustainability

The long-term variable compensation is linked to three-year goals comprising financial and non-financial targets, with a strong weighting on sustainability objectives. The target levels of the sustainability objectives are tied to our sustainability strategy and are set at the beginning of each long-term incentive plan.

Internal consistency and equity

The RNGCo of the Supervisory Board continuously monitors and evaluates the performance and incentives to be awarded to the Executive Board. The Supervisory Board determines on the proposal of the RNGCo the incentives to be granted to the Executive Board. The short-term and long-term incentive frameworks, and the standards for assessing performance, are internally consistent with those that are applicable to other eligible employees.

Policy changes in 2024

The Supervisory Board reviews, at least annually, the executive remuneration policy. Practices comply with all relevant and applicable laws, regulations, and standards of business ethics.

In 2024, it was decided to make changes to the Short-term incentive plan (STIP) to increase the alignment with FrieslandCampina' s strategy to improve the company performance with a clear focus on improving market position, margin expansion and cash generation.

Also, it was decided to replace one of the three KPIs of the Long-term incentive plan (LTIP). The KPI Return on Capital Employed (ROCE) was substituted for a cost saving target in line with the cost savings under Expedition 2030.

Overview of key remuneration elements

The remuneration principle described above translate into the following key remuneration elements of the executive remuneration policy:

Annual base salary

It rewards the main responsibilities of the role and aims to pay at the median of the relevant market reference group. This fixed compensation element is paid monthly in cash.

Short-term incentive plan (STIP)

This incentive plan is tied to a set of company objectives (100 percent weighting) derived from FrieslandCampina' s annual strategic plan.
The personal objectives are no longer part of the STIP for the Executive Board nor for the rest of the employees at FrieslandCampina.
The pay-out relates to the achievement of the company objectives after the end of the performance year and upon a sound financial performance assessment.
This variable incentive is paid out once a year in cash.

Long-term incentive plan (LTIP)

This incentive plan is tied to FrieslandCampina's purpose with focus on *A good living for our farmers, now and for generations to come*.
The LTIP is based on the performance of three objectives:

- Milk performance price paid to our farmers, with 50 percent weight;
- A set objectives, with 30 percent weight;
- Cost saving target on controllable SG&A with 20 percent weight.

The LTIP consists of a three-year performance period and pays out upon a sound qualitative and quantitative performance assessment of the objectives by the RNGCo.
This variable cash incentive is paid out at the end of the three-year performance period.

Pensions and other benefits

The purpose is to provide income protection and support for retirement, reimbursement of costs related to the execution of the role as well as providing a company car or a mobility scheme instead.

Termination of employment

Executive Board members are entitled to a severance payment in case of termination of employment at the initiative of the company when the reason for termination is other than due to an urgent reason as referred to in Section 7:678 of the Dutch Civil Code. The severance payment shall amount to one all-in gross annual base salary.

Variable remuneration target levels and performance bandwidth

Variable remuneration target levels

	Short-term incentive plan (STIP) as percentage of base salary	Long-term incentive plan (LTIP) as percentage of base salary
Executive Board		
Chief Executive Officer	60%	75%
Chief Financial Officer	50%	65%
Chief Supply Chain and Research & Development Officer	50%	65%
Chief Sustainability Officer	50%	50%

There is a performance bandwidth in both variable remuneration schemes: minimum, at target and maximum performance. The bandwidth determines the payout as a percentage of target level as follows:

- A minimum performance is achieved when the outcome of the company objectives is below target but above the minimum level of the plan. If the performance is assessed and considered to be below the minimum level, it leads to ‘zero’ variable remuneration payout.
- At target performance is achieved when the outcome of the company objectives is in line with the plan.
- A maximum performance is achieved when the outcome of the company objectives is above the target level. Performance above the maximum level is capped, so there is no remuneration payout above the maximum.

The performance outcomes achieved between minimum, at target and maximum performance will result in intermediate pay-out, following a linear scale.

Performance bandwidth, as percentage of target level

	Minimum	At target	Maximum
Variable remuneration scheme			
STIP	50%	100%	150%
LTIP	75%	100%	125%

2. Relevant market reference group for remuneration of the Executive Board

The remuneration package of the Executive Board is assessed against a reference market group to offer a competitive remuneration package. This market comparison is carried out every other year using a Dutch labor-market reference group and an international sector-specific group.
These two market reference groups have been reviewed in 2024 as part of the biennial review of the remuneration of the Executive Board and the Supervisory Board. Based on this review the RNGCo has decided to remove companies that are too large in terms of market capitalisation, delisted from the Amsterdam Stock Exchange (AEX) or have their company Headquarters in Switzerland and UK.
In addition, the RNGCo decided to merge the two peer groups into one to simplify the policy, execution and communication while keeping a balanced set of peer companies that are the most relevant peers for FrieslandCampina. These two changes have been presented to the General Meeting on 14 February 2025 for approval and adoption.

For this Annual Report 2024, it is shown the current applicable market reference groups. At the same time, the updated consolidated market reference group is also presented as this is the basis for the new reference group from January 2025.

2024 market reference groups

Dutch labor-market benchmark group	International sector-specific benchmark group
AkzoNobel	Agropur
ASML	Arla Foods
DSM	DMK
Heineken	Fonterra
Jacobs Douwe Egberts	Groupe Danone
KPN	Jacobs Douwe Egberts
Nutreco	Kerry Group
Randstad	Lactalis
Refresco	Nestlé (EU)
Unilever (EU)	Refresco
VION Food Group	Sodiaal
Wolters Kluwer	Unilever

2025 market reference groups

Integrated benchmark group (17 companies)	
Heineken	JDE Peet's
Lactalis	Kerry Group
Danone	Agropur
Randstad	Wolters Kluwer
Refresco	Sodiaal
Fonterra	DMK
Arla Foods	KPN
AkzoNobel	VION Food Group
Nutreco	

3. Remuneration of the Executive Board and Executive team related to 2024 performance year

The table below shows the remuneration of the Executive Board members (for the period they were part of the Executive Board) related to 2024 performance year.

Overall, the Executive Board demonstrated a good performance over 2024, which is reflected in the good company performance.

- STIP: The good performance of STIP over 2024 for all Executive Board members have resulted in incentive pay-outs well above target in 2024.
- LTIP: The Executive Board has received LTIP pay-out based on eligibility and pro-rata participation in 2024 as Executive Board members. LTIP is multi-year performance scheme and based on a multi-factor scorecard.

The Total remuneration that includes annual base salary, variable compensation (STIP and LTIP), pensions and other benefits of the eight Executive Team members and therefore excluding the Executive Board, amounts to 7.3 million euros.

In thousand euros	2024
Executive Team (excl. Executive Board)	
Annual base salary	3,388
Short-term incentive plan (STIP) 2024	2,290
Long-term incentive plan (LTIP) 2022-2024[1]	319
Pensions	502
Other benefits	798
Total remuneration pay out[2]	**7,297**

1 Actual LTIP payout from the 2022-2024 plan that ended in 2024 and pays out in 2025. The LTIP award has been adjusted to pro-rata participation as Executive Team member during the plan 2022-2024. For disclosure of LTIP cost in line with IFRS reporting requirements, which are 'accrual-based', see note 13.4 (page 222).
2 Due to rounding, this table will not always add to totals.

In thousand euros

Executive Board	J.D. van Karnebeek	J.G. Janssen	D.A. Cutter	M. Einwachter	**Total 2024**	**Total 2023[3]**
Annual base salary	967.2	705.7	592.8	410.0	**2,675.7**	3,073.7
Short-term incentive plan (STIP) 2024	818.3	497.5	420.9	289.1	**2,025.7**	-
Long-term incentive plan (LTIP) 2022-2024[1, 2]	-	306.8	197.6	12.8	**517.2**	288.9
Pensions	210.8	154.4	130.5	60.0	**555.8**	642.7
Other benefits	41.3	46.4	37.4	34.8	**160.0**	948.6
Total remuneration pay out[4]	**2,037.5**	**1,710.9**	**1,379.3**	**806.7**	**5,934.3**	**4,954.0**

1 Actual LTIP payout from the 2022-2024 plan that ended in 2024 and pays out in 2025. The LTIP award has been adjusted to pro-rata participation as Executive Board member during the plan 2022-2024. For disclosure of LTIP cost in line with IFRS reporting requirements, which are 'accrual-based', see note 13.4 (page 222).
2 R.F. van Neerbos will receive a LTIP pay-out of 225,622 euros in April 2025 based on his eligibility to LTIP 2022-2024 for the period he was an Executive Board member. This amount is not included in the table.
3 The composition of the Executive Board was different in 2023 and 2024.
4 Due to rounding, this table will not always add to totals.

4. CEO pay ratio

FrieslandCampina follows the calculation guidance on pay ratio as described in the Dutch Corporate Governance Code applicable for 2024. This is understood as the ratio between (i) the total annual remuneration of the CEO and (ii) the average annual remuneration of the employees of the company and group companies whose financial data is consolidated by the company.
The concept of CEO pay ratio is specific to the company's industry, geographical footprint, and organisational model. FrieslandCampina has a diverse employee population with a significant presence of its business and employees in emerging markets with different pay levels and structures compared, for instance, to the Netherlands.
In addition, the company performance has a direct impact on the variable remuneration component of the CEO as the relative and absolute level is higher compared to that of most of the employees and hence subject to more variations. And lastly, the volatility of exchange rate fluctuations every year can have an impact on the ratio.
Because of the reasons mentioned above, the RNGCo does not have a specified preference for CEO pay ratio.

The remuneration of the CEO, and the rest of the employees at FrieslandCampina should be in line with the relevant internal and external market references, the responsibilities and experience that are reflected in the relative weight of positions.

FrieslandCampina's internal 'global' pay ratio in 2024 is 39.1 based on the remuneration of the CEO in 2024. The internal pay ratio comparing only FrieslandCampina employees in The Netherlands in 2024 is 24.9.

Remuneration

Remuneration in thousand euros	Year	CEO Remuneration[1]	Average remuneration of employees[2]	Pay ratio
Worldwide	**2024**	2,418.0	61.9	39.1
	2023	1,204.3	57.6	20.9
	2022	2,035.6	54.2	37.5
	2021	1,474.0	50.4	29.3
The Netherlands	**2024**	2,418.0	97.0	24.9
	2023	1,204.3	91.3	13.2
	2022	2,035.6	83.1	24.5
	2021	1,474.0	81.4	18.1

1 Fixed remuneration and variable remuneration (actual STIP and LTIP cost in line with IFRS reporting requirements, which are 'accrual-based'), social contributions, pension, expense allowance, etc.) as included in the consolidated annual accounts on an IFRS basis.
2 Total wage costs in the financial year globally and in The Netherlands respectively (after subtracting the expense for the CEO) and divide this by the average number of FTEs globally and in the Netherlands respectively (minus CEO) during the financial year.

The RNGCo recognised that the higher (short-term) variable remuneration pay out in 2024 has influenced the increased CEO pay ratio in 2024, compared to 2023. The increase of the CEO ratio has been accentuated by the absence of Short-term variable remuneration paid out in 2023 of all Executive Board members and the forfeiture of Long-term incentive entitlements of Mr. Schumacher due to his departure in that year.

5. At target remuneration of the Executive Board at the beginning of 2025

This table shows the remuneration levels of Annual base salary, STIP and LTIP at target per individual Executive Board member as per the start of 2025.

Executive Board

In thousand euros	J.D. van Karnebeek	J.G. Janssen	D.A. Cutter	M. Einwachter
Annual base salary	1,068.0	705.7	630.0	440.0
Variable remuneration				
Short-term incentive plan at target (STIP) 2025	640.5	352.9	315.0	220.0
Long-term incentive plan at target (LTIP) 2025-2027	1,068.0	599.8	409.5	220.0

6. Remuneration of the Supervisory Board related to 2024 performance year

The table below shows the actual paid remuneration per individual Supervisory Board member related to 2024 performance year.

In thousand euros

	Annual base remuneration	Membership committee fees	Representational and mobility costs	Total Remuneration 2024	Total Remuneration 2023	Comments
Supervisory Board members – External members						
H.W.J. Schipper	70.0	12.5		**82.5**	82.5	
M. Vaesen	70.0	9.5		**79.5**	79.5	
J.B.P. Coopmans	85.0	33.0		**118.0**	118.0	
P.H.M. Hofsté	70.0	30.0		**100.0**	5.4	Appointed per 12-12-2023
A.G.Z. Kemna	-	-		**-**	85.6	Stepped down per 12-12-2023
Subtotal	295.0	85.0		**380.0**	371.0	
Supervisory Board members and Cooperative Board members						
S.S.U. Attema[1]	265.0		24.0	**289.0**	289.0	
E. Jellema[2]	70.0	-		**70.0**	70.0	
H.T.J. Hettinga[3,5]	41.6	-	-	**41.6**	70.0	Ended per May 2024
N. den Besten[3]	70.0	-		**70.0**	70.0	
H. Stöcker[3]	-	-		**-**	66.2	Stepped down per 12-12-2023
W. Duursma	4.1	-		**4.1**	0	Appointed per 10-12-2024
Subtotal	450.7	-	24.0	**474.7**	562.2	
Supervisory Board member – Internal member not part of the Cooperative Board						
J.W. Berendsen	70.0	12.5		**82.5**	4.4	Appointed per 12-12-2023
Subtotal	70.0	12.5		**82.5**	4.4	
Grand total[4]	**815.7**	**97.5**	**24.0**	**937.2**	**940.7**	

1 The Chair of the Supervisory Board does not receive additional remuneration (Membership Committee fees) for the committee work of the Supervisory Board. The annual base remuneration includes an 'all-in' fee for the position as chair of the Supervisory Board and of the Cooperative Board.
2 The Vice Chair of the Cooperative Board is also member of the Supervisory Board and receives an 'all-in' remuneration fee of 175,000 euros which includes the committee work for the role at the Supervisory and Cooperative Board. The annual base fee of 70,000 euros represents the remuneration related to the Supervisory role. The other 105.000 s represents the remuneration related to the Vice Chair role of the Cooperative Board.
3 Supervisory Board members who are also member of the Cooperative Board (dual role) receive an 'all-in' remuneration fee of 145,000 euros which includes the committee work for their (dual) role at the Supervisory and Cooperative Board. The annual base fee of 70,000 euros represents the remuneration related to the Supervisory Board role. The other 75,000 euros represents the remuneration related to the Cooperative Board role.
4 Due to rounding, this table will not always add to totals.
5 Following the passing of H.T.J. Hettinga, a member of the Supervisory Board, a discretionary payment equivalent of three months of the Supervisory Board annual fee was made to their immediate relatives.

7. Key remuneration elements of the Supervisory Board

The remuneration of the Supervisory Board aims to attract and retain individuals with the relevant skills and experience to monitor and guide the execution of the company strategy to ensure long-term value creation.

Remuneration review of annual fees and membership committee fees

Following the decision to change the structure to create more synergies between the Cooperative Board and the Supervisory Board of FrieslandCampina, the remuneration policies of both bodies were reviewed in 2022. The outcome of this remuneration review led to an updated annual base fees and membership fees of both the Supervisory Board and the Cooperative Board to bring the remuneration levels to align with the 25th percentile of the reference market.

The remuneration changes were adopted by the General Meeting as per 14 December 2022.

In thousand euros

	Chair[1]	Vice Chair[2]	Supervisory Board Member[2]	Supervisory Board and Cooperative Board Member (dual role)[3]
Supervisory Board				
Annual base remuneration	265.0	85.0	70.0	145.0
Representational and mobility costs	24.0			
Membership Committee fees				
Audit and Risk Committee	20.5		12.5	
Remuneration, Nomination and Governance Committee	20.5		12.5	
Sustainability Committee	15.5		9.5	

1 The Chair of the Supervisory Board does not receive additional remuneration (Membership Committee fees) for the committee work of the Supervisory Board. The annual base remuneration includes an 'all-in' fee for the position as chair of the Supervisory Board and of the Cooperative Board.
2 The Vice-Chair of the Supervisory Board as well as Supervisory Board members do not receive an 'all-in' remuneration and may receive additional remuneration for membership of committees of the Supervisory Board.
3 Supervisory Board members who are also member of the Cooperative Board (dual role) receive an 'all-in' remuneration fee of 145,000 euros which includes the committee work for their (dual) role at the Supervisory and Cooperative Board. The annual base fee of 70,000 euros represents the remuneration related to the Supervisory Board role. The other 75,000 euro represents the remuneration related to the Cooperative Board role.

The remuneration levels of the Supervisory Board and respective compensation for special committees is benchmarked by an external party every other year against a specified reference group to ensure equity with peer group companies.

A group of 9 companies from the 25 largest Dutch listed organisations (AEX index) was defined in accordance with comparable revenue to FrieslandCampina. having a "two-tier board" structure and excluding financial services companies.

The market reference group will be reviewed in 2025 as part of an integrated review of the remuneration of the Supervisory Board and Cooperative Board.

Dutch market benchmark group
AkzoNobel
ASML
DSM
Heineken
KPN
Philips
Randstad
Wolters Kluwer
Signify

End of appointment

If the appointment of a Supervisory Board member is terminated for whatever reason, no form of severance is payable.

Taxes

FrieslandCampina takes its tax payment obligations seriously.

Tax legislation and regulations

FrieslandCampina aims for timely, correct and full compliance with tax legislation in all jurisdictions in which it operates. The company aspires to follow not only the letter, but also the spirit of the tax legislation and regulations that apply to all of its activities. This is in line with the standards and values set out in Compass, our code for good business conduct.

Tax position in the financial statements

FrieslandCampina provides its stakeholders with reliable information. Financial as well as non-financial figures are transparent, correct, complete and up to date. Financial reporting also complies with local laws and regulations and Group accounting policies.

Tax planning

FrieslandCampina pays taxes in the countries in which it operates in accordance with the activities of its companies (tax follows the companies) and does not make use of so-called tax havens for tax avoidance. FrieslandCampina operates in accordance with the single tax principle and tries to avoid situations involving double taxation and double non-taxation. The Company does not implement any artificial tax structures without commercial and economic reality. FrieslandCampina adopts fiscally defensible positions. The tax incentives claimed by FrieslandCampina are in line with business operations and goals and are generally available.

Transfer pricing

Intercompany transactions are subject to internal transfer pricing guidelines. These internal guidelines are in accordance with the 'arm's length' principles set out in the Organisation for Economic Co-operation and Development (OECD) transfer pricing guidelines. FrieslandCampina aims to document the at arm's length conduct of relevant transactions by signing bilateral or unilateral transfer pricing agreements with tax authorities. FrieslandCampina has embraced the Base Erosion and Profit Shifting (BEPS) initiative and has elaborated on this in its transfer pricing documentation to ensure compliance with published guidelines, including the Country Report.

Tax management and risk management

FrieslandCampina's tax policy and tax control framework promote a culture of consistent, coherent and compliant tax conduct that is in accordance with laws and regulations and with the objective of creating a sustainable and predictable tax position. The company is convinced that building professional relationships with tax authorities based on mutual respect, transparency and trust contributes to this predictability. If possible, this is confirmed in a cooperative compliance regulation.

In the Netherlands, FrieslandCampina's homeland, the company is a participant in the Horizontal Monitoring programme of the Dutch Tax and Customs Authority. FrieslandCampina's Corporate Tax Department reports at least twice a year to the Audit and Risk Committee.

Tax Governance Code

The Dutch Tax Governance Code was developed by the Confederation of Netherlands Industry and Employers (VNO-NCW) in response to social pressure for responsible tax conduct on the part of companies. The purpose of this Code is to create greater transparency about the fiscal position of Dutch listed and unlisted companies and has since been embraced by more than forty large Dutch multi-nationals. FrieslandCampina also endorses the Code and starting with this financial year will publish its report pursuant to the Tax Governance Code.

Financial Statements

Contents

Consolidated financial statements

Consolidated income statement ••
Consolidated statement of comprehensive income ••
Consolidated statement of financial position ••
Consolidated statement of cash flows ••
Consolidated statement of changes in equity ••
Notes to the consolidated financial statements ••
1. Reporting entity ••
2. Basis of preparation ••
3. Significant accounting estimates and judgements ••
4. Changes in accounting policies ••
5. General accounting policies ••
6. Operating activities ••
7 Working capital ••
8. Non-current assets ••
9. Obligations under long-term employee benefits and provisions ••
10. Acquisitions, disposals and associates ••
11. Financing and capital structure ••
12. Tax ••
13. Other ••

Company financial statements

Company statement of financial position ••
Company income statement ••
Notes to the company financial statements ••
1. General ••
2. Investments in subsidiaries ••
3. Loans to subsidiaries ••
4. Other receivables ••
5. Cash and cash equivalents
6. Equity attributable to the providers of capital ••
7. Interest-bearing borrowings ••
8. Current liabilities ••
9. Other financial assets and liabilities ••
10. Financial instruments ••
11. Commitments and contingencies ••
12. Remuneration of the Supervisory Board and the Statutory Directors ••
13. Subsequent events ••
14. Proposed appropriation of profit attributable to the shareholder ••

Other information

Other information ••
Provisions of the Articles of Association governing profit appropriation ••

Consolidated income statement

In millions of euros	Note	2024	2023
Revenue	(6.2)	12,923	13,072
Cost of goods sold	(6.4)	-10,850	-11,290
Gross profit		**2,073**	**1,782**
Advertising and promotion costs	(6.4)	-653	-568
Selling and general administrative costs	(6.4)	-875	-935
Other operating costs	(6.6)	-40	-210
Other operating income	(6.3)	22	6
Operating profit		**527**	**75**
Finance income	(11.1)	30	17
Finance costs	(11.1)	-104	-143
Share of profit of joint ventures and associates, net of tax	(10.3)	20	14
Result before tax		**473**	**-37**
Income tax	(12.1)	-152	-112
Result for the year		**321**	**-149**
Result attributable to:			
– holders of member bonds		64	58
– holders of perpetual bonds		10	9
– provider of Cooperative loan		10	19
– shareholder		305	222
Shareholder and other providers of capital		**389**	**308**
Shareholder as holder of non-controlling interests		-141	-524
Shareholder and other providers of capital (incl. non-controlling interests shareholder)		**248**	**-216**
Other holders of non-controlling interests		73	67
		321	**-149**

Consolidated statement of comprehensive income

In millions of euros		2024		2023
Result for the year		**321**		**-149**
Items that will or may be reclassified to the income statement (net of tax):				
– effective portion of cash flow hedges	-6		-15	
– currency translation differences	47		-107	
– share in other comprehensive income of joint ventures and associates	1		-2	
		42		**-124**
Items that will never be reclassified to the income statement (net of tax):				
– remeasurement of liabilities (assets) under defined benefit plans	5		-1	
		5		**-1**
Other comprehensive income, net of tax		**47**		**-125**
Total comprehensive income for the year		**368**		**-274**
Total comprehensive income attributable to:				
– shareholder and other providers of capital	426		203	
– shareholder as holder of non-controlling interests	-141		-524	
Shareholder and other providers of capital (incl. non-controlling interests shareholder)		**285**		**-321**
– other holders of non-controlling interests		83		47
		368		**-274**

Consolidated statement of financial position

At 31 December, in millions of euros	Note	2024	2023
Assets			
Property, plant and equipment	(8.1)	3,387	3,263
Intangible assets	(8.2)	1,269	1,302
Biological assets	(8.3)	12	10
Deferred tax assets	(12.2)	156	150
Joint ventures and associates	(10.3)	123	113
Employee benefits	(9.1)	13	8
Other financial assets	(8.4)	34	45
Non-current assets		**4,994**	**4,891**
Inventories	(7.1)	1,851	1,626
Trade and other receivables	(7.2)	1,743	1,737
Income tax receivables		32	28
Other financial assets	(8.4)	119	268
Cash and cash equivalents	(11.2)	1,051	569
Assets held for sale	(10.2)	3	
Current assets		**4,799**	**4,228**
Total assets		**9,793**	**9,119**

	Note	2024	2023
Equity			
Issued capital	(11.5)	370	370
Share premium	(11.5)	731	731
Other reserves	(11.5)	-361	-393
Retained earnings	(11.5)	1,435	1,125
Equity attributable to shareholder		**2,175**	**1,833**
Member bonds	(11.5)	930	931
Perpetual bonds	(11.5)	375	301
Cooperative loan	(11.5)	146	302
Equity attributable to other providers of capital		**1,451**	**1,534**
Equity attributable to providers of capital		**3,626**	**3,367**
Non-controlling interests shareholder	(11.5)	-134	7
Equity directly attributable to providers of capital		**3,492**	**3,374**
Other non-controlling interests	(11.5)	294	296
Total equity		**3,786**	**3,670**
Liabilities			
Employee benefits	(9.1)	185	194
Deferred tax liabilities	(12.2)	42	36
Provisions	(9.2)	77	75
Interest-bearing borrowings	(11.3)	1,288	870
Other financial liabilities	(11.4)	17	18
Non-current liabilities		**1,609**	**1,193**
Interest-bearing borrowings	(11.3)	255	658
Trade and other payables	(7.3)	3,867	3,273
Income tax payables		187	155
Provisions	(9.2)	63	154
Other financial liabilities	(11.4)	26	16
Current liabilities		**4,398**	**4,256**
Total liabilities		**6,007**	**5,449**
Total equity and liabilities		**9,793**	**9,119**

Consolidated statement of cash flows

In millions of euros	Note	2024		2023	
Operating activities					
Result before tax			**473**		**-37**
Adjustments for:					
– interest	(11.1)	81		67	
– depreciation of property, plant and equipment and amortisation of intangible assets	(8.1) (8.2)	381		428	
– impairments of non-current assets and reversals thereof	(8.1) (8.2)	79		25	
– share of profit of joint ventures and associates	(10.3)	-20		-14	
– other finance income and costs		-37		-79	
– result from divestments		-2		-3	
Total adjustments			**482**		**424**
Movements in:					
– inventories		-222		339	
– receivables		-123		398	
– liabilities		574		-242	
– employee benefits		-10		-6	
– provisions	(9.2)	-92		107	
Total movements			**127**		**596**
Cash flows from operating activities			**1,082**		**983**
Dividend received			11		17
Income tax paid			-117		-111
Interest paid			-93		-71
Interest received			17		13
Net cash flows from operating activities			**900**		**831**

	Note	2024		2023	
Investing activities					
Investments in property, plant and equipment and intangible assets		-450		-471	
Disposals of property, plant and equipment, intangible assets and assets held for sale		8		5	
Divestments of businesses, net of cash and cash equivalents				76	
Loans issued		-4		83	
Investments in associates				-2	
Net cash flows used in investing activities			**-446**		**-309**
Financing activities					
Dividend paid		-85		-166	
Interest paid to holders of member bonds		-65		-40	
Interest paid to holders of perpetual bonds		-8		-9	
Issue perpetual bonds		300			
Repayment of perpetual bonds		-228			
Interest-bearing borrowings drawn		703		1,156	
Repayment of interest-bearing borrowings		-656		-1,171	
Repayment of lease liabilities		-57		-63	
Payment of put option liabilities	(11.4)			-51	
Settlement of derivatives and other		130		-13	
Net cash flows from/used in financing activities			**34**		**-357**
Net cash flow			**488**		**165**
Cash and cash equivalents at 1 January[1]			538		404
Net cash flow			488		165
Currency translation differences on cash and cash equivalents			8		-31
Cash and cash equivalents at 31 December[1]			**1,034**		**538**

1 Cash and cash equivalents also includes overdrafts that are repayable on demand and form an integral part of the cash management of FrieslandCampina.

Consolidated statement of changes in equity

In millions of euros													2024
						Other reserves							
	Issued capital	Share premium	Member bonds	Perpetual bonds	Coopera-tive loan	Cash flow hedge reserve	Currency translation reserve	Retained earnings	**Equity attribu-table to providers of capital**	Non-controlling interests share-holder	**Equity directly attribu-table to providers of capital**	Other non-controlling interests	**Total equity**
At 1 January	**370**	**731**	**931**	**301**	**302**	**-1**	**-392**	**1,125**	**3,367**	**7**	**3,374**	**296**	**3,670**
Comprehensive income:													
– result for the year			64	10	10			305	**389**	-141	**248**	73	**321**
– other comprehensive income						-6	38	5	**37**		**37**	10	**47**
Total comprehensive income for the year			**64**	**10**	**10**	**-6**	**38**	**310**	**426**	**-141**	**285**	**83**	**368**
Transactions with providers of capital recognised directly in equity:													
– dividends paid												-85	**-85**
– interest paid			-65	-8	-16				**-89**		**-89**		**-89**
– issue perpetual bonds				300					**300**		**300**		**300**
– repayment bonds and loan				-228	-150				**-378**		**-378**		**-378**
Total transactions with providers of capital			**-65**	**64**	**-166**				**-167**		**-167**	**-85**	**-252**
At 31 December	**370**	**731**	**930**	**375**	**146**	**-7**	**-354**	**1,435**	**3,626**	**-134**	**3,492**	**294**	**3,786**

In millions of euros													2023
						Other reserves							
	Issued capital	Share premium	Member bonds	Perpetual bonds	Coopera-tive loan	Cash flow hedge reserve	Currency translation reserve	Retained earnings	**Equity attribu-table to providers of capital**	Non-controlling interests share-holder	**Equity directly attribu-table to providers of capital**	Other non-controlling interests	**Total equity**
At 1 January	**370**	**731**	**913**	**301**	**295**	**14**	**-303**	**1,804**	**4,125**	**-284**	**3,841**	**330**	**4,171**
Comprehensive income:													
– result for the year			58	9	19			222	**308**	-524	**-216**	67	**-149**
– other comprehensive income						-15	-89	-1	**-105**		**-105**	-20	**-125**
Total comprehensive income for the year			**58**	**9**	**19**	**-15**	**-89**	**221**	**203**	**-524**	**-321**	**47**	**-274**
Transactions with providers of capital recognised directly in equity:													
– dividends paid										-85	**-85**	-81	**-166**
– interest paid			-40	-9	-12				**-61**		**-61**		**-61**
– capital adjustment								-900	**-900**	900			
Total transactions with providers of capital			**-40**	**-9**	**-12**			**-900**	**-961**	**815**	**-146**	**-81**	**-227**
At 31 December	**370**	**731**	**931**	**301**	**302**	**-1**	**-392**	**1,125**	**3,367**	**7**	**3,374**	**296**	**3,670**

Notes to the consolidated financial statements

1. Reporting entity

Royal FrieslandCampina N.V. has its registered office in Amersfoort, the Netherlands. The address is: Stationsplein 4, 3818 LE, Amersfoort, the Netherlands. The Company is registered in the Chamber of Commerce's Trade Register, No. 11057544. The consolidated financial statements for the year ended 31 December 2024 comprise the financial statements of Royal FrieslandCampina N.V. and its subsidiaries (jointly referred to as FrieslandCampina).

Zuivelcoöperatie FrieslandCampina U.A. ('Cooperative') is the sole shareholder of Royal FrieslandCampina N.V.

FrieslandCampina processes over 9 billion kilograms of member milk annually into a wide range of dairy products containing valuable nutrients for consumers. In the professional market, FrieslandCampina is a key producer and supplier of dairy products to bakeries, restaurants, bars and fast-food chains. FrieslandCampina also produces and supplies high quality ingredients for manufacturers in the food industry and pharmaceutical sector.

2. Basis of preparation

The consolidated financial statements are:

- prepared in accordance with IFRS Accounting Standards as adopted by the European Union (EU). Where applicable, these also comply with the financial reporting requirements included in Part 9 of Book 2 of the Dutch Civil Code. The Company income statement is presented in accordance with the exemption of article 2:402 of the Dutch Civil Code;
- prepared by the Executive Board of the Company and authorised for issue by the Executive Board and the Supervisory Board on 14 February 2025, to be made available for publication on 18 February 2025. On 4 March 2025 the financial statements will be submitted for approval to the General Meeting of Shareholders of Royal FrieslandCampina N.V. being Zuivelcoöperatie FrieslandCampina U.A., represented by its Board;
- prepared on a historical cost basis, except for the following material items in the statement of financial position:
  - derivatives measured at fair value;
  - net pension liability (asset) under the defined benefit pension plan, measured at the fair value of the plan assets less the present value of the accrued pension entitlements;
- prepared on a going concern basis;
- presented in Euro, the functional currency of the Company;
- rounded to the nearest million, unless stated otherwise.

3. Significant accounting estimates and judgements

The preparation of the consolidated financial statements in accordance with IFRS Accounting Standards as adopted by the European Union (EU) requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. The actual results may differ from management's estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis, taking into account the opinion and advice of (external) experts. These estimates and assumptions include the sustainability-related developments.

The following notes contain the most significant estimates and judgements:

Notes	Significant accounting estimates and judgements	Judgement	Estimate
8.1 and 8.2	Impairment	✓	✓
8.1 and 8.2	Useful life of property, plant and equipment and intangible assets		✓
8.1	Lease terms and the projected use of right-of- use assets	✓	✓
12.2	Utilisation of tax losses and deferred tax assets and valuation of uncertain tax positions	✓	✓
9.1	Measurement of defined benefit obligations	✓	✓
9.2 and 13.3	Provisions and contingent liabilities	✓	✓
6.3 and 11.1	Liability for costs of exchanging currencies in Nigeria (Naira) to US dollar		✓
10.1, 11.4 and 11.7	Key assumptions applied to determine the fair value of business combinations and financial instruments	✓	✓

Climate change

In preparing the consolidated financial statements management has considered the impact of climate change on the financial position, including, among other factors the measurement of non-current assets, determination of useful life of assets and recognition of provisions.
The impact of climate change and the initiatives, also including the expected financial impact have been explained in detail in the Board Report under Environmental, Social and Governance.

The following specific points were considered:

- Increased government measures can result in a decrease in milk supply in the coming years. Specifically in the context of possible reductions in livestock in the Netherlands due to the nitrogen crisis. If the current government plans regarding a nitrogen reduction are implemented, in the worst-case scenario this will lead to a reduction of the milk supply. This might lead to adjustments in the production network and changes to partnerships, while the cost base might also have to be further reduced and significantly less can be invested in the supply chain. Lower milk supply will also have an impact on member financing through milk certificates and thus the financing of the Company.
- FrieslandCampina has developed greenhouse gas and water reduction plans for the supply chain Production locations. Investments are needed to meet the 2030 target reductions. Management expects that net impact on cash flows and result will not be material, because the required investments will remain at the same historical level due to replacement investments and additional costs to meet the targets with suppliers can be charged to the market.

4. Changes in accounting policies

a) New and revised standards, amendments and interpretations as applied by FrieslandCampina

The amendments that came into effect for periods beginning on or after 1 January 2024, where applicable, have been applied for the first time in 2024. These include:

- IAS 1 Classification of liabilities as Current or Non-current and Non-current Liabilities with Covenants – Amendments to IAS 1;
- IFRS 16 Lease Liability in a Sale and Leaseback – Amendments to IFRS 16;

- Notes: Supplier Finance Arrangements – Amendments to IAS 7 and IFRS 7. As a result of the amendments to IFRS 7, section 7.3 includes an explanation of the Supplier Finance Arrangements.
- The other changes have no impact on FrieslandCampina's consolidated financial statements.

b) New and revised standards, amendments and interpretations issued but effective for the financial year starting on or after 1 January 2025 without early adoption

Multiple amendments to standards and interpretations that are effective for annual periods starting after 1 January 2025, have not been early adopted in these consolidated financial statements. The following amendments are expected to have an impact on the consolidated financial statements of FrieslandCampina:

- IFRS 18 Presentation and Disclosure in Financial Statements: This new standard replaces IAS 1 Presentation of Financial Statements and introduces new requirements for presentation in the income statement, including itemised totals and subtotals. In addition, entities are required to classify all income and expenses within the income statement into one of five categories: operational, investment, financing, income tax and discontinued operations. In addition, IFRS 18 requires, among other things, the publication of newly defined performance measures set by management. IFRS 18 is effective for periods beginning on or after 1 January 2027 and will have an impact on the presentation of the income statement;
- Amendments to IAS 21 The Effects of Changes in Foreign Exchange Rates: Lack of Exchangeability: The changes to currency exchangeability are effective for periods beginning on or after 1 January 2025 and may have an impact on the translation of foreign currencies from foreign investments.

c) Change in accounting treatment supplementary cash payment

As a result of changes in the tax treatment of the supplementary cash payment, from 2023 onwards, the supplementary cash payment will be processed as part of the cost price of the milk and no longer as a dividend payment. There was no supplementary cash payment for the year 2023. The supplementary cash payment for the year 2024 has been processed as Cost of goods sold and liabilities to member farmers.

5. General accounting policies

The accounting policies described in these consolidated financial statements have been applied consistently to all periods presented in these consolidated financial statements and have also been applied consistently by all FrieslandCampina's entities.

a) Basis of consolidation

The consolidated financial statements are prepared as a consolidation of the financial statements of the Company and its subsidiaries.

Subsidiaries are entities over which FrieslandCampina has control. Subsidiaries are fully recognised in the consolidated financial statements from the date that control commences until the date that control ceases.

Intra-group balances and transactions and any unrealised gains and losses arising from intra-group transactions are eliminated when preparing the consolidated financial statements. Unrealised gains arising from transactions with associates and joint ventures are eliminated to the extent of FrieslandCampina's interest in the entity (refer to note 10.3). Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

Accounting judgements

Whether an entity controls another entity sometimes requires judgement, in particular for entities where the direct interest is not decisive:

- FrieslandCampina has a direct interest of 50% in DFE Pharma GmbH & Co. KG. In addition, FrieslandCampina has an interest of 51% in FrieslandCampina Engro Pakistan Ltd. FrieslandCampina has control over both entities established through various factors, including but not limited, a majority in the management board, the entities dependence on the know-how, brands and supply of goods made available by FrieslandCampina. These entities are therefore fully consolidated with the recognition of a non-controlling interest.
- FrieslandCampina holds a 74.53% interest in Het Kaasmerk B.V. and a 60% interest in United Dutch Arizona Dairy Inc. Although FrieslandCampina holds more than 50% of the shares in these entities, it has no control over these entities based on the agreements. These interests are accounted for using the equity method.
- FrieslandCampina is the managing partner of FC C.V., an entity that comprises of all of the business activities of FrieslandCampina in the Netherlands, except for the production and invoicing activities. The activities of FC C.V. are highly integrated and inextricably linked to those of FrieslandCampina N.V. As general partner, FrieslandCampina N.V. controls the activities of FC C.V. and FC C.V. is therefore fully consolidated, inclusive of a non-controlling interest that is directly attributable to the shareholder. On the basis of mutual contractual agreements regarding compensation as managing partner, the distribution of results between Zuivelcoöperatie FrieslandCampina U.A. and the managing partner is appropriation to Zuivelcoöperatie FrieslandCampina U.A. of 99.9% of the results of FC C.V. in case of a profit and 100% in the event of a loss.

For the following entity, the direct interest differs from the attribution to the shareholder and non-controlling interests:

- FrieslandCampina has an 89.56% interest in CMG Grundstücks-verwaltungs- und Beteiligungs GmbH and is entitled to 100% of the results of this company based on an agreement. Assets and liabilities of this entity are fully consolidated with the recognition of a non-controlling interest for the invested capital.

b) Foreign currency translation

Foreign currency transactions

Monetary assets and liabilities denominated in foreign currencies are translated at the exchange rates on the reporting date, derived from the market in which transactions are expected to be settled. Transactions denominated in foreign currencies are translated at the exchange rate on the date of the transaction.

Non-monetary balance sheet items valued at historical cost in foreign currencies are translated at the exchange rates on the date of the initial transaction. Non-monetary items valued at fair value in foreign currencies are translated using the exchange rates on the date on which the fair value was determined.

Foreign currency differences arising on translation are recognised in the income statement, except for the following differences, arising on the translation of:

- available-for-sale equity investments;
- a financial liability designated as a hedge of the net investment in a foreign operation;
- qualifying cash flow hedges to the extent the criteria for hedge accounting are met.

These differences are recognised in equity via other comprehensive income.

Foreign operations

Assets and liabilities of foreign subsidiaries are translated at the exchange rates on the reporting date. Their income and expenses are translated at the exchange rates on the date of the transaction. Foreign currency translation differences are recognised in other comprehensive income and presented in the currency translation reserve in equity. If however, the foreign operation is a subsidiary that is not 100% owned by FrieslandCampina, the relevant proportion of the translation difference is allocated to non-controlling interests.

When control, significant influence or joint control in a foreign operation is lost due to a (partial) disposal, the cumulative amount in the translation reserve related to that foreign operation is reclassified to the income statement as part of the gain or loss on disposal. When FrieslandCampina disposes of only part of its interest in a subsidiary that includes a foreign operation while retaining control, the relevant proportion of the cumulative amount is classified as a non-controlling interest. When FrieslandCampina disposes of only part of its investment in an associate or joint venture that includes a foreign operation while retaining significant influence or joint control, the relevant proportion of the cumulative amount is reclassified to the income statement.

If the settlement of a monetary receivable from or obligation to a foreign activity is neither planned nor likely in the foreseeable future, this is considered as a net investment in the foreign activity. Currency translation differences arising through the translation of a receivable or liability that is classified as a net investment in a foreign activity are recognised in other comprehensive income and accounted for in the currency translation differences reserve in equity. When this receivable or liability is repaid, the portion of the currency translation differences reserve related to this net investment is transferred to the income statement.

The following exchange rates have been used in the preparation of the consolidated financial statements:

	2024	
	At year-end	Average
US dollar	1.04	1.08
Chinese yuan	7.56	7.78
Philippine peso	60.39	61.98
Hong Kong dollar	8.04	8.44
Indonesian rupiah (1,000)	16.81	17.15
Malaysian ringgit	4.66	4.95
Nigerian naira	1,598.74	1,603.41
Pakistan rupee	288.32	301.30
Singapore dollar	1.41	1.45
Thai baht	35.53	38.17
Vietnamese dong (1,000)	26.39	27.10

	2023	
	At year-end	Average
US dollar	1.10	1.08
Chinese yuan	7.84	7.66
Philippine peso	61.16	60.17
Hong Kong dollar	8.62	8.47
Indonesian rupiah (1,000)	17.00	16.48
Malaysian ringgit	5.08	4.93
Nigerian naira	975.63	691.55
Pakistan rupee	311.73	302.72
Singapore dollar	1.46	1.45
Thai baht	37.97	37.63
Vietnamese dong (1,000)	26.80	25.77

c) Cash flow statement

The cash flow statement is prepared using the indirect method. Cash flows in foreign currencies have been translated into euros at the exchange rates prevailing on the transaction date. The cash flows used in financing activities designated to the Cooperative did not lead to a direct cash flow, but were settled with the current account within cash flow from operating activities (refer to note 11.5).

6. Operating activities

6.1 Segmentation

As of 2024, FrieslandCampina has processed changes in the management structure. The business has been divided in seven business groups, led by the executive team. The former business group Food & Beverage has been split into five separate business groups and Global Supply Chain.
The activities of Trading have been combined with the activities of Professional into Profession & Trading. Comparative figures are adjusted to reflect this change.

- Europe | Broad portfolio of consumer brands in Europe, with strong market positions in the home markets Netherlands and Belgium, as well as in other countries, such as Greece, Hungary, Romania and the United Kingdom.
- Retail & Americas | Provides consumers in Germany, France, Italy, Spain, and North and South America with cheese and other dairy products under its own brands, as well as private labels, through strategic partnerships with retailers and discounters, and through the operating company Velder.
- Middle East, Pakistan & Africa (MEPA) | Focuses on consumer markets, for example in the United Arab Emirates, Saudi Arabia, Pakistan, Nigeria and the Ivory Coast, with partly locally produced dairy products and strong local brands.
- Asia | Broad product range of often locally produced brand name products with a focus on consumer markets, such as the Philippines, Hong Kong, Indonesia, Malaysia, Thailand and Vietnam.
- Ingredients | Nutritional and functional ingredients for infant, sports, active lifestyle, and medical nutrition. The business group primarily focuses on food producers and the pharmaceutical industry.
- Specialised Nutrition | Infant nutrition under the brand name Friso focuses on consumer markets in China's mainland and in Hong Kong, Vietnam, Malaysia, Greece and Mexico.
- Professional & Trading
  - Professional: dairy products and solutions for professionals in the food industry, such as restaurants, fast-food restaurants, bakers, confectioners and pastry chefs.
  - Trading: procurement and sale of commodity dairy products for internal customers and B2B customers.

The business groups are also the operating segments, where Professional and Trading are separate operating segments, that are combined as one reportable segment based on comparable customers and product portfolio.

In addition to the seven business groups and the Other activities, Global Supply Chain (GSC) is reported as a segment. Global Supply Chain manufactures products for the business groups and includes the majority of the production sites in the Netherlands, Belgium and Germany, as well as the global purchasing function.

Corporate activities, discontinued operations and Global Shared Services are recognised as Other, since these activities cannot be classified under the market-oriented business groups.

Segmentation by business group

											2024
	Europe	Retail & Americas	MEPA	Asia	Ingre-dients	Specia-lised Nutrition	Profes-sional & Trading	Global Supply Chain	Other	Elimina-tion	**Total**
Revenue third parties	1,637	1,872	1,347	1,618	1,452	1,218	3,739	37	3		**12,923**
Internal deliveries[1]	5	15		28	169	33	928	2,061		-3,239	
Total revenue	**1,642**	**1,887**	**1,347**	**1,646**	**1,621**	**1,251**	**4,667**	**2,098**	**3**	**-3,239**	**12,923**
Operating result before allocation	58	19	80	122	213	256	135	-118	-238		**527**
GSC allocation	-12	-17	-10	-12	1	-29	-39	118			
Operating result	**46**	**2**	**70**	**110**	**214**	**227**	**96**		**-238**		**527**
Finance income and costs											**-74**
Result from joint ventures and associates					1				19		**20**
Profit before tax											**473**
Operating result as % net revenue from third parties	2.8	0.1	5.2	6.8	14.7	18.6	2.6				**4.1**
Carrying amount of assets employed in operating activities[2]	450	395	646	1,295	481	459	783	3,746	432	-450	**8,237**
Carrying amount of other assets											**1,556**
Total assets											**9,793**
Liabilities resulting from operational activities[3]	274	193	381	823	103	434	289	1,237	927	-450	**4,211**
Other liabilities											**1,796**
Total liabilities											**6,007**
Investments in property, plant and equipment and intangible assets[4]	11	2	19	90	10	3		297	27		**459**
Depreciation of property, plant and equipment and amortisation of intangible assets	-14	-12	-19	-42	-8	-7	-3	-220	-56		**-381**
Impairment of non-current assets	-9	-3		-6		-1		-58	-3		**-80**
Reversal of impairment of non-current assets								1			**1**
Carrying amount of share in joint ventures and associates					27			1	95		**123**

1 Internal deliveries are accounted for in a similar way as transactions with third parties.
2 Relates to carrying amount of assets excluding deferred tax assets, joint ventures and associates, loans granted, securities, long-term receivables, corporate income tax receivables, receivables from Zuivelcoöperatie FrieslandCampina U.A., cash and assets held for sale.
3 Relates to employee benefits, provisions, derivative payables, trade payables and other liabilities, excluding liabilities to Zuivelcoöperatie FrieslandCampina U.A.
4 Relates to investments in property, plant and equipment and intangible assets, excluding investments related to right-of-use assets.

											2023
	Europe	Retail & Americas	MEPA	Asia	Ingre-dients	Specia-lised Nutrition	Profes-sional & Trading	Global Supply Chain	Other	Elimina-tion	**Total**
Revenue third parties	1,694	1,863	1,468	1,655	1,447	1,149	3,668	50	78		**13,072**
Internal deliveries[1]	3	5		35	142	36	1,029	1,815		-3,065	
Total revenue	**1,697**	**1,868**	**1,468**	**1,690**	**1,589**	**1,185**	**4,697**	**1,865**	**78**	**-3,065**	**13,072**
Operating result before allocation	77	-37	89	99	199	223	-196	-73	-306		**75**
GSC allocation	-8	-9	-11	-10	5	-28	-12	73			
Operating result	**69**	**-46**	**78**	**89**	**204**	**195**	**-208**		**-306**		**75**
Finance income and costs											**-126**
Result from joint ventures and associates					2				12		**14**
Profit before tax											**-37**
Operating result as % net revenue from third parties	4.1	-2.5	5.3	5.4	14.1	17.0	-5.7				**0.6**
Carrying amount of assets employed in operating activities[2]	446	358	700	1,175	466	443	730	3,667	405	-514	**7,876**
Carrying amount of other assets											**1,243**
Total assets											**9,119**
Liabilities resulting from operational activities[3]	321	206	420	692	62	310	244	1,144	822	-514	**3,707**
Other liabilities											**1,742**
Total liabilities											**5,449**
Investments in property, plant and equipment and intangible assets[4]	9	4	21	102	14	40	1	261	30		**482**
Depreciation of property, plant and equipment and amortisation of intangible assets	-13	-14	-24	-51	-8	-8	-3	-244	-63		**-428**
Impairment of non-current assets		-2		-4				-4	-15		**-25**
Carrying amount of share in joint ventures and associates					27				86		**113**

1 Internal deliveries are accounted for in a similar way as transactions with third parties.
2 Relates to carrying amount of assets excluding deferred tax assets, joint ventures and associates, loans granted, securities, long-term receivables, corporate income tax receivables, receivables from Zuivelcoöperatie FrieslandCampina U.A., cash and assets held for sale.
3 Relates to employee benefits, provisions, derivative payables, trade payables and other liabilities, excluding liabilities to Zuivelcoöperatie FrieslandCampina U.A.
4 Relates to investments in property, plant and equipment and intangible assets, excluding investments related to right-of-use assets.

Geographic information

	2024		2023	
	Revenue third parties	Carrying amount of non-current operating assets	Revenue third parties	Carrying amount of non-current operating assets
The Netherlands	5,576	2,991	5,737	2,975
Rest of Europe[1]	2,693	635	2,696	625
Asia and Oceania[2]	3,680	918	3,536	838
Africa and the Middle East	765	54	907	72
North and South America	209	58	196	55
	12,923	**4,656**	**13,072**	**4,565**

1 This primarily includes the countries of establishment Germany. France, Belgium and Greece.
2 This primarily includes the countries of establishment Indonesia, China, Philippines, Thailand and Pakistan.

The revenue is separated according to the country in which the operating company is located. The carrying amount of non-current operating assets relates to property, plant and equipment and intangible assets.

Accounting policies

The identified operational segments concern the separate segments within FrieslandCampina for which financial information is available that is frequently evaluated by the Executive Board, as the chief operating decision maker, in order to take decisions concerning the allocation of available resources to the segment and to assess the segment's performance.

Pricing within a segment takes place on a business-like, objective basis. The segmented results, assets and liabilities comprise items that are directly attributable to a segment and that can also be attributed on a reasonable basis. Unallocated items primarily consist of jointly used assets and liabilities and joint costs.

6.2 Revenue

Revenue by geographical location of customers

	2024		2023	
		%		%
The Netherlands	2,997	23	3,087	24
Rest of Europe	4,103	32	4,062	30
Asia and Oceania	4,144	32	4,119	32
Africa and the Middle East	1,129	9	1,273	10
North and South America	550	4	531	4
	12,923	**100**	**13,072**	**100**

Revenue primarily consists of the sale of goods with settlement of the performance obligation by FrieslandCampina at a point in time and not over time.

Accounting estimates and judgements

FrieslandCampina makes estimates when determining discount accruals in revenue at year-end. Refer to note 7.3 for more explanation on how discount accruals are estimated.

Accounting policies

Revenue

Revenue from the sale of goods is recognised based on the transaction price of the received or receivable payment. The transaction price is determined taking into account returns, trade discounts and volume rebates. Revenue is recognised in the income statement when settlement of the contractual performance obligation by transfer of the goods to the customer took place. Settlement of the performance obligation has occurred when, often via a executed sales agreement, control over the goods has been transferred to the customer, associated costs and possible return of goods can then be estimated reliably and there is no continuing

control over or involvement with the goods and the amount of revenue can be measured reliably.

Discounts

Discounts are recognised as a reduction of revenues, if it is probable that the discount will be granted and the discount amount can be measured reliably. When sales discounts are yet to be paid over past performance obligations already fufilled, a liability is recognised in the balance sheet.

6.3 Other operating income

	2024	2023
Income from the sale of property, plant and equipment	2	1
Settlement contingent asset	4	
Gains on exchanging foreign currencies in Nigeria	10	2
Other operating income	6	3
	22	**6**

Settlement contingent asset

Related to the divestment of the infant nutrition production facility in Xiushui China in 2022, an amount of EUR 4 million was placed in an escrow account as part of the sale. This amount was received in 2024 and recognised as gain in Other operating income.

Costs for exchanging foreign currencies in Nigeria

In Nigeria, there has been very limited availability of US dollars for meeting international payment obligations. As a result of this limited availability, the costs required (currency exchange rate losses) to obtain US dollars were higher compared to the official exchange rate in Nigeria.
The company has an obligation to exchange Naira's to US dollars in the local market in order to meet its international payment obligations.
The higher costs required for payment obligations are accounted for in the valuation of the liabilities. Part of the liability was released in 2024 because the official exchange rate has been devalued, the availability of US dollars has improved and the difference between the rate to obtain US dollars and the official exchange rate in Nigeria is now minimal. Of this release, EUR 10 million is recognised in Other operating income (2023: EUR 2 million) and EUR 15 million is recognised in Finance income and expenses (in 2023, the costs included under Finance costs amounted to EUR 50 million and related to dividend receivables and repayments of US dollar financing from Nigeria). Refer to note 11.1 for exchange costs relating to financing elements.

Other operating income

The Other operating income mainly relate to the insurance compensation as a result of the fire at the production site in Lochem (the Netherlands) in 2023.

Accounting policies

Other income consists of income that, according to the management, is not the direct result of normal business operations and/or that is so significant in terms of nature and size that it must be considered separately for a proper analysis of the underlying result.

Other income regarding sale of property, plant and equipment is recognised in profit or loss when control over the sold asset is transferred to the buyer. The amount recognised as other income equals the proceeds obtained from the buyer minus the carrying value of the sold asset. Other income related to contingent asset is recognised in profit or loss when the amount received has become virtually certain.

In order to determine currency results on receivables and payables in respect of Nigeria, FrieslandCampina has made estimates for the future availability of US dollars, the expected volume of US dollars to be exchanged and the development of the local market rate in relation to the official exchange rate in Nigeria.

6.4 Operating expenses

	2024	2023
Milk from member dairy farmers	-4,769	-4,521
Cost of other raw materials, consumables and commodities	-3,399	-4,138
Employee benefit expenses	-1,207	-1,195
Depreciation of property, plant and equipment and amortisation of intangible assets	-381	-428
Impairments of property, plant and equipment, intangible assets and assets held for sale	-31	-19
Advertising and promotion costs	-653	-568
Transportation costs	-578	-597
Service costs from third parties and agency staff costs	-287	-302
Energy costs	-270	-245
Other	-803	-780
Total of the cost of goods sold, advertising and promotion costs and selling, general and administrative costs	**-12,378**	**-12,793**

For Employee benefit expenses refer to note 6.5.

The compensation for milk to member dairy farmers in 2024 includes EUR 20 million for an underestimated Foqus planet premium for 2023.

Foreign exchange results related to operational activities are included in the cost of goods sold or in the appropriate component of operating expenses. In 2024, FrieslandCampina included a negative foreign exchange result in operating profit of EUR 18 million (2023: EUR 40 million negative).

The costs of depreciation of property, plant and equipment and amortisation of intangible assets include EUR 55 million (2023: EUR 55 million) depreciation for right-of-use assets, refer to note 8.1.1. Refer to note 8.1 for the change in estimate of the useful lives of certain categories of assets.

Part of other operating expenses are lease expenses of EUR 31 million (2023: EUR 30 million). These costs are primarily related to the short-term leases of forklift trucks, variable expenses for storage locations and the lease of low-value assets, such as pallets, industrial clothing and office supplies.

The other operating expenses mainly consists of other expenses related to employees, office costs and costs for repairs and maintenance.

In 2024 research and development expenses amounts to EUR 95 million (2023: EUR 101 million), of which EUR 66 million relates to employee benefit expenses (2023: EUR 68 million).

For an explanation of impairments, refer to notes 8.1, 8.2 and 10.2. Impairments are recognised in the cost of goods sold or in the selling, general and administrative costs, unless related to restructuring. For these impairments, refer to note 6.6.

Accounting policies

Expenses are recognised based on accrual accounting. This means that expenses are recognised when the product is received or the service is provided, regardless of when cash outflow takes place.

Cost of goods sold

Cost of goods sold primarily comprises the purchase of goods (including milk from the member dairy farmers and other raw materials and consumables), production costs (including personnel costs, depreciation of production facilities and impairments) and related transport and logistics costs.

Cost of raw materials, consumables and commodities that are a component of cost of goods sold are determined according to the first-in-first-out principle. The costs include the currency translation differences on trade receivables and payables as well as differences in the measurement of related derivatives.

Advertising and promotion costs

Advertising and promotion costs mainly comprise expenditure for marketing and consumer campaigns.

Selling, general and administrative costs

Selling, general and administrative costs comprise mainly the costs of the sales organisation, outbound transport costs, research and development costs, general costs and administrative costs.

Government grants

Government grants are recognised at fair value when there is reasonable assurance that the grants will be received and all related conditions will be complied with. When a grant relates to an expense item it is systematically deducted from the costs incurred over the period that are necessary to match the grant to the costs that it is intended to compensate. Government grants that reimburse the costs of an asset are deducted from the carrying amount of the asset. By reducing the depreciation expense this grant is accounted for in the income statement as income over the period of the expected useful life of the asset to which the grant relates.

Lease agreements

Lease payments on short-term lease contracts, lease contracts on low-value assets and the variable portion of lease payments are recognised in the profit and loss account in the period to which the payment relates. These are not capitalised as right-of-use assets or lease liabilities within the requirements of IFRS 16. Short-term lease contracts have a term of less than 12 months. The variable portion of lease payments depends on the use of the asset.

6.5 Employee benefit expenses

	2024	%	2023	%
Wages and salaries	-996	82	-987	82
Social security charges	-111	9	-109	9
Pensions and other long-term employee benefits	-108	9	-111	9
Gross employee benefit expenses	**-1,215**	**100**	**-1,207**	**100**
Capitalised	8		12	
Net employee benefit expense	**-1,207**		**-1,195**	

Personnel costs as a result of restructurings are included in Other operating costs, refer to note 6.6.

Employees by business group (average number of FTEs)

	2024	%	2023	%
Europe	1,540	8	1,701	8
Retail & Americas	743	4	785	4
Middle East, Pakistan & Africa	2,170	11	2,345	11
Asia	4,466	23	4,823	23
Ingredients	692	4	699	3
Specialised Nutrition	993	5	1,080	5
Professional & Trading	608	3	609	3
Global Supply Chain	6,746	34	6,743	32
Corporate, Global Shared Services and other	1,618	8	2,143	11
	19,576	**100**	**20,928**	**100**

Employees by geographical region (average number of FTEs)

	2024	%	2023	%
The Netherlands	7,692	39	7,961	38
Rest of Europe	3,474	18	3,890	18
Asia and Oceania	7,336	37	7,900	38
Africa and the Middle East	905	5	1,007	5
North and South America	169	1	170	1
	19,576	**100**	**20,928**	**100**

Accounting policies

Personnel expenses are recognised when the related service is provided. For more details on accounting policies related to Pensions and other long-term employee benefits refer to note 9.1.

6.6 Other operating costs

	2024	2023
Restructuring costs and release of restructuring provisions	25	-131
Impairments of non-current assets (and reversals thereof) due to restructuring	-47	-3
Result on divestment of businesses		-2
Settlement service contract		-58
Other operating costs	-18	-16
	-40	**-210**

Restructurings

In 2023 FrieslandCampina decided to carry out the Expedition 2030 transformation program. Provisions for restructuring costs were accounted for in 2023. In 2024, EUR 43 million was released in restructuring provisions due to adjusted estimates, mainly due to more employees than expected who could be redeployed internally and employees who resigned voluntarily.

In 2024 FrieslandCampina announced taking new steps in the optimisation of the production network, resulting in among others concentration of activities at production site Leeuwarden (the Netherlands) and closure of the cheese production site in Born (the Netherlands). For this restructuring impairments of non-current assets and restructuring costs have been recorded in Other operating costs.

For further information on the provisions for restructuring costs, refer to note 9.2.

Settlement service contract

By terminating a service contract in 2023 a termination clause was triggered. The settlement amount resulted in an expense of EUR 58 million in 2023 and has been settled in 2024.

Other operating costs

The other operating costs mainly relate to costs for strategic projects and for (pre) implementation costs of an upgrade of our ERP systems.

Accounting estimates and judgements

For a large restructuring, management assesses the timing of the costs to be incurred. Based on timing, an estimate of costs is made.
In considering the nature of an item, management's assessment includes, both individually and collectively, whether the item is outside the ordinary activities of the business, specific circumstances surrounding the item, whether there is probability of recurrence and whether the item is unusual due to its size.

Accounting policies

Other operating costs are those where, in management's opinion, their separate reporting provides a better understanding of the underlying business performance, and which are significant by virtue of their size and nature.

7. Working capital

7.1 Inventories

	2024	2023
Raw materials and consumables	588	468
Finished goods and commodities	1,263	1,158
	1,851	**1,626**

During 2024 inventories were written down for a total of EUR 120 million (2023: EUR 118 million). The write-down of inventories is recognised in cost of goods sold.

No inventories are pledged as collateral for liabilities.

Accounting estimates

The main accounting estimate relating to the valuation of inventories is determining the estimated net realisable value.

Accounting policies

Inventories are measured at the lower of cost and estimated net realisable value. The cost of inventories is based on the first-in first-out principle and includes expenditure incurred in acquiring the inventories, production or conversion costs, and other costs incurred in bringing them to their existing location and condition. In the case of manufactured inventories, cost includes an appropriate share of production overheads based on normal operating capacity. The net realisable value is the estimated selling price less the estimated costs of completion and selling expenses.

Acquisition of inventories resulting from a business combination

The fair value of inventories acquired in a business combination is determined based on the estimated selling price in the ordinary course of business less the estimated cost of completion and sale plus a reasonable profit margin based on the effort required to complete and sell the inventories.

7.2 Trade and other receivables

	2024	2023
Trade receivables	1,376	1,190
Provision for doubtful debts and other receivables	-28	-28
Receivables from Zuivelcoöperatie FrieslandCampina U.A.	45	185
Other receivables	19	40
	1,412	**1,387**
Receivables related to tax (excluding income tax) and social security contributions	161	143
Prepayments	170	207
	1,743	**1,737**

Provision for doubtful debts and other receivables	2024	2023
At 1 January	-28	-23
Charged to the income statement	-5	-6
Released to the income statement	4	1
Trade receivables written off	1	
At 31 December	**-28**	**-28**

The additions and releases of the provision for doubtful debts and other receivables have been included in the cost of goods sold. Receivables are written off and charged to the provision when they are no longer expected to be collected.

Trade and other receivables are non-interest-bearing and are generally due between 10 and 90 days.

In various countries, FrieslandCampina has mitigated the credit risk related to trade debtors by taking out credit insurance and bank guarantees. At the end of 2024, this secured position amounted to EUR 31 million (2023: EUR 33 million). No trade receivables have been pledged.

Maturity schedule trade and other receivables

	2024			2023		
	Gross	Write-down	Net	Gross	Write-down	Net
Within payment term	1,267	-3	1,264	1,246	-2	1,244
Overdue by less than 3 months	144	-6	138	125	-4	121
Overdue by 3 - 6 months	8	-3	5	20	-9	11
Overdue by more than 6 months	21	-16	5	24	-13	11
	1,440	**-28**	**1,412**	**1,415**	**-28**	**1,387**

Accounting judgement

In determining the provision for bad debts and other receivables, FrieslandCampina uses the simplified method for applying the 'Expected Credit Loss Model'. The 'expected credit loss' on trade receivables and other receivables is determined at origination of the financial asset for the total expected lifetime of the receivable. The trade receivables and other receivables are grouped on the basis of credit risk and aging. The amount of the provision is determined for each group on the basis of historical payment behaviour information. In addition, due consideration is given to current developments that could affect the credit risk of an individual position, such as significant payment difficulties of a debtor or group of debtors, indications that a debtor may be unable to meet their payment obligations or may file for bankruptcy.

Accounting policies

Trade and other receivables are held by FrieslandCampina to collect the related cash flows. These receivables are measured at fair value and subsequently at amortised cost minus any impairment losses. Trade and other receivables are derecognised by FrieslandCampina when substantially all risks and rewards are transferred or if FrieslandCampina does not retain control over the receivables.

7.3 Trade and other payables

	2024	2023
Payables to member dairy farmers	706	489
Trade payables	1,993	1,696
Payables related to tax (excluding income tax) and social security contributions	58	68
Other payables	1,110	1,020
	3,867	**3,273**

Trade payables

The trade payables are non-interest bearing and generally have a payment term of 30 to 90 days.

Supplier finance program

FrieslandCampina has set up a supplier financing program that is offered to some of the company's key suppliers worldwide. Participation in the financing scheme by suppliers is voluntary. Participating suppliers can receive early payment of the invoices sent to FrieslandCampina by an external financing provider. If suppliers choose to receive early payment, they pay a fee to the financing provider, to which FrieslandCampina is not associated. In order to be able to pay the invoices, the goods must have been received or delivered and the invoices must be approved by FrieslandCampina. Payments to suppliers prior to the due date will be processed by the financing provider and in all cases FrieslandCampina will pay the original invoice by paying the financing provider in accordance with the original due date of the invoice. The arrangement did not include renegotiation of payment terms with suppliers. FrieslandCampina does not provide security to the financing provider.

All trade payables covered by the supplier financing arrangement are included in Trade and other payables in the consolidated balance sheet, in the line item Trade payables. The payment terms differ per supplier and are a commercial agreement between FrieslandCampina and the supplier. Trade payables are by default settled within an average time of 65 days and trade payable included in the supplier financing program within an average time of 80 days.

	2024	2023
Carrying amount of trade payables that are part of the supplier finance program	299	263
Part for which suppliers have already received payment	242	211

Other payables

Other payables included a settlement amount of EUR 61 million at the end of 2023 for the termination of a service contract. This liability has been settled in 2024. As part of other payables, contract liabilities of EUR 27 million (2023: EUR 16 million) are primarily related to deferred income.

Accounting estimates

FrieslandCampina makes estimates in the determination of discount accruals to customers for realised revenue. Discounts are based on annual revenue. The transaction price and revenue are reduced by the expected discount. Conditional discounts in revenue are estimated based on accumulated experience supported by historical and current sales information. Expected sales volumes are determined taking into account (historical) sales patterns and other relevant information. A discount accrual is recognised for expected volume and discounts due to customers in relation to revenue, made until the end of the reporting period.

Accounting policies

Trade and other payables are initially measured at fair value and subsequently at amortised cost. Trade payables are derecognised when the contractual obligation is either discharged, cancelled or expired.

8. Non-current assets

8.1 Property, plant and equipment

Property, plant and equipment are fixed assets that are owned by FrieslandCampina, as well as right-of-use (RoU) assets under a lease agreement. Owned and RoU assets are held for use in FrieslandCampina's operating activities. The table below details the historical cost per asset class and the movements during the year.

						2024
	Land and buildings	Plant and equipment	Other operating assets	Right-of-use assets	Assets under construction	Total
Cost	1,718	4,321	473	316	581	7,409
Accumulated depreciation and impairments	-934	-2,711	-338	-163		-4,146
Carrying amount at 1 January	**784**	**1,610**	**135**	**153**	**581**	**3,263**
Additions	7	5	1	73	434	520
Disposals		-3	-1			-4
Currency translation differences	3	-1		2	2	6
Remeasurements				6		6
Transfers	182	304	54	2	-542	
Transfers to assets held for sale	-3					-3
Depreciation	-50	-188	-33	-55		-326
Impairments	-9	-41	-3	-4	-18	-75
Carrying amount at 31 December	**914**	**1,686**	**153**	**177**	**457**	**3,387**
Cost	1,892	4,466	521	329	457	7,665
Accumulated depreciation and impairments	-978	-2,780	-368	-152		-4,278
Carrying amount at 31 December	**914**	**1,686**	**153**	**177**	**457**	**3,387**

						2023
	Land and buildings	Plant and equipment	Other operating assets	Right-of-use assets	Assets under construction	Total
Cost	1,706	4,183	461	327	550	7,227
Accumulated depreciation and impairments	-895	-2,620	-317	-154	-2	-3,988
Carrying amount at 1 January	**811**	**1,563**	**144**	**173**	**548**	**3,239**
Additions	2	16	1	39	438	496
Disposals		-3				-3
Currency translation differences	-20	-40	-6	-1	-16	-83
Remeasurements				-2		-2
Transfers	60	292	38	-1	-388	1
Depreciation	-67	-203	-39	-55		-364
Impairments	-2	-15	-3		-1	-21
Carrying amount at 31 December	**784**	**1,610**	**135**	**153**	**581**	**3,263**
Cost	1,718	4,321	473	316	581	7,409
Accumulated depreciation and impairments	-934	-2,711	-338	-163		-4,146
Carrying amount at 31 December	**784**	**1,610**	**135**	**153**	**581**	**3,263**

The additions of EUR 520 million (2023: EUR 496 million) mainly relate to production capacity expansions and replacement investments in the Netherlands and in Belgium and to new production locations in Indonesia and Malaysia.

The impairments mainly relate to movement of operations to the new production location within Asia, the closure of production lines in the Netherlands and obsolete assets.

The investments include capitalised borrowing costs amounting to EUR 5 million (2023: EUR 3 million). The applicable average interest rate is 4.0% (2023: 3.3%).

Accounting estimates and judgements

Estimates are required to determine the (remaining) useful lives of fixed assets. Useful lives are determined based on an asset's age, the frequency of its use, repair and maintenance policy, technology changes in production, redundancies or changes due to climate risks and expected restructuring.
FrieslandCampina estimates the expected residual value per asset item. The residual value is the higher of the expected sales price (based on recent market transactions of similar sold items) and its material scrap value.

Depreciation is charged to profit or loss on a straight-line basis over the estimated useful lives.
FrieslandCampina believes that straight-line depreciation most closely reflects the expected pattern of consumption of the future economic benefits embodied in the asset.

Change in estimate

During the year FrieslandCampina re-assessed the useful lives of certain categories of its assets as at 1 January 2024. Based on the assessment carried out, FrieslandCampina has increased the useful lives of a number of these asset categories. This change in the accounting estimate of useful lives has resulted in a reduction in the depreciation charge for the year by EUR 30 million. At unchanged useful lives, the carrying amount of property, plant and equipment would have been EUR 30 million lower as at 31 December 2024.

Accounting policies

Recognition and measurement

Property, plant and equipment are measured at cost less accumulated depreciation, accumulated impairment losses and remeasurement of lease liabilities. The cost price includes any costs directly attributable to the acquisition of the asset.

The cost price of self-constructed assets comprises:
- costs of materials and direct labour costs;
- any other costs directly attributable to making the asset ready for use;
- costs directly attributable in obtaining right-of-use assets;
- if FrieslandCampina has an obligation to remove the asset, an estimate of the cost of dismantling and removing the items;
- capitalised borrowing costs.

If parts of property, plant and equipment have different useful lives, the parts are accounted for as separate components of property, plant and equipment. Any gain or loss on the disposal of property, plant and equipment is determined on the basis of a comparison of the proceeds from the sale and the carrying amount of the property, plant or equipment and is recognised in the income statement.

Acquisition of property, plant and equipment resulting from a business combination

The fair value of property, plant and equipment recognised as a result of a business combination is the estimated amount for which property could be exchanged on the acquisition date between a willing buyer and a willing seller in an arm's length transaction based on negotiations wherein the parties had each acted knowledgeably. The fair value of land, buildings and equipment is based on the market approach and cost approaches using quoted market prices for similar items when available and depreciated replacement costs when appropriate. Depreciated replacement costs reflect adjustments for physical deterioration as well as functional and economic obsolescence.

Costs after initial recognition

Costs after initial recognition are capitalised only when it is probable that the future economic benefits associated with the expenditure will flow to FrieslandCampina. Ongoing repair and maintenance costs are expensed as incurred.

Depreciation

Property, plant and equipment are depreciated on a straight-line basis in the income statement over the estimated useful life of each component. Property, plant and equipment are depreciated from the date that they are installed and are ready for use.

The estimated useful lives for the current year of significant property, plant and equipment and other operational assets are as follows:

Land	not depreciated
Buildings	15-30 years
Plant and equipment	5-30 years
Other operational assets	3-20 years

Depreciation methods, useful lives and residual values are reviewed at each reporting date and if appropriate, adjusted.

8.1.1 Right-of-use assets

The table below gives the book value and depreciation costs per category of the right-of-use assets. Leases in the land and buildings category mainly relate to office buildings and storage locations. Leases in the plant and equipment category mainly relate to production lines, trucks and forklifts. Other operating assets mainly concern car leases.

	2024		2023	
	Carrying amount at 31 December	Depreciation current year	Carrying amount at 31 December	Depreciation current year
Land and buildings	106	-31	95	-31
Plant and equipment	47	-11	38	-13
Other operating assets	24	-13	20	-11
	177	**-55**	**153**	**-55**

Accounting estimates and judgements

FrieslandCampina has applied estimates and judgements with an impact on the recognition and measurement of right-of-use assets and lease liabilities. This includes an assessment of the incremental borrowing rate, service components and facts and circumstances that could create an economic incentive to utilise the extension options of lease arrangements. The assessment of whether FrieslandCampina is reasonably certain to exercise such options, impacts the lease term, which as a result could affect the amount of lease liabilities and right-of-use assets recognised.

Accounting policies

A contract contains a lease if it provides the right to control the use of an identified asset for a period of time in exchange for an amount payable to the lessor.

Leases are recognised as a right-of-use asset and a corresponding liability at the date at which the leased asset is available for use by the group. At the commencement date of the lease, the leased asset is measured at the present value of the lease liability, except for short-term leases or low-value leases and leases with a variable amount, which are recognised as lease expenses directly in the income statement.

Depreciation

Leased assets are depreciated on a straight-line basis over the shorter of the lease term and their useful lives unless it is reasonably certain that FrieslandCampina will obtain ownership at the end of the lease term, in which case the leased asset is depreciated over the useful life of the asset.

Right-of-use assets are depreciated from the commencement date of the lease agreement.

8.2 Intangible assets

Intangible assets within FrieslandCampina are mainly goodwill, brands and customer related intangibles such as customer lists. The majority of intangible assets have been recognised by FrieslandCampina as part of acquisitions. Refer to the table below for the historical cost per asset class and the movements during the year including amortisation.

					2024
	Goodwill	Trademarks, customer relations and patents	Software	Intangible assets under construction	Total
Cost	1,224	324	557	21	2,126
Accumulated amortisation and impairments	-204	-165	-453	-2	-824
Carrying amount at 1 January	**1,020**	**159**	**104**	**19**	**1,302**
Additions				13	13
Currency translation differences	9	6		-1	14
Transfers			16	-16	
Amortisation		-15	-40		-55
Impairments		-3	-2		-5
Carrying amount at 31 December	**1,029**	**147**	**78**	**15**	**1,269**
Cost	1,233	300	565	15	2,113
Accumulated amortisation and impairments	-204	-153	-487		-844
Carrying amount at 31 December	**1,029**	**147**	**78**	**15**	**1,269**

					2023
	Goodwill	Trademarks, customer relations and patents	Software	Intangible assets under construction	Total
Cost	1,261	370	538	31	2,200
Accumulated amortisation and impairments	-204	-169	-424		-797
Carrying amount at 1 January	**1,057**	**201**	**114**	**31**	**1,403**
Additions				25	25
Currency translation differences	-37	-24		3	-58
Transfers			37	-38	-1
Amortisation		-17	-47		-64
Impairments		-1		-2	-3
Carrying amount at 31 December	**1,020**	**159**	**104**	**19**	**1,302**
Cost	1,224	324	557	21	2,126
Accumulated amortisation and impairments	-204	-165	-453	-2	-824
Carrying amount at 31 December	**1,020**	**159**	**104**	**19**	**1,302**

Impairments mainly relate to assets assessed as no longer in use or no longer present. Amortisation costs of intangible fixed assets are allocated to the items in the income statement based on their purpose of use.

Accounting estimates and judgements

Goodwill

The cash flow projections used in the value in use calculations for goodwill impairment testing contain various judgements and estimations as described in the key assumptions for the value in use calculations.
Such judgements and estimates are subject to change because of changing economic conditions and climate impact and actual cash flows may differ from forecasts. The below additional considerations have been applied by FrieslandCampina regarding the potential financial impact of the macroeconomic environment and uncertainties including increasing inflationary pressures worldwide:

- Changes in the interest rate environment are taken into consideration when determining the discount rates.
- Terminal growth rates do not exceed the long-term annual inflation rate of the country or region, thus excluding any increased inflation growth experiences in the short-term.
- Sensitivity scenarios are applied to the key assumptions used in the impairment testing.

Management has considered the impact of climate change scenarios on the estimates of future cash flows, including committed capex and expenditure. Management has assumed in the forecasts that the development of the milk supply will decrease slightly. Management expects the impact on cash flows to be minimal, as necessary investments can be made through replacement investments.

Cash generating units to which goodwill has been allocated for the impairment test are combined in such a way that the level at which impairment testing is performed reflects the lowest level within FrieslandCampina at which goodwill is monitored for the purpose of internal reporting. Goodwill acquired in a business combination is allocated to the cash generating units expected to benefit from the synergies of that combination.

Other intangible assets

Estimates are needed to determine the (remaining) useful life of intangible fixed assets. Intangible assets other than goodwill are amortised on a straight-line basis in the income statement over their estimated useful lives.

Accounting policies

Goodwill

Goodwill that arises on the acquisition of subsidiaries is presented as an intangible asset. For the measurement of goodwill at initial recognition, refer to the basis of consolidation for business combinations. Goodwill is measured at cost less accumulated impairment losses. In respect of investments that are not being consolidated, the carrying amount of goodwill is included in the carrying amount of the joint venture or associate and any impairment loss is allocated to the carrying amount of the joint venture or associate as a whole.

Goodwill is tested annually, each year at the same date, for impairment. An impairment loss is recognised if the carrying amount of an asset or cash generating unit where the asset is part of, exceeds its recoverable amount.

The recoverable amount of a cash generating unit is the greater of its value in use and its fair value less costs of disposal. When assessing the value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects the current market assessment of the time value of money and the risks specific to the asset or cash generating unit. The value in use is determined on the basis of the budget and long-term plans.

Impairment losses are recognised in the income statement. Impairment losses recognised in respect of cash generating units are allocated first to reduce the carrying amount of any goodwill allocated to the cash generating unit, and then to reduce the carrying amounts of the other assets in the entity on a pro rata basis.

An impairment loss in respect of goodwill is not reversed.

Other intangible assets

Other intangible assets which are acquired by FrieslandCampina and which have finite useful lives are measured at cost less accumulated amortisation and accumulated impairment losses.

Expenses for configuration and customisation of the software, are only capitalised when and insofar as FrieslandCampina has control over the underlying asset or when the contract contains a lease.

For an asset, the recoverable amount is also the higher of the value in use and the fair value minus costs to sell. In determining value in use, the present value of estimated future cash flows is calculated using a pre-tax discount rate that reflects both current market valuations of the time value of money and the specific risks associated with the asset. The value in use is determined on the basis of the budget and long-term plans, with due consideration to the role of the asset or the division in the milk processing.
For the impairment test, assets that cannot be individually tested are grouped into the smallest distinguishable group of assets that generate cash flows from continued use that are broadly independent of the incoming cash flows of other assets or cash-generating units.

For impairment losses, refer to the Goodwill accounting policy.

An impairment loss on other assets is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of amortisation, if no impairment loss had been recognised.

Research and development

Expenditure on research activities undertaken with the prospect of gaining new technical knowledge and understanding is recognised in the income statement as incurred. Development activities include the drawing-up of a plan or design for the production of new or significantly improved products or processes. Development expenditure is capitalised only if development costs can be measured reliably, the product or process is technically and commercially feasible, future economic benefits are probable, and FrieslandCampina intends to and has sufficient resources to complete development to use or sell the asset. The expenditure capitalised includes the cost of materials, direct labour, overhead costs directly attributable to preparing the asset for its intended use and capitalised borrowing costs. Other development expenditure is recognised in the income statement as incurred. Capitalised development expenditure is measured at cost less accumulated amortisation and accumulated impairment losses.

Acquisition of intangible assets resulting from a business combination

The fair value of patents and trademark names acquired in a business combination is based on the discounted estimated royalty payments that are expected to be avoided as a result of the patents or trademarks being owned. The fair value of customer relationships acquired in a business combination is determined using the multi-period excess earnings method. The fair value of other intangible assets is based on the discounted cash flows expected to be derived from the use and eventual sale of the assets.

Costs after initial recognition

Costs after initial recognition are capitalised only when they increase the future economic benefits embodied in the specific asset to which they relate. All other expenditure, is recognised in the income statement as incurred.

Amortisation

Intangible assets other than goodwill are amortised on a straight-line basis in the income statement over their estimated useful lives calculated from the date that they are available for use.

The estimated useful life for the current year for the main categories of intangible assets is as follows:

Trademarks and patents	10-40 years
Customer relations	5-20 years
Software	5-7 years

Amortisation methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

Impairment of non-financial assets

The carrying amounts of FrieslandCampina's non-financial assets, other than biological assets, inventories and deferred tax assets, are reviewed at each reporting date to determine whether there is any trigger for impairment. If such a trigger exists, the asset's recoverable amount is estimated.

Goodwill impairment test

FrieslandCampina carries out the goodwill impairment test during the fourth quarter of each year and also whenever there is a trigger for impairment of goodwill. Goodwill is monitored and tested at operational segment level, as cash generating units. The goodwill impairment test calculates per segment the recoverable amount, which is the value in use, and compares it with the carrying amount.

As of 1 January 2024, the management structure within FrieslandCampina has been adjusted. For a description of the business groups and segments, please refer to note 6.1 Segmentation. As a result of this change in the management structure, the reporting to the Executive Board and the way in which the business groups are managed, the allocation of goodwill to the segments has changed.

The table below indicates how the goodwill is allocated to the cash generating units. No goodwill has been allocated to the segments Trading and Retail & Americas. The key assumptions used in calculating the value in use per segment include the below:

	31 December 2024	**Assumptions**		**2024**
	Goodwill	% Growth rate terminal value	% Average growth rate gross profit	% Pre-tax discount rate
Europe	147	2.2	1	7
Middle East, Pakistan & Africa	169	5.9	6	16
Asia	272	2.4	5	9
Ingredients	113	2.5	3	8
Specialised Nutrition	231	2.1	3	6
Professional	97	2.3	1	8
	1,029			

	31 December 2023	**Assumptions**		**2023**
	Goodwill	% Growth rate terminal value	% Average growth rate gross profit	% Pre-tax discount rate
Food & Beverage	676	3.1	17	9
Ingredients	113	2.4	1	9
Specialised Nutrition	231	2.3	12	7
	1,020			

When determining the value in use, a compensation for corporate and cooperative costs and results is determined per segment, on the basis of relative profitability (result before interest and taxes) of the respective segments. The corporate and cooperative costs and results relate to:

- Corporate costs;
- Cost of Global Supply Chain;
- Result of units that fulfill a cooperative role when processing member milk. This compensation, mainly for the Trading segment, is allocated to the other segments and serves to cover the loss in processing member milk into commodity dairy products, as all milk supplied by member dairy farmers must be processed.

The average growth rate of the gross profit for each segment in the long-term plans to 2027 is based on past experience, specific expectations for the near future and market-based growth percentages.

The discount rate for each segment is based on observable data in the market and is determined before tax.

For the period after 2027, a growth rate has been used that is equal to the expected long-term inflation rates, as is common market practice.

Sensitivity to changes in assumptions

The outcome of the goodwill impairment test of all segments shows that the values in use exceed the carrying amounts of the segments.

A reasonable possible change of the other assumptions as included in the table above, does not result in values in use being below the carrying amounts.

8.3 Biological assets

The biological assets relate to dairy livestock in Pakistan for an amount of EUR 12 million (2023: EUR 10 million). On 31 December 2024, FrieslandCampina has 3,979 mature cows, which can produce milk (2023: 3,653) and 2,982 immature cows that are being raised to produce milk in the future (2023: 3,256).

Accounting estimates

The fair value of the livestock is determined by an independent valuer based on the best available estimates for livestock with similar characteristics.

Accounting policies

The dairy livestock is valued at fair value less the cost to sell. Profit or loss resulting from changes to the fair value less the cost to sell is recognised in the income statement.

8.4 Other financial assets

	2024	2023
Non-current other financial assets		
Loans issued	22	23
Derivatives	3	13
Other	9	9
	34	**45**
Current other financial assets		
Loans issued		19
Derivatives	4	101
Other	115	148
	119	**268**

Other current other financial assets mainly relate to deposits with banks due to prepayments to banks and distributors in Nigeria to obtain US dollars over time. The economic situation in Nigeria resulted in limited availability of US dollars, needed to pay international trade creditors. As far as these US dollars become available within three months, the prepayments are classified as (restricted) cash. When these US dollars become available after three months, the prepayments are classified as other current other financial assets.

The average interest rate on loans issued at the end of 2024 is 5.1% (2023: 5.9%). For EUR 10 million of the loans issued, the maturity date is after 2028.
For information regarding derivatives, refer to note 11.7.

Accounting estimates and judgements
The provision for expected credit losses relating to other financial assets is not significant at the end of 2024.

Accounting policies
Non-derivative financial assets
Recognition and derecognition
FrieslandCampina initially recognises loans and receivables on the date that they are originated. All other financial assets (including assets designated as at fair value through profit or loss) are recognised initially on the trade date, which is the date that FrieslandCampina becomes a party to the contractual provision of the instrument.

FrieslandCampina derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or when it transfers the rights to receive the contractual cash flows in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred.

Right to offset
Financial assets and liabilities are offset and the net amount is presented in the statement of financial position if, and only if, FrieslandCampina has a legal right to offset the amounts and intends either to settle on a net basis or to realise the asset and the liability simultaneously.

Classification
The classification of loans, receivables and deposits is dependent on the business model for managing the assets and the contractually cash flows. When the contractual cash flows represent solely payments of principal and interest on the principal amount outstanding, and when in the business model the assets are held to collect, the loans, receivables and deposits are classified at amortised cost. Otherwise, loans, receivables and deposits are classified as fair value through other comprehensive income or as fair value through profit or loss.

The classification of securities is dependent on an irrevocable decision by FrieslandCampina to classify the instrument on initial recognition as a fair value through other comprehensive income or as fair value through profit or loss.

Financial assets measured at fair value through profit or loss

A financial asset is classified as stated at fair value through profit or loss if it is classified as such on initial recognition or if the financial asset is reclassified as a financial asset held for sale. Directly attributable transaction costs are recognised as an expense in the income statement when they are incurred. Financial assets measured at fair value through profit or loss are measured at fair value and any changes in that fair value are recognised in the income statement.

Financial assets at amortised cost

Loans granted, long-term receivables, trade receivables and other receivables and deposits are financial instruments with fixed or determinable payments that are not listed on an active market.

On initial recognition such assets are stated at fair value plus any directly attributable transaction costs.

After initial recognition, the loans and receivables are stated at amortised cost in accordance with the effective interest method, less any impairments.

Impairments

Impairments of financial assets are based on the estimated risk of non-payment and the expected loss. To be able to determine these values, FrieslandCampina makes use of projections that are based on past history, existing market conditions and future conditions. These values are determined each year at the end of the financial year.

The following assets fall under the 'Expected Credit Loss Model':
a) trade receivables and other receivables;
b) loans granted at amortised cost;
c) non-current receivables.

In assessing trade receivables, both at a specific asset and collective level, an impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows discounted at the asset's original effective interest rate. If an event occurring after the balance sheet date causes the amount of impairment loss to decrease, this decrease is reversed through the income statement.

For loans granted and non-current receivables, in case of a low credit risk, a provision is made on the basis of the expected credit losses over the coming 12 months. In case of a significant increase in credit risk, a provision is made on the basis of the lifetime expected credit losses.

FrieslandCampina determines the impairment of loans granted at amortised cost on an annual basis. A low credit risk is assumed in case there were no defaults of payment in the past and the counterparty has sufficient funds at its disposal to meet the contractual payment obligations.

9. Obligations under long-term employee benefits and provisions

9.1 Obligations under long-term employee benefits

	2024	2023
Net pension liability	146	160
Other long-term employee benefits	26	26
	172	**186**

Effective 1 January 2020, all employees in the Netherlands, with the exception of employees involved in production operations and invoicing activities, have joined FC C.V. All other employees continue to be employed by FrieslandCampina Nederland B.V. The expenses under long-term employee benefits recognised in the income statement, as well as the remeasurement of the net pension liability, are distributed pro rata between the employees involved in production operations and invoicing activities (FrieslandCampina Nederland B.V.) and the other employees (FC C.V.).

Other long-term employee benefits

The other long-term employee benefits mainly consist of long-term bonuses for senior management and jubilee provisions.

Net pension liability

Pension situation Dutch employees covered by the Collective Labour Agreement for the dairy sector

As of 1 January 2015, all Dutch employees who are covered by the Collective Labour Agreement (CLA) for the dairy sector accrue their pension benefits in defined contribution plans as specified below.

Annual pensionable salary	Pension plans for Dutch employees covered by the CLA for the dairy sector as of 1 January 2015
Up to EUR 78,005	Collective defined contribution plan based on a fixed contribution and executed by the industry wide pension fund for the dairy sector ('Bedrijfstak-pensioenfonds voor de Zuivel' (BPZ))
Between EUR 78,005 and EUR 137,800	Individual defined contribution plan, adminstered by a premium pension institution (Cappital Pensioen, formerly Aegon Cappital PPI)
Above EUR 137,800	Net pension savings plan, administered by the same premium pension institution (Cappital Pensioen, formerly Aegon Cappital PPI)

As of 1 January 2015, the accrual of pension benefits in the pension plan for former Campina employees, administered in a company pension fund (Stichting Pensioenfonds Campina), and the accrual of pension benefits in the pension plan for former Friesland Foods employees and FrieslandCampina employees hired in the period between 1 January 2009 up to and including 31 December 2014, administered by an insurance company (Avéro Achmea) in a segregated investment fund, has ceased.

In September 2022, the Dutch Supreme Court (Hoge Raad) ruled in the legal proceedings between Stichting Pensioenfonds Campina (SPC) and FrieslandCampina with regards to the pension plan of the former Campina employees. Based on this ruling, FrieslandCampina increased the gross pension obligation by an estimated provision amount to cover the loss. The legal procedure regarding the extend of the loss has not been finalised yet.

FrieslandCampina has an obligation to settle a number of smaller guarantee schemes pursuant to the execution agreement. Upon reaching agreement with the pension fund, FrieslandCampina will have a ‘settlement of the full plan’. At that moment the present value of the gross obligation pursuant to

the pension benefits ('gross pension liability') and the fair value of the plan assets will be released from the balance sheet because FrieslandCampina will no longer be exposed to risks. This will not affect the income statement because the expected net pension liability (the gross pension liability minus the fair value of plan assets) at the moment of settlement amounts to nil.

Pension plan entitlements accrued until 2015 for former Friesland Foods employees and FrieslandCampina employees (Avéro)

The pension plan entitlements accrued until 2015 for former Friesland Foods employees and FrieslandCampina employees concern a defined benefit plan. At the end of 2024, this plan accounted for 50% (2023: 50%) of the total gross pension liability and is disclosed in more detail hereafter.

Plan characteristics	From 2015 the regular pension accrual has been terminated. Accrued benefits until 2015 for active participants are increased annually in accordance with the provisions of the CLA (a new 5-year Pension CLA has been agreed in 2021 for the period 1 January 2021 to 31 December 2025) by a fixed rate for as long as employment has been continued (until 1 January 2035 at the latest). For the years 2015 to 2020 this indexation rate was 1.75%. As of 1 January 2021, the annual fixed indexation for active participants has been reduced to 1.25%. Conditional indexation is applicable for non-active participants.
Pension administrator	An insurance company (Avéro Achmea), in a segregated investment fund via a guarantee contract.
Funding agreements	Each year FrieslandCampina pays a premium, calculated based on market value, for the indexation of the pensions of active participants. As per 1 December 2023, the insurance contract has changed from a contract based on fixed interest rate to a contract based on market interest rate. If the coverage ratio is lower than the contractually agreed 100% for longer than 18 consecutive months from the end of a calendar year, FrieslandCampina has the obligation to pay a supplementary premium in order to restore the coverage ratio to 100%. At the end of 2024 the coverage ratio based on market interest rate was 99.8% determined on the basis of the principles specified in the insurance contract (2023: 103.5%).
Supervision and governance	The insurer is responsible for holding sufficient resources to pay out all accrued benefits. This is supervised by DNB (Dutch Central Bank). The investment policy for the insurance contract is determined by the insurer in consultation with FrieslandCampina.
Participants	Approximately 31% of the participants are active employees of FrieslandCampina, 41% are former employees and 28% are pensioners. The average duration of the pension liabilities is approximately 14 years.
Most significant risks	The most significant risk is that the coverage ratio at the end of a calendar year drops below 100%. If that situation continues for more than 18 consecutive months, FrieslandCampina has the obligation to pay a supplementary premium in order to restore the coverage ratio to 100%.

Pension plan entitlements accrued until 2015 for former Campina employees (SPC)

The pension plan entitlements accrued until 2015 for former Campina employees concern a defined benefit plan. At the end of 2024, this plan accounted for 45% (2023: 45%) of the total gross pension liability. Accrued benefits until 2015 for active participants are increased annually in accordance with the provisions of the CLA (the current CLA is valid up to and including 2025) by a fixed rate for as long as employment has been continued (until 1 January 2035 at the latest). For the years 2015 up to and including 2020 this indexation rate was 1.75%. As from 1 January 2021, the annual fixed indexation for active participants has been reduced to 1.25%. This indexation, which has been insured with an insurance company (Aegon) in a guarantee contract without profit sharing, will be increased with a fixed percentage to cover post-retirement indexation.

Other plans for Dutch employees covered by the CLA for the dairy sector (RVU)

As of 1 September 2022, Dutch employees who perform heavy duties are able to retire earlier, under certain conditions. This early retirement scheme only applies to employees who have been employed by FrieslandCampina for at least 35 years, who work in shifts and/or perform consignment shifts structurally and in a fixed rhythm. It is possible to stop working up to 36 months before the state pensionable age. The employee will then receive a so-called 'RVU benefit' (early benefit scheme, 'regeling voor vervroegde uittreding'). The RVU-scheme was extended by 2 years in 2024 up to 31 December 2027. For the extension, an additional provision was charged to the income statement.

At year-end 2024, the RVU-scheme contains 0% (2023: 0%) of the total gross pension liability.

Dutch employees covered by the CLA for 'Het Partikulier Kaaspakhuisbedrijf'

Effective 1 January 2021, the accrual of pension benefits for FrieslandCampina employees who are covered by the CLA for 'Het Partikulier Kaaspakhuisbedrijf' is administered by 'Pensioenfonds PGB'. This plan qualifies as a defined contribution plan. At year-end 2024, this defined contribution plan contains rounded 0% (2023: 0%) of the total gross pension liability.

Foreign employees

In respect of FrieslandCampina's foreign activities, both defined contribution and defined benefit plans are applicable. The most important defined benefit pension plans are the plans in Germany. These are primarily unfunded pension plans based on salary, length of service and fixed amounts that, at the end of 2024, accounted for 2% (2023: 2%) of FrieslandCampina's total gross pension liability. The accrued benefits are increased each year with a maximum of the price inflation. This is a conditional entitlement depending on the financial position of the relevant company. At the end of 2024, the plans in the other countries accounted for 3% (2023: 3%) of the total gross pension liability.

For a defined benefit plan of FrieslandCampina in North America, administered by an industrywide pension fund, there may be future risks in case a mass withdrawal of contributing employers with the largest share in the industry pension fund, like FrieslandCampina, occurs. At year-end 2024 the risk is considered to be negligible.

Assumptions

Due to the large amounts, the table below indicates the assumptions applied in performing the calculations of (movements in) the gross pension liability, the fair value of plan assets and the relevant components of the pension costs for FrieslandCampina's Dutch pension plans as recognised in the consolidated statement of financial position and income statement.

Assumptions[1]	2024	2023
	%	%
Discount rate	3.6	3.6
Wage inflation	n.a.	n.a.
Price inflation	2.0	2.0
Indexation		
– active employees	1.3	1.3
– former employees and pensioners	3.1	2.9
Life expectancy	in years	in years
– man / woman age 65 at end of year	20.6 / 23.4	20.5 / 23.4
– man / woman age 65 in 20 years' time	22.8 / 25.6	22.7 / 25.5

1 The percentages shown concern the above-referenced defined benefit schemes for the pension entitlements of employees in the Netherlands, which represent 95% (2023: 95%) of the gross pension liability and 98% (2023: 98%) of the fair value of plan assets.

The applied discount rate is based on the yield of high-quality corporate bonds and takes into account the term of the defined benefit obligation for each plan individually. As of 2023, the methodology for setting the discount rate for the pension plans in the Netherlands, Germany and Greece has been updated (from RATE:Link to Mercer Yield Curve).

Movement in and specification of net pension liability

	Gross pension liability		Fair value of plan assets		Net pension liability	
	2024	2023	2024	2023	2024	2023
At 1 January	**3,014**	**3,164**	**-2,854**	**-2,994**	**160**	**170**
Included in the income statement						
Operating expenses:						
– Current service cost	7	8			7	8
– Pension plan adjustment	3	3			3	3
– Interest expense or income	104	115	-99	-110	5	5
– Administration costs			1	1	1	1
Total	**114**	**126**	**-98**	**-109**	**16**	**17**
Recognised in equity						
Remeasurement of the net pension liability by:						
– Return on plan assets, excluding the interest income and adjusted guaranteed value			-30	157	-30	157
– Changes in financial assumptions	97	-229			97	-229
– Changes in demographic assumptions	-9	1			-9	1
– Experience adjustments	-64	74			-64	74
Total remeasurement gain or loss	**24**	**-154**	**-30**	**157**	**-6**	**3**
Currency translation differences	1	-2	-1	1		-1
Total	**25**	**-156**	**-31**	**158**	**-6**	**2**
Other						
Contributions paid by the employer to the plan			-24	-30	-24	-30
Benefits paid	-133	-121	133	121		
Transfer to liabilities held for sale		1				1
Total	**-133**	**-120**	**109**	**91**	**-24**	**-29**
At 31 December	**3,020**	**3,014**	**-2,874**	**-2,854**	**146**	**160**
Classification						
Non-current assets (Employee benefits)					13	8
Non-current liabilities (Employee benefits)					159	168

At the end of financial year 2024, EUR 99 million of the EUR 3,020 million gross pension liability has not been funded (2023: EUR 100 million of EUR 3,014 million). The contributions to the plans of EUR 24 million are the premiums paid by FrieslandCampina in 2024, of which EUR 6 million relates to the 2023 financial year.

Income and expenses under long-term employee benefits recognised in the income statement

	2024	2023
Current service cost	-7	-8
Adjustment RVU-scheme	-3	-3
Interest expense or income	-5	-5
Administration costs	-1	-1
Defined benefit cost recognised in the income statement	**-16**	**-17**
Pension costs for defined contribution plans	-99	-100
Employees' share in pension costs	11	11
Pension costs recognised in the income statement	**-104**	**-106**
Expenses under other long-term employee benefits	-4	-5
Expenses under long-term employee benefits recognised in the income statement	**-108**	**-111**

FrieslandCampina expects to contribute EUR 24 million into its defined benefit plans in 2025, of which EUR 5 million relates to the year 2024. In 2025, FrieslandCampina expects to contribute EUR 100 million into its defined contribution plans, primarily related to the collective and individual defined contribution plans for Dutch employees.

Disaggregation of the fair value of plan assets into asset categories

	2024			2023		
	%	%	%	%	%	%
	Company pension fund	Insurance contract	Foreign pension schemes	Company pension fund	Insurance contract	Foreign pension schemes
Equities						
– North America	7			9		
– Europe	2			1		
– Japan	1			1		
– Other	2			1		
Fixed income						
– Investment grade (BBB- rating or higher)	24			24		
– Non-investment grade (rating below BBB-)	6			6		
Other investments	5		2	4		2
Guaranteed value of insurance contract		51			52	
Total	**47**	**51**	**2**	**46**	**52**	**2**

At year-end 2024, the plan assets in the company pension fund and the guaranteed value of the insurance contract amount to 47% and 51% of the total plan assets respectively (2023: 46% and 52%). At the end of 2024, the interest rate risk relating to the liabilities of the company pension fund is hedged for 79% of which governments bonds (currency risk is largely hedged) contribute for 34% and interest rate swaps for 66%. The collateral of the swap portfolio is invested in a well-diversified AAA-rated cash fund. The currency risk of both the remaining fixed income portfolio and the equities portfolio is hedged for 80%.

The value of the plan assets in the insurance contract is based on the guaranteed value of the contract. However, the profit sharing in this contract is based on the actual investments in the segregated investment account. At year-end 2024 approximately 93% of the investment portfolio consists of fixed-income securities and cash, 3% of equities and 4% of other investments. The insurance contract has changed to a market rate contract in 2024, so the pension liabilities for local funding purposes are now based on market interest rates instead of on a fixed interest rate. After the switch to the new insurance contract the pension liabilities are hedged, the interest rate hedge is now approximately 100% of the liabilities.

The investments in the foreign pension plans comprise 2% of the total amount (2023: 2%) and are largely related to insurance contracts.

Sensitivity analysis

The table below shows the impact of a change in key actuarial assumptions on the gross pension liability in respect of the Dutch pension plans.

Effect on the gross pension liability at 31 December

	2024		2023	
	Increase	Decrease	Increase	Decrease
Change of 0.25% in discount rate	-95	100	-95	101
Change of 0.25% in indexation of former participants	90	-86	89	-85
Change of 1 year in life expectancy	125	-123	117	-116

As a result of cross effects, changes in multiple assumptions could lead to other effects than the sum of the individual effects. In addition, the impact on the net pension liability is usually less because the effect shown in the sensitivity analysis is partly offset by a change in the guaranteed value of the insurance contract or a change in the indexation rate assumption for the company pension fund.

Accounting estimates

To make the actuarial calculations for the defined benefit plans, FrieslandCampina needs to make use of assumptions for discount rates, future pension increases and life expectancy as described in this note. The actuarial calculations are made by external actuaries based on inputs from observable market data, such as corporate bond returns and yield curves to determine the discount rates used, mortality tables to determine life expectancy and inflation numbers to determine future salary and pension growth assumptions.

As a result of the Expedition 2030 transformation programme, the outflow of employees was greater than included in the calculation of the pension obligation at year-end 2023. The impact of the change in this assumption is reflected in 2024.

Accounting policies

Defined contribution plans

A defined contribution plan is a post-employment benefit plan under which an entity pays fixed contributions into a separate entity and has no legal or constructive obligations to pay further amounts. Obligations for contributions to defined contribution plans are recognised as an employee benefit expense in the income statement in the periods during which the related services are rendered by employees. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in future payments is available.

The part of the pension obligation placed by FrieslandCampina with an industry-wide pension plan in the Netherlands can be qualified as a defined contribution plan.

Defined benefit plans

A defined benefit plan is a post-employment benefit plan other than a defined contribution plan. The net pension liability (or asset) in respect of defined benefit plans is calculated annually for each plan on the basis of expected future developments in discount rates, salaries and life expectancy, less the fair value of the fund investments related to the plan. The present value of the obligations is calculated actuarially using the projected unit credit method. The discount rate used is the return at the balance sheet date on high-quality corporate bonds with at least an AA credit rating and with maturity dates similar to the term of the pension obligations.

The net present value per pension plan is recognised in the balance sheet as a pension liability, or as a pension asset, under employee benefits.

Remeasurement of the net pension liability (asset), comprising actuarial gains and losses resulting from changes in the assumptions for calculating the pension obligation, the return on plan assets (excluding interest) and the impact of the effect of the asset ceiling (if applicable) is carried out for each individual plan and recognised in the other comprehensive income.

If the calculation of the net pension liability per pension plan results in a positive balance, the asset recognised is limited to the sum of the present value of any future repayments by the fund or lower future pension contributions.

FrieslandCampina determines the net interest expenses (or gains) resulting from the defined benefit plan by multiplying the net pension liability (or asset) with the discount rate used to measure the defined benefit plan at the start of the year. Changes in the net pension liability (or asset) during the year as a result of benefits being paid out are taken into account. The net interest expenses (or gains) and other costs related to the defined benefit plan are recognised in the income statement.

FrieslandCampina recognises results due to the adjustment (plan amendment, curtailment and settlement) of pension plans through the income statement at the time an adjustment occurs or at the moment a restructuring provision is formed.

Other long-term employee benefits

Frieslandcampina's other long-term employee benefits liability concerns the present value of the benefits accrued by employees during the periods in which related services are provided by employees. Remeasurements are recognised in the income statement in the period in which they occur.

9.2 Provisions

	2024			2023		
	Restructuring	Other provisions	**Total**	Restructuring	Other provisions	**Total**
At 1 January	150	79	**229**	43	82	**125**
Additions charged to the income statement	18	9	**27**	138	11	**149**
Release to the income statement	-43	-2	**-45**	-7	-4	**-11**
Currency translation differences	-1	4	**3**	-1	-2	**-3**
Utilisations	-69	-5	**-74**	-23	-8	**-31**
At 31 December	**55**	**85**	**140**	**150**	**79**	**229**
Non-current provisions	6	71	**77**	10	65	**75**
Current provisions	49	14	**63**	140	14	**154**
	55	**85**	**140**	**150**	**79**	**229**

Restructuring provisions

In 2023 FrieslandCampina decided to carry out the Expedition 2030 transformation program. Provisions for restructuring costs have been formed for this restructuring.

In 2024 provisions have been recorded for an amount of EUR 18 million following announced restructurings, mainly with regard to the optimisation of the production network, resulting in among others, concentration of activities at production site Leeuwarden (the Netherlands) and closure of the cheese production site in Born (the Netherlands).
In 2024, an amount of EUR 43 million has been released from the restructuring provisions, mainly due to more employees than expected who could be redeployed internally or employees who resigned voluntarily. Both the releases to the income statement and the payments made mainly relate to the *Expedition 2030* program.

For more information regarding additions during the year, refer to note 6.6.

The restructuring provisions will result in future cash outflows. The provisions are recognised at nominal value, because their present value is not materially different.

Other provisions

Other provisions primarily relate to provisions for legal and arbitration proceedings and provisions for long-term illness. From time to time, FrieslandCampina is involved in legal and arbitration proceedings arising in the ordinary course of business. When specific problems occur, provisions are made as necessary. Due to the nature of the legal proceedings the timing of making use of these provisions is uncertain.

Provisions for legal and arbitration proceedings mainly relate to the provision for a business dispute between FrieslandCampina Thailand and a business-to-business client. In May 2021, the court, on the basis of its interpretation of the contract between both parties, concluded that FrieslandCampina has charged its client too much over a period of 10 years (2009-2019). In 2021 FrieslandCampina made a provision for this.
On October 3, 2023, the Bangkok Commercial Court set aside on appeal the judgment of the Court of First Instance in the said business dispute. The Court of Appeal for Commercial Affairs ruled that FrieslandCampina was not liable for the alleged damage of EUR 58 million that this customer claims to have suffered. Since the customer has appealed to the Supreme Court of Thailand, the provision has not been released yet.

Accounting estimates

In determining the likelihood and timing of potential cash outflows, FrieslandCampina needs to make estimates. For legal and arbitration proceedings FrieslandCampina bases its assessment on internal and external legal assistance and established precedents. Contingent liabilities are disclosed in note 13.2.

Accounting policies

A provision is recognised in the statement of financial position when, as a result of a past event, FrieslandCampina has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. If the effect of the time value of money is material, provisions are discounted using a pre-tax rate that reflects the current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognised as finance costs.

Restructuring provision

Provisions for restructuring are formed when FrieslandCampina has formalised a detailed and formal restructuring plan and has either started implementing the restructuring plan or has announced the main aspects of the restructuring in such a way that the affected employees have a valid expectation the restructuring will take place.

Provision for onerous contracts

A provision for onerous contracts is recognised when the expected benefits to be derived by FrieslandCampina from a contract are lower than the unavoidable cost of meeting its obligations under the contract.
The provision is measured at the present value of the lower of the expected cost of terminating the contract and the expected net cost of continuing with the contract. Before a provision is established, FrieslandCampina recognises an impairment loss on the assets associated with the contract.

10. Acquisitions, disposals and associates

10.1 Acquisitions and disposals of subsidiaries and non-controlling interests

Disposal of part of German consumer activities

As per 1 April 2023, FrieslandCampina legally finalised the sale of a part of its German consumer brands and activities.

Accounting policies

Changes of non-controlling interests

Changes in FrieslandCampina's interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions (transactions with owners in their capacity as owners). Adjustments to non-controlling interests whereby control is retained are based on a proportionate amount of the net assets of the subsidiary. No adjustments are made to goodwill and no gain or loss is recognised in the income statement.

Loss of control

At the moment of loss of control, FrieslandCampina derecognises the assets and liabilities of the subsidiary, any non-controlling interests and the other components of equity related to the subsidiary. Any surplus or deficit arising on the loss of control is recognised in the income statement. If FrieslandCampina retains any interest in the previous subsidiary, such interest is measured at fair value at the date control ceases. Subsequently the interest is accounted for as an associate (accounted for according to the equity method) or as an available-for-sale financial asset, depending on the level of influence retained.

Business combinations

Business combinations are accounted for by using the acquisition method as at the acquisition date, which is the date on which control is transferred to FrieslandCampina. FrieslandCampina is deemed to have control if, on the basis of its involvement with the entity, it is exposed to or is entitled to variable returns and has the power to influence the variable returns on the basis of its control of the entity.

FrieslandCampina measures goodwill at the acquisition date as:

- the fair value of the consideration transferred; plus
- the recognised amount of any non-controlling interests in the acquiree; plus
- if the business combination is achieved in stages, the fair value of the pre-existing equity interest in the acquiree; less
- the net recognised amount (generally fair value) of the identifiable assets acquired and liabilities assumed.

If the excess is negative, a bargain purchase gain is recognised immediately in the income statement. The consideration transferred does not include amounts related to the settlement of pre-existing relationships. Such amounts are generally recognised in the income statement. Transaction costs incurred by FrieslandCampina in connection with a business combination, which are not costs in connection with the issue of shares or bonds, are recognised in the income statement when they are incurred.

Any contingent consideration is measured at fair value at the acquisition date. If the contingent consideration is classified as equity, it is not remeasured and settlement is accounted for within equity. If the contingent consideration is classified as liability, it is remeasured. Subsequent changes in the fair value of the contingent consideration are recognised in the income statement. The interest accrued on and the adjustments made to the fair value as a result of changes to the interest accrual period are reported under finance income and costs. Adjustments to the fair value as a result of other changes are reported under other operating costs and income.

For each business combination, FrieslandCampina elects to measure any non-controlling interest in the acquiree either at fair value or at the proportionate share of the acquiree’s identifiable net assets, which are generally at fair value.

10.2 Assets and liabilities held for sale

	2024	2023
Assets held for sale		
At 1 January		88
Transfer from property, plant and equipment	3	
Disposals	-1	-87
Impairments		-1
Reversal of impairments	1	
At 31 December	**3**	
Liabilities held for sale		
At 1 January		6
Disposals		-6
At 31 December		

In 2022 FrieslandCampina decided to close the production facility in Rotterdam. During 2024, production ceased, and the related assets were classified as assets held for sale. Fully impaired assets previously classified as Held for sale were sold during 2024 at a profit (EUR 1 million).

Accounting estimates and judgements

FrieslandCampina exercises judgement regarding whether assets or groups of assets are expected to be sold within 1 year, and the sale is highly probable. These judgements are difficult to demonstrate in practice.

Accounting policies

Non-current assets (or groups of assets and liabilities that will be disposed of), whose carrying amount is expected to be recovered primarily via a sale transaction rather than through continuing use, are classified as held for sale. Immediately before being classified as such, the assets (or the components of a group of assets that will be disposed of) are remeasured in accordance with FrieslandCampina's accounting policies. Thereafter, the assets (or a group of assets and liabilities that will be disposed of) are generally measured at their carrying amount, or if this is lower, their fair value less selling costs. An impairment on a disposal group is first allocated to goodwill and then on a pro rata basis to the remaining assets and liabilities, except that no impairment is allocated to biological assets, inventories, financial assets, deferred tax assets or employee related provisions, which continue to be measured in accordance with FrieslandCampina's accounting policies. Impairment losses arising from the initial classification as held for sale or distribution and gains or losses from subsequent remeasurement are recognised through the income statement. If the gain from subsequent remeasurement exceeds the cumulative impairment loss, this difference is not included.

Once they have been classified as held for sale or distribution, intangible assets and property, plant and equipment are not amortised or depreciated.

In addition, for investments recognised in accordance with the equity method, this measurement method is no longer applied once these investments are classified as held for sale or distribution.

10.3 Joint ventures and associates

FrieslandCampina holds interests in a number of joint ventures and associates that individually are not considered to be material. The following table shows, in aggregate, the carrying amount and the share of these joint ventures and associates in total comprehensive income.

	2024			2023		
	Joint ventures	Associates	Total	Joint ventures	Associates	Total
Carrying amount	102	21	123	95	18	113
Share of:						
– profit or loss, net of tax	17	3	20	15	-1	14
– other comprehensive income	1		1	-2		-2
Total comprehensive income	**18**	**3**	**21**	**13**	**-1**	**12**

The largest joint venture concerns the 50% interest in Betagen Holding Ltd. FrieslandCampina's interest in Betagen Holding Ltd. amounts to EUR 73 million (2023: EUR 65 million), of which EUR 30 million relates to goodwill (2023: EUR 30 million) and the share in the 2024 profit amounts to EUR 16 million (2023: EUR 11 million). In 2024 FrieslandCampina received a dividend of EUR 10 million from Betagen Holding Ltd (2023: EUR 11 million).

For a summary of the transactions with joint ventures and associates, refer to Note 13.3.

Accounting policies

Associates are those entities in which FrieslandCampina has significant influence, but no control, over the financial and operating policies. Joint ventures are the entities in which FrieslandCampina has joint control and to which FrieslandCampina is entitled to a portion of the net assets rather than the assets and liabilities of the entity. A joint venture is a contractual arrangement whereby FrieslandCampina and other parties undertake an economic activity through a jointly controlled entity.

Joint control exists when strategic, financial and operating policy decisions relating to the activities require the unanimous consent of the parties sharing control.

Investments in associates and joint ventures are accounted for using the equity method and are recognised initially at cost. The cost of the investment includes transaction costs.

After initial recognition, the consolidated financial statements include FrieslandCampina's share of the results and the other comprehensive income of the participations from the date on which FrieslandCampina first has significant influence up to the date on which it last has significant influence or joint control. Dividends received or receivable from associates

and joint ventures are recognised as a reduction in the carrying amount of the investment.

When FrieslandCampina's share of losses exceeds its interest in an equity-accounted investee, the carrying amount of the investment, including any long-term interest that forms a part thereof, is reduced to zero and the recognition of further losses is discontinued except to the extent that FrieslandCampina has an obligation or has made payments on behalf of the investee.

11. Financing and capital structure

11.1 Finance income and costs

	2024	2023
Finance income		
Interest income	16	12
Foreign exchange losses on receivables and payables	14	
Other finance income		5
	30	**17**
Finance costs		
Interest expenses	-97	-79
Foreign exchange losses on receivables and payables		-60
Other finance costs	-7	-4
	-104	**-143**

Interest expenses, among other things, relate to unwinding of lease liabilities of EUR 6 million (2023: EUR 5 million).

Foreign exchange losses on receivables and payables includes a gain of EUR 13 million (2023: costs of EUR 50 million) relating to Nigeria. Because the official exchange rate has been devalued and the availability of US dollars has improved in 2024, the liability of EUR 15 million for the difference between the rate to obtain US dollars and the official exchange rate in Nigeria was released. Refer to note 6.3 for information regarding costs for exchanging foreign currencies in Nigeria.
The other finance costs (2023: other finance income) include the interest accrued and the remeasurement of the put option liability; also refer to note 11.4.

Other finance costs also comprise the amortisation of transaction costs and commitment fees for non-current borrowings of EUR 4 million (2023: EUR 3 million).

Accounting estimates and judgements

For the estimates and judgements in relation to the remeasurement of the put option liability, refer to note 11.4.

Accounting policies

Finance income comprises interest received on loans and receivables from third parties, positive changes to the fair value of financial assets valued at fair value through profit or loss, gains on hedging instruments that are recognised in the income statement and reclassifications of amounts previously recognised in other comprehensive income. Interest income is recognised in the income statement as it accrues, using the effective interest method, with due consideration to impairments.

Finance costs comprises interest expenses on borrowings and other obligations to third parties, including lease liabilities, unwinding the discount on provisions, fair value losses on financial assets at fair value through profit or loss, impairment losses recognised on financial assets, losses on hedging instruments that are recognised in the income statement

and reclassifications of amounts previously recognised in other comprehensive income. Interest expenses are recognised in the consolidated income statement as they accrue by means of the effective interest method.

Foreign currency gains and losses from trade debtors and creditors are recognised as a component of operating profit. All other foreign currency gains and losses are reported on a net basis as either finance income or finance costs, depending on whether foreign currency movements are in a net gain or net loss position.

11.2 Cash and cash equivalents

	2024	2023
Deposits	216	327
Other cash and cash equivalents	835	242
	1,051	**569**

Funds of EUR 2 million (2023: EUR 12 million) are not freely available.

Accounting policies

Cash and cash equivalents comprise cash at banks and in hand and short-term deposits ordinarily with original maturities of three months or less from the acquisition date.

11.3 Interest-bearing borrowings

The terms and conditions of outstanding borrowings are as follows:

	2024		2023	
	Boekwaarde		Boekwaarde	
Borrowings from credit institutions		493		749
US Private Placement		497		206
Schuldschein private borrowings programme		345		375
Commercial Paper				
Borrowings from member dairy farmers (variable interest)	15		16	
Bank overdrafts (variable interest)	17		31	
Lease liabilities (fixed interest)	179		152	
Capitalised issue costs	-3		-1	
Other		208		198
Interest-bearing borrowings		**1,543**		**1,528**
Recognised under non-current interest-bearing borrowings		1,288		870
Recognised under current interest-bearing borrowings		255		658

The nominal value of the interest-bearing borrowings does not deviate from the carrying value. The average interest paid on the interest-bearing borrowings, including the effect of the interest rate and cross currency swaps at year-end 2024, is 5.9% (2023: 4.2%). Of the lease liabilities, EUR 133 million (2023: EUR 106 million) is classified as non-current and EUR 46 million (2023: EUR 46 million) is classified as current.

No guarantees were provided for the short-term and long-term loans.

Borrowings from credit institutions

In 2016 FrieslandCampina agreed a loan facility at EUR 150 million with the European Investment Bank (EIB). The outstanding amount at the end of 2024 is EUR 58 million (2023: EUR 131 million). The loan consists of three parts with fixed interest rates. The terms ranged from 3 to 10 years. An amount of EUR 54 million of the loans is recorded as current interest-bearing borrowings.

During 2021 a credit facility was negotiated with the EIB for an amount of EUR 150 million, which was fully utilised in 2022. Repayments will take place in the period 2026 until 2029.

FrieslandCampina negotiated a loan with International Finance Corporation (IFC) in 2023 for an amount of EUR 75 million. Repayments will take place in the period 2026-2028.

During 2021 FrieslandCampina negotiated a (TLTRO) loan of EUR 300 million with ING Bank. The loan, made up of four installments with terms ranging from 6 months to 3 years, has a variable interest based on Euribor and an interest discount if sustainability targets are met. In 2024 the total outstanding balance was repaid of EUR 150 million.

Also in 2021, FrieslandCampina negotiated a new (TLTRO) loan of EUR 100 million with ABN AMRO Bank. The loan matured at the end of June 2024, and the outstanding balance was repaid.

In the second half of 2022, Royal FrieslandCampina N.V. successfully raised a new EUR 1.25 billion revolving credit facility (“RCF”). The facility is linked to four sustainability performance indicators, impacting the interest of the facility. Issue costs related to the part of the credit facility that is not expected to be used, are capitalised as a prepayment and are amortised over the term of the facility. In 2023, Royal FrieslandCampina made a successful extension request to the lenders of the facility with one year to October 2028. At the same time, Royal FrieslandCampina cancelled voluntary the available revolving facility commitments with an amount of EUR 250 million to a level of EUR 1 billion. During 2024, FrieslandCampina made an additional successful extension request to the lenders of the facility with one year to October 2029. At 31 December 2024, the credit facility is not utilised (2023: EUR 0 million).

In 2023, FrieslandCampina negotiated a new loan of EUR 75 million with Kreditanstalt für Wiederaufbau -Ipex Bank for a period of 5 years.

US Private Placement

In 2024 FrieslandCampina repaid the remaining part of the in 2012 privately placed loans with institutional investors in the United States to a total of USD 228 million.

In 2023 FrieslandCampina successfully issued US Private Placement Notes for an aggregate amount of EUR 494 million with maturity terms of 8, 10 and 12 years. Funding has taken place in February 2024. The average maturity of the transaction is 10 years. The (USD and EUR) notes are linked to two of FrieslandCampina’s sustainability performance indicators. The USD repayments and interest payment obligations associated with the private placement obligations are converted into EUR obligations with a fixed interest rate through means of cross-currency swaps. The loss resulting from the revaluation of the loan to euro of EUR 2 million in 2024 has been fully offset by the hedge.

Schuldschein private borrowings programme

The outstanding green bonds (Green Schuldschein) issued by FrieslandCampina amounted to EUR 45 million (2023: EUR 75 million). These bonds are recognised in non-current interest-bearing borrowings.

In 2023 FrieslandCampina has successfully issued a new EUR 300 million Schuldschein linked to two sustainability performance indicators. The transaction consists of three tranches which will mature after 3, 5 and 7 years. The average maturity of the transaction is slightly over five years.

Commercial Paper

The maximum term of the Euro Commercial Paper (ECP) issued debt securities is 12 months. At year-end 2024, there were no drawings under the ECP Programme (2023: EUR 0 million).

Borrowings from member dairy farmers

The borrowings from member dairy farmers amounting to EUR 15 million (2023: EUR 16 million) concern three year deposit loans held by member dairy farmers. These loans have a variable interest rate based on 6 months Euribor and are repayable on demand by the member dairy farmers against the payment of a 2.25% interest penalty.

Accounting estimates and judgements

Please refer to Note 8.1.1 in relation to right-of-use assets and lease liabilities.

Accounting policy

Non-derivative financial liabilities

The initial recognition of financial liabilities (including liabilities designated as fair value through profit and loss) is stated at transaction date. The transaction date is the date on which FrieslandCampina commits to the contractual provisions of the instrument.

The fair value, determined for the purpose of the notes, of the liabilities is determined on the basis of the discounted cash flows.

FrieslandCampina no longer recognises a financial liability in the balance sheet as soon as the performance pursuant to the relevant liability was completed, expired or released.

Financial liabilities other than derivatives consist of interest-bearing borrowings (including lease liabilities), other financial liabilities, trade payables and other liabilities. On initial recognition, such financial liabilities are stated at fair value less any directly attributable transaction costs. After initial recognition, these financial liabilities are stated at amortised cost in accordance with the effective interest method.

Lease liabilities

The interest-bearing borrowings include lease liabilities. At initial recognition, lease liabilities are measured at the present value of future lease payments. Lease payments consist of:

- fixed payments, including in substance fixed payments, minus contractual lease incentives;
- the exercise price of a purchase option when it is reasonably certain that FrieslandCampina will exercise this option;
- the payment of a penalty when it is reasonably certain that FrieslandCampina will terminate the lease early;

- payments that fall within the period of an extension option when it is reasonably certain that FrieslandCampina will exercise this option;
- payments that fall within the period of which it is reasonably certain that FrieslandCampina will make use of the asset, for contracts for which a contractual end-date has not been agreed upon.

When an estimate in respect of the lease payments changes, including changes in remaining lease payments based on an index or rate, the lease liability is remeasured taking into account these changes, whereby the right-of-use asset is also remeasured.

Lease payments are discounted using the interest rate implicit in the lease. When the interest rate implicit in the lease cannot be derived, the lease payments are discounted using the incremental borrowing rate that reflects the interest rate at which FrieslandCampina could have obtained a loan to finance a similar asset in the same economic environment for the same duration and with the same collateral.

The lease liability is reduced by the lease payments. The interest accrued on the lease liabilities is recognised as part of finance costs in the income statement.

Covenant guidelines

FrieslandCampina has to maintain at least one investment grade credit rating to have the revolving credit facility and the funds under borrowings from credit institutions and borrowings under the 2023 Schuldschein private borrowings available until their respective maturities. FrieslandCampina currently has two investment grade ratings.

In case the company does not comply with the above credit rating requirement it must ensure that it will comply with the below financial covenants:

- Leverage ratio: Net debt / EBITDA < 3.5
- Interest coverage ratio: EBITDA / Net Interest > 3.5

For the borrowings under the US private placement FrieslandCampina has to maintain a leverage of no greater than 3.5, independent of the credit rating.
For the 2016 Schuldschein private borrowings the leverage ratio and the interest coverage ratio need to comply with the above levels at all times.

All the above conditions were met.

The table below sets out the specification of the net debt at year-end, in accordance with the covenant guidelines the impact of lease liabilities is disregarded:

	2024	2023
Non-current interest-bearing borrowings	1,155	764
Current interest-bearing borrowings	209	613
Receivables from Zuivelcoöperatie FrieslandCampina U.A.	-45	-185
Cash and cash equivalents	-1,051	-569
Cash and cash equivalents not freely available	2	12
Net debt	**270**	**635**

11.4 Other financial liabilities

	2024	2023
Non-current other financial liabilities		
Derivatives	8	9
Other	9	9
	17	**18**
Current other financial liabilities		
Derivatives	11	3
Contingent considerations		1
Put option liabilities	15	12
	26	**16**

The put option liabilities relate to the co-financing of the acquisition of a 51% interest in FrieslandCampina Engro Pakistan Ltd in 2016. FrieslandCampina issued a put option to International Finance Corporation (IFC) and the Netherlands Development Finance Company (FMO) with respect to the shares held in the Dutch legal entity holding 51% of the shares in FrieslandCampina Engro Pakistan Ltd. The shares are subdivided into type A and type B shares, whereby a cap and floor has been agreed upon in relation to the return of type A shares. The put option on type A shares has been in exercised in 2023 for an amount of EUR 51 million, the put option on type B shares will be exercised in the first half year of 2025.

The put option liabilities amount to EUR 15 million as at 31 December 2024 (2023: EUR 12 million). In 2024 a revaluation of the put option liability resulted in an expense of EUR 2 million (2023: release of EUR 6 million) recognised under Finance costs.

For information regarding derivatives, accounting policies, estimates and judgements, and the determination of the fair value of derivatives, refer to note 11.7.

Accounting estimates and judgements

Non-derivative financial liabilities

The fair value of the put option is determined based on the present value of the expected exercise price on the expected exercise date. The exercise price is primarily dependent on the profit of FrieslandCampina Engro Pakistan Ltd. before interest, taxes, depreciation and amortisation.

Accounting policies

For the accounting policies for Non-derivative financial liabilities, refer to note 11.3.

Put option liabilities

The put option liabilities relating to non-controlling interests are classified as a liability, rather than a non-controlling interest, in both the balance sheet and the income statement. The interest accrued on the put option liabilities, any dividends paid to holders of the put option and adjustments to the fair value are recorded under finance income and costs.

11.5 Equity

Issued capital

The number of issued shares at both the beginning and end of the financial year was 3,702,777 shares. EUR 370 million has been paid up on these shares. The authorised capital amounts to EUR 1 billion, divided into 10,000,000 shares with a nominal value of EUR 100. The shares are held by Zuivelcoöperatie FrieslandCampina U.A.

Share premium

The share premium comprises primarily capital contributions by Zuivelcoöperatie FrieslandCampina U.A. of EUR 110 million in 2009 and of EUR 617 million in 2022 as a result of issuance of milk certificates by the Cooperative to its member dairy farmers.

Member bonds

The member bonds comprise member bonds-fixed and member bonds-free until 21 June 2024. As per 21 June 2024, all member bonds-fixed are converted into member bonds-free. Member bonds have been issued by Royal FrieslandCampina N.V. to Zuivelcoöperatie FrieslandCampina U.A. and its members. The member bonds are perpetual and have no maturity date. The interest charge for the member bonds is the 6 months Euribor as at 1 June and 1 December of the relevant year plus 3.25%. The bonds are subordinated to the claims of all other existing and future creditors to the extent that these are not subordinated. Interest payments may be deferred, provided that Royal FrieslandCampina N.V. has not determined or distributed any supplementary cash payment in the 12 months prior to the annual coupon date. Deferred interest becomes payable on the date on which a supplementary cash payment is determined or distributed.

Six times per year, member bonds can be traded on an internal market. Royal FrieslandCampina N.V. has the right to annually redeem a maximum of 10% of member bonds.

From the profit over the 2024 financial year, EUR 64 million (2023: EUR 58 million) is attributed to the holders of the member bonds as an interest payment.

Perpetual Bonds

On 23 October 2024 FrieslandCampina issued perpetual bonds for EUR 300 million, with a fixed interest rate of 4.85% until 23 January 2030. FrieslandCampina has the right to redeem the bonds after 23 January 2030. These bonds are listed on Euronext Dublin. The perpetual bonds were issued to partially refinance the outstanding EUR 300 million perpetual bonds issued on 10 September 2020 at a fixed interest rate of 2.85%. These perpetual bonds are also listed on Euronext Dublin. Through a tender process, EUR 228 million of the outstanding perpetual bonds were repurchased on 24 October 2024 at 99.25% of the nominal value. The remaining intrinsic amount of EUR 72 million can be repaid at 100% of the nominal value.

The perpetual bonds are subordinated to the receivables of all existing and future creditors insofar as these are not subordinated. Interest payment may be deferred. Deferred interest becomes payable on the date on which a supplementary cash payment or interest on member bonds is established or distributed.

In the 2024 financial year, EUR 10 million (2023: EUR 9 million) is attributed from the result as interest on the perpetual bonds.

Cooperative loan

The perpetual subordinated loan advanced to FrieslandCampina by Zuivelcoöperatie FrieslandCampina U.A. has no maturity date. The interest rate of the perpetual subordinated loan is the 6 months Euribor as at 1 June and 1 December of the relevant year plus 3.25%. The loan from the Cooperative is subordinated by the claims from all other existing and future creditors to the extent that these are not subordinated. Interest payments may be deferred, provided that Royal FrieslandCampina N.V. has not determined or distributed any supplementary cash payment in the 12 months prior to the annual interest payment date. Deferred interest becomes payable on the date on which a supplementary cash payment is determined or distributed.

EUR 10 million of the profit over the 2024 financial year (2023: EUR 19 million) is attributed to the provider of the Cooperative loan as interest payment.

In February 2024, FrieslandCampina exercised its right to repay part of the cooperative loan for an amount of EUR 150 million. The repayment and interest payment did not lead to a direct cash flow but were settled with the mutual current account within cash flow from operating activities.

Other reserves

The item 'Other reserves' comprises the cash flow hedge reserve and the currency translation reserve.

The cash flow hedge reserve concerns changes in the fair value of cross currency swaps and commodity swaps to the extent that they classify as highly effective cash flow hedges. The cashflow hedge reserve also contains rounded EUR 0 million (2023: EUR 0 million) related to terminated hedged relations.

The currency translation reserve relates to the cumulative currency translation differences of subsidiaries, as well as currency translation differences from loans granted to subsidiaries with a permanent nature.

Retained earnings

Retained earnings comprise the balance of accumulated profits that have not been distributed to the shareholder and the revaluation of the net pension liability. Pursuant to the Articles of Association, a decision to distribute dividends may be taken if and to the extent that equity exceeds the issued share capital plus the statutory reserves and in accordance with the other legal stipulations.

In 2023, FrieslandCampina N.V made a distribution of EUR 900 million to Zuivelcoöperatie FrieslandCampina U.A. with which the Cooperative compensated the negative equity of FC C.V.

Reserve policy

The 2023-2025 reserve policy stipulates that 60% of the Company's profit based on the guaranteed price, as far as it attributes directly or indirectly to the shareholder of the Company, will be added to the retained earnings. As part of the payment for milk supply, 40% of this profit can be paid out to member dairy farmers as a supplementary cash payment. In the event of a goodwill impairment greater than EUR 100 million, it may be decided to deduct the entire amount from retained earnings via the profit appropriation. In case a book profit of at least EUR 100 million is realised relating to divestments of businesses, it may be decided to add the entire amount or part of the amount to retained earnings via the profit appropriation. The reserve policy is described in the milk price regulation and is being revised every three years. After the General Meeting of Shareholders' adoption of the financial statements, the supplementary cash payments are made, if any. As of 2023, the accrual for the supplementary cash payment is part of the Cost of goods sold and is not processed as a dividend payment.

Non-controlling interests shareholder

Since 2020 FrieslandCampina has a limited partnership structure (FC C.V.). All of the Company's activities in the Netherlands, except for production and invoicing activities, were brought into this C.V. In this structure, 99.9% of a profit and 100% of a loss realised by FC C.V. and equal percentages of the equity of FC C.V. are directly attributed to the Cooperative, the limited partner in FC C.V. In 2023, FrieslandCampina N.V made a distribution of EUR 900 million to Zuivelcoöperatie FrieslandCampina U.A. with which the Cooperative compensated the negative equity of FC C.V.

The non-controlling interests directly attributable to the shareholder relates to the Cooperative's share in equity that is not attributable to FrieslandCampina. This share is not limited to the interest in the above-referenced C.V., this concerns several other subsidiaries in which the Cooperative holds a minority interest.

	2024	2023
	FC C.V.	FC C.V.
Non-controlling interest percentage	99%	99%
Non-current assets	503	368
Current assets	448	267
Non-current liabilities	-55	-49
Current liabilities	-1,099	-631
Net assets	**-203**	**-45**
Carrying amount of non-controlling interest	-203	-45
Revenue	5,773	5,527
Result for the year	-157	-509
Other comprehensive income		
Total comprehensive income	**-157**	**-509**
Profit allocated to non-controlling interest	-157	-509
Other comprehensive income allocated to non-controlling interest		
Dividends paid out to non-controlling interest		-85
Net cash from/used in operating activities	135	-377
Net cash from/used in investing activities	-73	29
Net cash from/used in financing activities	-10	805
Net cash flows	**52**	**457**

Other non-controlling interests

Other non-controlling interests concerns the share in equity that is not attributed to FrieslandCampina or the Cooperative.

The following table summarises the financial information of each of the subsidiaries in which FrieslandCampina has a material non-controlling interest, based on FrieslandCampina's accounting policy, before any intra-group eliminations and on the basis of the latest publicly available information.

	2024					2023				
	Friesland-Campina WAMCO Nigeria PLC[1]	Friesland-Campina Engro Pakistan Ltd.	DFE Pharma GmbH & Co. KG[1]	Dutch Lady Milk Industries Berhad[1]	P.T. Frisian Flag Indonesia	Friesland-Campina WAMCO Nigeria PLC	Friesland-Campina Engro Pakistan Ltd.	DFE Pharma GmbH & Co. KG	Dutch Lady Milk Industries Berhad	P.T. Frisian Flag Indonesia
Non-controlling interest percentage	32.19%	49%	50%	49.04%	21.92%	32.19%	49%	50%	49.04%	5.00%
Non-current assets	62	132	113	107	303	62	120	113	107	271
Current assets	196	80	80	79	229	196	83	80	79	220
Non-current liabilities	-7	-25	-1	-1	-23	-7	-24	-1	-1	-20
Current liabilities	-267	-82	-39	-99	-301	-267	-85	-39	-99	-256
Net assets	**-16**	**105**	**153**	**86**	**208**	**-16**	**94**	**153**	**86**	**215**
Carrying amount of non-controlling interest	-5	51	143	42	46	-5	46	143	42	47
Revenue	440	355		293	719	440	331		293	694
Result for the year	-39	3	127	15	19	-39		127	15	40
Other comprehensive income	-4	8	-1	-7	3	-4	-27	-1	-7	-6
Total comprehensive income	**-43**	**11**	**126**	**8**	**22**	**-43**	**-27**	**126**	**8**	**34**
Profit allocated to non-controlling interest	-13	1	64	7	4	-13		64	7	9
Other comprehensive income allocated to non-controlling interest	-1	4		-3	1	-1	-13		-3	-1
Dividends paid out to non-controlling interest	-3		-72	-3	-6	-3		-72	-3	
Net cash from/used in operating activities	-156	18		40	61	-156	17		40	103
Net cash from/used in investing activities	74	-10		-41	-47	74	-12		-41	-82
Net cash from/used in financing activities	74	-10		-7	-30	74	-7		-7	-1
Net cash flows	**-8**	**-2**		**-8**	**-16**	**-8**	**-2**		**-8**	**20**

1 As the 2024 results of FrieslandCampina WAMCO Nigeria PLC, DFE Pharma GmbH & Co. KG and Dutch Lady Milk Industries Berhad are not yet publicly available, the 2023 figures have been disclosed. Furthermore, the revenue and cash flows of DFE Pharma GmbH & Co. KG are not publicly available.

The percentages stated in the table on the previous page indicate the direct non-controlling interest held by third parties in these entities. For the entities included in the table, the indirect non-controlling interest is the same as the direct non-controlling interest, with the exception of DFE Pharma GmbH & Co. KG (DFE) and in 2023 of P.T. Frisian Flag Indonesia (FFI). FrieslandCampina's indirect interest in DFE is lower than the direct interest as a result of intermediate holding companies in which FrieslandCampina does not hold a 100% interest. As a result of a legal restructuring related to FFI in 2024, the indirect non-controlling interest is equal to the direct non-controlling interest. The indirect interest in FFI has not changed compared to 2023. The carrying amounts, total comprehensive income and dividends allocated to non-controlling interests are based on the indirect non-controlling interest.

Accounting policies

Share capital

The shares are classified as equity. The share capital comprises paid-up capital and the remaining portion concerns share premium reserve.

Other financial instruments

Other financial instruments are classified as equity if the instruments do not have a maturity date and FrieslandCampina can defer the interest payments.

Dividends

Dividends are recognised as a liability in the period in which they are declared.

Costs related to equity instruments

Costs directly attributable to the issue of equity instruments are deducted from equity, net of tax.

11.6 Financial risk management

Capital management

FrieslandCampina strives to achieve a balance between a prudent financing and reserve policy, investment in the Company and payments to the member dairy farmers. The relationship between the reserves and the payments to member dairy farmers is reviewed every three years and approved by the Members' Council. When reviewing the policy, expected future circumstances are taken into consideration. Potential risks over which FrieslandCampina has no influence are also taken into account.

The Executive Board, under the supervision of the Supervisory Board, is responsible for and formulates the policy for FrieslandCampina's risk management and internal control measures. This policy is revised on a regular basis to ensure that it reflects changes in market conditions or activities. The internal control framework within FrieslandCampina supports the Executive Board in its monitoring tasks.

Please refer to note 11.3 'Covenant Guidelines' for the quantitative notes with respect to the financial ratios that are monitored.

Active risk management

The increased volatility of foreign exchange markets, including for example currency restrictions in Nigeria, the significant decline in economic growth in emerging markets and problems in the Eurozone can have a material impact on the future results of FrieslandCampina.

FrieslandCampina pursues an active risk management policy. This includes scenario planning and measures to address any issues. Based on a continuous business process of monitoring and risk analyses, the business plans of all FrieslandCampina operating companies are adjusted where necessary and maintained on the basis of a focused package of risk-mitigating measures.

Financial risk management

FrieslandCampina is a multinational concern with many operating companies in various countries. This makes FrieslandCampina sensitive to various financial risks, such as credit risks, interest rate risks, liquidity risks, commodity price risk and currency translation risks. The general risk policy is aimed at identifying and analysing risks and, if necessary, mitigating these risks in such a way that possible negative financial results are prevented. Corporate Treasury has been given the mandate to implement these mitigating measures. These measures are laid down in a clearly formulated policy. Corporate Treasury reports the exposure to financial risks, including the liquidity risk, currency translation risk, interest rate risk, commodity price risk and credit risk related to financial services providers to the Treasury Committee.

FrieslandCampina's principal financial instruments are borrowings from credit institutions and institutional investors, members bonds and cash and cash equivalents. The main purpose of this mix of financial instruments is to raise funds for FrieslandCampina's operations from a variety of markets and investors. FrieslandCampina has various other financial instruments, such as trade receivables and trade payables, which arise directly from its operations. FrieslandCampina closely monitors the market risks relative to all financial instruments, mainly currency risks and interest rate risks.

FrieslandCampina also enters into derivative transactions, primarily forward exchange contracts and interest rate swaps, in order to manage the currency risks and interest rate risks arising from FrieslandCampina's operations and the financing of its operations. FrieslandCampina's policy is, and was throughout the financial year, that no trading in financial instruments takes place for speculative purposes. The main risks arising from FrieslandCampina's financial instruments are currency risks, interest rate risks, liquidity risks and credit risks.

Netting of financial instruments

FrieslandCampina has various financial assets and financial liabilities that are subject to offsetting or netting agreements.

FrieslandCampina has implemented multiple cash pool systems that facilitate a more efficient management of the daily working capital requirements of the participating entities. The netting mechanisms of these cash pools are managed by an external financial institution, mainly via daily clearance. As a result no difference exists between the gross outstanding amount and the net outstanding amount at the financial institution.
At year-end 2024, EUR 600 million (2023: EUR 250 million) of the gross outstanding amount was reported on a net basis in the financial statements.

Derivative transactions are carried out by FrieslandCampina on the basis of standard agreements according to the International Swaps and Derivatives Association (ISDA). In general, the amounts outstanding on a daily basis can be aggregated in the same currency, resulting in a net amount.
In certain circumstances, for example when an event such as a default occurs, all outstanding transactions under the agreement may be terminated, the termination value is assessed and a net amount must be paid upon settlement of the transactions. At year-end FrieslandCampina has netted a not significant amount based on ISDA settlement agreements.

Financing programmes

FrieslandCampina makes use of various financing programmes for trade receivables and account payables as part of its liquidity and credit risk management processes:

- A number of FrieslandCampina suppliers participates in financing programmes, whereby banks function as financing partners for these suppliers. When suppliers participate in these programmes, the supplier, at its own discretion and flexibility, has the option of receiving early payment from the financing partner on the basis of invoices sent to FrieslandCampina. The condition here is that FrieslandCampina must recognise and approve the receipt of goods or services, and irrevocably accept the obligation of paying the invoice to the financing partner on the due date. By participating in this financing programme, suppliers benefit from FrieslandCampina's creditworthiness, while FrieslandCampina is able to improve its payment term (refer to note 7.3 Supplier finance program).
- In addition, FrieslandCampina makes use of trade receivable sales programmes, whereby the trade receivables are sold to banks before the payment term expires. The risks and rewards pertaining to these trade receivables, including credit risk, are fully transferred in this respect.

FrieslandCampina itself also makes use of financing programmes provided by its customers. Under these programmes, FrieslandCampina has the option of receiving early payments.

Currency risks

As FrieslandCampina operates worldwide, a considerable portion of its assets, liabilities and results is sensitive to currency fluctuations.
The purpose of the policy for managing transaction risks is to limit the effect of currency fluctuations on financial performance. In principle, transaction risks are hedged. The amount of hedged positions may vary due to specific product and market conditions.

Currency risks resulting from investments in foreign subsidiaries, joint ventures and associates are, in principle, not hedged. The currency risk arising from dividend receivables from foreign subsidiaries is also not hedged. The currency translation risks arising from loans to foreign subsidiaries are, in principle, hedged. By financing foreign subsidiaries in the local currency wherever possible, the risk arising from a currency mismatch between assets and liabilities is restricted.

The economic situation in Nigeria has created currency restrictions since 2020, resulting in an increased USD liability. The currency risk is partially hedged with prepayments in local currency to obtain US dollars in the future. Until the beginning of 2024 the currency risk is hedged additionally by non-deliverable forwards and is consequently hedged only for a specific term.

The solvency requirements that FrieslandCampina imposes on its foreign subsidiaries do, however, result in a degree of currency translation risk.

Exposure to currency risk

The summary of quantitative data about FrieslandCampina's exposure to foreign currency risk provided to management based on its risk management policy was as follows (positions stated in EUR):

					2024
	EUR/USD	EUR/CNY	NGN/USD	IDR/USD	EUR/HKD
Receivables	232	75	1	24	1
Cash and cash equivalents	-7	-1	1		-6
Liabilities	199	170	74	8	23
Net statement of financial position	**26**	**-96**	**-72**	**16**	**-28**
Forward exchange contracts	-37	183		-3	-19
Net exposure 31 December	**63**	**-279**	**-72**	**19**	**-9**
Sensitivity analysis					
Impact on profit before tax	3	-14	-4	1	

					2023
	EUR/USD	EUR/CNY	NGN/USD	IDR/USD	EUR/HKD
Receivables	382	154	143	17	4
Cash and cash equivalents	-49	27		3	-4
Liabilities	160	173	261	22	23
Net statement of financial position	**173**	**8**	**-118**	**-2**	**-23**
Forward exchange contracts	66	71	-121		2
Net exposure 31 December	**107**	**-63**	**3**	**-2**	**-25**
Sensitivity analysis					
Impact on profit before tax	5	-3			-1

Sensitivity analysis

FrieslandCampina is primarily sensitive to fluctuations in the US dollar exchange rate due to its sales and purchases in dollars. The largest currency pairs are EUR/USD, EUR/CNY, NGN/USD, IDR/USD and EUR/HKD. As far as the euro is concerned, this relates mainly to sales in US dollars and Chinese yuan. For the other currencies this mainly relates to the purchase of raw materials on the world market.

The table above illustrates the impact of a 5% change in the specified currency (USD, CNY and HKD) in relation to the local currency (EUR, NGN and IDR) on the profit before tax. A 5% change in exchange rate is considered a realistic possibility, except for the exchange rate NGN/USD which is set to 15%. This analysis is based on foreign currency exchange rate variances that FrieslandCampina considered to be reasonably possible at the reporting date. The analysis assumes that all other variables, in particular interest rates, remain constant.

Currently a 5% exchange rate movement would not lead to a material impact on the cash flow hedge reserve, which is therefore not disclosed.

Commodity price risk

FrieslandCampina is sensitive to price risks on future purchases and/or sales of raw materials, such as milk, milk-related positions (for example, milk powder and butter) and ingredients (for example, sugar). In addition, it is also sensitive to price risks on the fuel component of transport by road and sea.

The treasury policy sets out that a part of the forecast consumption of fuel and ingredients for limited graduated quantities can be hedged over the coming years. The price risks on raw materials are primarily hedged by taking out financial derivatives, independent of the contracts with the physical suppliers.

The total portfolio of financial derivatives that hedges these price risks is relatively limited in comparison to FrieslandCampina's total positions.

Interest rate risk

The objective of interest rate risk management is to limit the effect of interest rate fluctuations on profit and to reduce interest expense where possible. Interest rate derivatives are used to match the effective interest in borrowings to the intended interest rate risk profile. The treasury policy specifies that the percentage characterised by a fixed interest rate, or that is fixed by means of a hedge, varies with a bandwidth of 40%-80% with a minimum time horizon of at least three full calendar years following the current year. After that the bandwidth goes down gradually in year 4 and 5 to 10%-40%.

The percentage which is characterised by a fixed interest percentage or is fixed by means of a hedge is at 31 December 2024 91% (2023: 60%).
The overview below shows the situation at the end of the year:

	2024		2023	
	Carrying amount excluding hedging	Carrying amount including hedging	Carrying amount excluding hedging	Carrying amount including hedging
Fixed rate	858	1,412	618	918
Variable rate	685	131	910	610
	1,543	**1,543**	**1,528**	**1,528**

FrieslandCampina carried out a sensitivity analysis based on the impact of interest rates on derivatives and other financial instruments at the end of the year. The analysis of cash and cash equivalents and liabilities with variable interest rates was carried out based on the assumption that the outstanding amount at the end of the year had been outstanding throughout the year. This sensitivity analysis indicates that, if interest had risen or fallen by 0.5%, the cumulative interest charges for the current year would not have been significantly higher or lower.

Liquidity risk

FrieslandCampina's objective is to maintain a good balance between the continuity and flexibility of its funding by using a range of financial instruments. Total net debt should be covered mainly by long-term borrowings and committed credit facilities, which is also maintained as a backup for short-term debt securities. FrieslandCampina manages its liquidity mainly by keeping available a significant amount of headroom under the committed credit facilities totaling EUR 2,328 million, (2023: EUR 2,953 million). Of these facilities EUR 1,000 million (2023: EUR 1,624 million) was unused at the end of 2024, which is substantially more than the minimum credit headroom of EUR 350 million required according to FrieslandCampina's financial policy.

Cash flows on financial liabilities

The table below gives an overview of the maturity dates of the financial liabilities of contractual nominal payments including related interest liabilities. This table does not show derivatives recognised under the current and non-current other financial assets. For derivatives recognised under the other financial liabilities the table shows both the incoming and outgoing contractual cash flows.

					2024
	Carrying amount	Contractual cash flows	2025	2026 - 2029	After 2029
Non-derivative financial liabilities					
Interest-bearing borrowings	1,364	-1,727	-284	-718	-725
Lease liabilities	179	-201	-53	-123	-25
Trade and other payables	4,054	-4,054	-4,054		
Put option liabilities	15	-15	-15		
Derivates					
Interest rate swaps - outflow	7	-7		-6	-1
Forward exchange - inflow		561	561		
Forward exchange - outflow	9	-570	-570		
Commodity swaps - outflow	3	-3	-2	-1	
	5,631	**-6,016**	**-4,417**	**-848**	**-751**

					2023
	Carrying amount	Contractual cash flows	2024	2025 - 2028	After 2028
Non-derivative financial liabilities					
Interest-bearing borrowings	1,376	-1,530	-672	-703	-155
Lease liabilities	152	-176	-52	-101	-23
Trade and other payables	3,428	-3,428	-3,428		
Put option liabilities	12	-12		-12	
Contingent considerations	1	-1	-1		
Derivates					
Cross currency swaps - inflow		9	-22	6	25
Cross currency swaps - outflow		-9	23	-5	-27
Interest rate swaps - outflow	7	-7	1	-8	
Forward exchange - inflow		207	207		
Forward exchange - outflow	1	-208	-208		
Commodity swaps - outflow	4	-4	-2	-2	
	4,981	**-5,159**	**-4,154**	**-825**	**-180**

Credit Risk

FrieslandCampina is
exposed to credit risk in respect of its trade receivables, cash and cash equivalents, financial assets, and derivative financial instruments. FrieslandCampina manages credit risk by systematically monitoring the credit rating of its customers at a decentralised level and financial counterparties at a central level. The strategy focuses among others on the strengthening of cash flows. Through continuous focus on creditworthiness and payment arrears of customers credit risk is being managed.

FrieslandCampina generally trades with reputable third parties with whom it maintains long-standing trading relationships. In accordance with FrieslandCampina's credit management policy, customers are categorised, and depending on their credit profile, the following risk mitigating measures have been taken:

- prepayment, paid cash on delivery or collateralisation;
- coverage by letter of credit or bank guarantee;
- credit insurance.

Thanks to the spread of geographical areas and product groups, there is no significant concentration of credit risk in FrieslandCampina's trade receivables (no single customer accounts for more than 2.4% (2023: 2.8%) of revenue). The total write-offs of trade receivables amount to less than 0.1% of annual revenue. For further information regarding trade receivables, refer to note 7.2.

Whenever possible, cash and cash equivalents have been deposited with first class international banks, for example those with at least a 'single A' credit rating. Over recent years, the credit rating of banks has declined across the board. Cash and cash equivalents held by subsidiaries in relatively unstable political climates are, however, subject to local country risks. To minimise these risks, FrieslandCampina follows an active dividend policy in relation to these subsidiaries. Many countries in which FrieslandCampina operates, in particular emerging markets, have a credit rating far lower than 'single A'. As a result, local banks in these countries have a correspondingly low credit rating, or no credit rating. For example, FrieslandCampina has substantial cash positions in Nigeria and to mitigate this higher credit risk, FrieslandCampina, in addition to an active dividend policy and a strict banking policy with limits for each bank, also made use of financial instruments. As part of Other financial assets, prepayments to banks and distributors in Nigeria are recorded, refer to note 11.3. The credit rating of these counterparties generally is <BBB.

Derivatives are in principle traded with financial institutions with good credit ratings, i.e. at least 'investment grade' (credit rating BBB or higher). Whenever possible, FrieslandCampina strives for offsetting in accordance with the ISDA agreements. FrieslandCampina's maximum credit risk exposure on financial assets is equal to the current carrying amount.

The overview below shows the credit ratings of outstanding cash and cash equivalents and derivative financial instruments as at 31 December:

	2024		2023	
	Cash positions	Contract volume derivatives	Cash positions	Contract volume derivatives
AA	239	408	195	543
A	771	1,257	306	1,170
BBB	10	205	13	173
< BBB	17	17	7	
No rating	14		48	30
	1,051	**1,887**	**569**	**1,916**

11.7 Derivatives

In the statement of financial position the hedging derivatives are recognised in current and non-current other financial assets and other financial liabilities.

Hedging activities	2024		
	Assets	Liabilities	Contract volume at year-end
Cross currency swaps	1		94
Interest rate swaps	2	7	855
Commodity swaps	1	3	57
Total cash flow hedges subject to hedge accounting	**4**	**10**	
Forward exchange contracts	3	9	862
Commodity swaps			19
Derivatives not subject to hedge accounting	**3**	**9**	
Total derivatives	**7**	**19**	
Classified as current	4	11	
Classified as non-current	3	8	

	2023		
	Assets	Liabilities	Contract volume at year-end
Cross currency swaps	25		274
Interest rate swaps	6	7	855
Commodity swaps	1	4	65
Total cash flow hedges subject to hedge accounting	**32**	**11**	
Forward exchange contracts	82	1	692
Commodity swaps			30
Derivatives not subject to hedge accounting	**82**	**1**	
Total derivatives	**114**	**12**	
Classified as current	101	3	
Classified as non-current	13	9	

Cash flow hedges

Cross currency swaps

By means of cross currency swaps, the USD obligations of repayment and interest payment, of the private placement obligations totalling USD 100 million (2023: USD 228 million), have been converted into EUR obligations, with a fixed interest rate. The cross currency swaps have been concluded to hedge the cash flows and cash flow hedge accounting is applied to them. The cross currency swaps are valued at fair value. The portion of the gain or loss realised on these hedging instruments, that is designated as an effective hedge, is recognised in comprehensive income. The private placement obligations have been fixed at EUR 94 million (2023: EUR 180 million) by means of the aforementioned swaps.

For the above-referenced hedges, to which hedge accounting is applied, the hedge accounting documentation requirements are met in accordance with IFRS 9 and effectiveness tests are conducted in advance and on every reporting date to confirm that there is an economic relationship between the derivative and the hedged item. The characteristics of the cross currency swap, such as instalments, interest rates and maturity date are matched with the loan at the start of the hedging relationship.

No significant ineffectiveness in the cashflow hedges occurred in 2024. As of year-end 2024 a negative cash flow hedge-reserve of EUR 3 million (2023: EUR 1 million positive) is recognised as part of equity for active hedge relations.

The effects of the cashflow hedges on FrieslandCampina's financial position are as follows:

Cross currency swaps	2024	2023
Carrying amount	1	25
Contractual amount	94	180
Maturity date	2032	2024-2027
Hedge ratio	1:1	1:1
Changes in value of outstanding hedging instruments for the purpose of determining the hedge effectiveness	-1	-6
Changes in value of hedged items for the purpose of determining the hedge effectiveness	4	
Weighted average interest	4.8%	4.0%

Commodity swaps

In 2024, FrieslandCampina has continued to partially hedge the price risk on fuel costs (diesel oil) for road transport in the Benelux region for the period 2025-2027 and continued to partially hedge the price risk on fuel costs (bunker oil) for sea transport for the period 2025-2027, to which hedge accounting is applied. For the aforementioned hedges in accordance with IFRS 9, the requirements of hedge accounting are met, and effectiveness tests are performed in advance and at reporting date, to determine whether there is an economic relationship between the derivative and the hedge instrument.

At year-end 2024, EUR 2 million negative (2023: EUR 1 million negative) has been recognised in equity as cash flow hedge reserves for active hedge relationships.

The effect of the hedges entered into on FrieslandCampina's financial position is shown in the table below:

	2024		2023	
Commodity swaps	Bunker oil	Diesel oil	Bunker oil	Diesel oil
Carrying amount	-2		-2	
Contractual amount	29	28	36	29
Maturity date	2025-2027	2025-2027	2024-2026	2024-2026
Hedge ratio	1:1	1:1	1:1	1:1
Weighted average contract price in EUR	677	639	746	629

Interest rate swaps

In 2022, FrieslandCampina entered into interest rate swaps to convert variable interest into fixed interest obligations, related to interest-bearing borrowings of EUR 300 million for the period 2024-2025 and EUR 200 million for the period 2025. By the end of 2023 the swaps covering the period 2025 (EUR 200 million) have been sold and the hedge accounting for these contracts is terminated (EUR 1 million released to income).

In 2023, FrieslandCampina entered into new interest rate swaps to convert variable interest into fixed interest obligations, related to interest-bearing borrowings of EUR 300 million for the period 2025-2028 and EUR 255 million for the period 2024-2030.

For these hedges, to which hedge accounting is applied, in accordance with IFRS 9 the documentation requirements of hedge accounting are met and effectiveness tests are carried out in advance and on the reporting date, to determine whether there is an economic relationship between the derivative and the hedged instrument.

At year-end 2024, EUR 1 million negative (2023: EUR 1 million negative) has been recognised in equity as cash flow hedge reserve for active hedge relationships.

Derivatives not subject to hedge accounting

Derivatives not subject to hedge accounting have been contracted primarily to hedge currency risks related to anticipated sales and purchases, loans and outstanding receivables and payables.
The movements in the value of the receivables and payables are largely being offset with movements in the value of derivatives.

In addition, derivatives were entered into to hedge part of the price risk on future purchases and sales of milk powder and butter.
FrieslandCampina's policy is and was throughout the financial year, that no trading in financial instruments takes place for speculative purposes.

Accounting estimates

For a description of the accounting estimates of Derivative financial instruments, refer to note 13.1.

Accounting policies

Derivatives (including derivatives for which hedge accounting is applied)

FrieslandCampina holds derivatives to hedge its exposure on foreign currency risk, cash flow risks interest rate risk and price risk on commodities.

Derivatives are recognised initially at fair value where direct attributable transaction costs are recognised in the income statement as incurred. Subsequent to initial recognition, derivatives are measured at fair value and changes are accounted for as described below, depending on whether hedge accounting has been applied. When measuring derivatives, the credit risk arising from adjustments to the fair value for the credit risk of the counterparty (Credit Valuation Adjustment (CVA)) and the Company's credit risk (Debit Valuation Adjustment (DVA)) are taken into account.

The fair value of forward exchange contracts is generally determined by discounting the difference between the contractual forward price and the current forward price for the residual maturity of the contract. The fair value of interest rate swaps and cross currency swaps is determined by discounting the cash flows resulting from the contractual interest rates of both sides of the transaction. The fair value takes into account the current interest rates, current foreign currency rates and the current creditworthiness of both the counterparties and FrieslandCampina itself.

The fair value of the commodity swaps is generally based on the market values issued by the brokers.

Derivatives for which hedge accounting is applied

FrieslandCampina applies cash flow hedge accounting on a portion of its foreign currency, interest rate and commodity derivatives.

Assessment of the hedging relationship's effectiveness

On initial designation of the derivative as a hedging instrument, FrieslandCampina formally documents the relationship between the hedging instrument(s) and the hedged item(s), including its risk management objectives and strategy in undertaking the hedge transaction and the hedged risk, together with the methods that will be used to assess the effectiveness of the hedging relationship. At the start of the hedging relationship and on each subsequent reporting date, FrieslandCampina assesses whether the hedging instruments during the period for which the hedge was designated are expected to meet the hedge accounting criteria.

The hedging relationship can result in ineffectiveness when:

- changes in value of the hedging instrument do not match the changes in value of the hedged item due to for example the credit risk of the counterparty (CVA), the Company's credit risk (DVA) or the currency spread basis in the derivative;
- deviations between the characteristics of the hedging instrument and the hedged item.

Applying for a cash flow hedge for an anticipated transaction requires that it is highly probable that the transaction will take place and that this transaction would result in an exposure to the fluctuation of cash flows of such significance that these ultimately could affect the reported profit or loss.

Cash flow hedges

When a derivative is designated as the hedging instrument for the variability in cash flows resulting from a particular risk associated with a recognised asset, liability, or highly probable anticipated transaction that could affect the income statement, then the effective portion of changes in the fair value of the derivative is included in the consolidated statement of other comprehensive income and presented in the hedging reserve in equity. Any ineffective portion of changes in the fair value of the derivative is recognised immediately in the income statement.

If the hedged item is a non-financial asset, the amount accumulated in equity is included in the carrying amount of the asset when the asset is recognised. In other cases, the amount accumulated in equity is reclassified to the income statement in the same period that the hedged item affects the income statement. If the hedging instrument no longer meets the criteria for hedge accounting, expires, is sold, terminated or exercised, then hedge accounting is terminated from the date of the most recent assessment of effectiveness. If the forecasted transaction is no longer expected to occur, the balance in equity is reclassified to the income statement.

Derivatives without application of hedge accounting

When a derivative is not designated as a hedge relationship that qualifies for hedge accounting, all changes in its fair value are recognised immediately in the income statement.

Derivatives designated as cash flow hedges with the application of hedge accounting

The following table indicates the periods in which the cash flows associated with cash flow hedges are expected to occur and the fair values of the related hedging instruments.

					2024
	Fair value	Expected cash flows	2025	2026 - 2029	After 2029
Cross currency swaps					
Assets	1		2	5	-7
Interest Rate swaps					
Assets	2	**2**	2		
Liabilities	-7	**-7**	-2	-5	
Commodity swaps					
Assets	1	**1**	1		
Liabilities	-3	**-3**	-2	-1	

					2023
	Fair value	Expected cash flows	2024	2025 - 2028	After 2028
Cross currency swaps					
Assets	25	**25**	23	9	-7
Liabilities			1	1	-2
Interest Rate swaps					
Assets	6	**6**	5	1	
Liabilities	-7	**-7**	1	-8	
Commodity swaps					
Assets	1	**1**	1		
Liabilities	-4	**-4**	-2	-2	

12. Tax

12.1 Income tax expense

Breakdown of tax expense	2024	2023
Current tax expense, current year	-138	-144
Adjustment for prior years	-16	2
Current tax expense	**-154**	**-142**
Deferred tax expense, current year	3	124
Write-down of deferred tax assets	-19	-91
Adjustment for prior years	18	-3
Deferred tax expense	**2**	**30**
Income tax expense	**-152**	**-112**

Effective tax rate	2024	%	2023	%
Profit before tax	**473**		**-37**	
Tax payable on the basis of the Dutch tax rate	-122	25.8	10	25.8
Effect of different tax rates outside the Netherlands	13	-2.7	15	40.5
Share of result of joint ventures and associates	5	-1.1	4	10.8
Withholding tax on dividends	-11	2.3	-4	-10.8
Non-deductible expenses	-33	7.0	-47	-127.0
Tax-exempt income and allowances	5	-1.0	2	5.4
Write-down of deferred tax assets	-12	2.6	-91	-244.7
Adjustments to estimates relating to prior years	3	-0.7	-1	-2.7
Effective tax rate	**-152**	**32.2**	**-112**	**-302.7**

The income tax expense amounted to EUR 152 million (2023: EUR 112 million). The effective tax rate in 2024 is 32.2% (2023: -302.7%).
The increase of income tax charges is due to higher profit before tax and partly offset by lower write-down of deferred tax assets and lower non-deductible expenses. The non-deductible expenses includes the movement in provisions for uncertain income tax positions.

	2024		
	Before tax	Tax expense/ income	Net of tax
Income tax recognised directly in equity			
Interest Cooperative loan	-10		-10
Interest perpetual bonds	-10		-10
Interest member bonds	-64		-64
	-84		**-84**
Income tax recognised in other comprehensive income			
Movement cash flow hedge reserve	-6		-6
Movement currency translation reserve	38		38
Remeasurement of liabilities (assets) under defined benefit plans	6	-1	5
	38	**-1**	**37**

No tax effect has been recorded on the interest recognised in equity and remeasurement of liabilities (assets) under defined benefit plans as no deferred tax asset is recognised in the Netherlands.

	2023		
	Before tax	Tax expense/ income	Net of tax
Income tax recognised directly in equity			
Interest Cooperative loan	-19		-19
Interest perpetual bonds	-9		-9
Interest member bonds	-58		-58
	-86		**-86**
Income tax recognised in other comprehensive income			
Movement cash flow hedge reserve	-20	5	-15
Movement currency translation reserve	-89		-89
Remeasurement of liabilities (assets) under defined benefit plans	-1		-1
	-110	**5**	**-105**

12.2 Deferred tax assets and liabilities

						2024
	Property, plant and equipment	Intangible assets	Employee benefits	Inventories, trade receivables, derivatives, trade payables, liabilities and provisions	Unused tax losses and facilities	**Total**
At 1 January	-46	-41	10	114	77	**114**
Recognised through the income statement	19		-3	10	-24	**2**
Recognised in equity				-1		**-1**
Currency translation differences	3	-2		5	-7	**-1**
At 31 December	**-24**	**-43**	**7**	**128**	**46**	**114**

Deferred tax assets and liabilities relate to the following items of the statement of financial position:

	Assets	Liabilities	**Net**
Property, plant and equipment	7	31	**-24**
Intangible assets	1	44	**-43**
Employee benefits	9	2	**7**
Inventories, trade receivables, derivatives, accounts payable, liabilities and provisions	141	13	**128**
Unused tax losses and facilities	46		**46**
Netting	-48	-48	
Net deferred tax asset	**156**	**42**	**114**

						2023
	Property, plant and equipment	Intangible assets	Employee benefits	Inventories, trade receivables, derivatives, trade payables, liabilities and provisions	Unused tax losses and facilities	**Total**
At 1 January	-55	-51	5	133	45	**77**
Recognised through the income statement		3	5	-20	42	**30**
Recognised in equity				5		**5**
Currency translation differences	9	7		-4	-10	**2**
At 31 December	**-46**	**-41**	**10**	**114**	**77**	**114**

Deferred tax assets and liabilities relate to the following items of the statement of financial position:

	Assets	Liabilities	**Net**
Property, plant and equipment	3	49	**-46**
Intangible assets	6	47	**-41**
Employee benefits	10		**10**
Inventories, trade receivables, derivatives, accounts payable, liabilities and provisions	134	20	**114**
Unused tax losses and facilities	77		**77**
Netting	-80	-80	
Net deferred tax asset	**150**	**36**	**114**

At the end of the financial year, the deferred tax asset on unused tax losses amounted to EUR 46 million (2023: EUR 77 million). The change in 2024 compared to previous year mainly relates to the utilisation of tax losses in Nigeria.

Deferred tax assets are recognised if it is probable that there will be future taxable profits within the entities against which the losses can be utilised.

No deferred tax assets have been recognised for subsequent losses (including deferred tax-deductible items), facilities and temporary differences:

	2024	2023
Unrecognised tax losses	226	265
Unrecognised facilities	140	126
Unrecognised temporary differences	183	129
	549	**520**

At the end of the financial year, the nominal value of the unrecognised tax losses amounts to EUR 1,077 million (2023: EUR 989 million). Of these unrecognised tax losses, EUR 88 million expire within 10 years (2023: EUR 64 million). The remaining unrecognised tax losses and facilities will not elapse under the current fiscal rules.s.

As of December 31, 2024 the temporary differences associated with investments, including potential income tax consequences on dividends, for which no deferred tax liabilities are recognised, aggregate to EUR 226 million.

12.3 Pillar Two taxes

FrieslandCampina is within the scope of the OECD Pillar Two model rules, with Zuivelcooperatie FrieslandCampina U.A. as the ultimate parent entity of the group. Pillar Two legislation was enacted in the Netherlands, the jurisdiction in which the ultimate parent entity is incorporated, and came into effect from 31 December 2023. The Pillar Two rules can impose a top-up tax when the GloBE effective tax rate (GloBE ETR) is below the 15% minimum rate. The top-up taxes are collected via the Qualified Domestic Minimum Top-up Tax (QDMTT), Income Inclusion Rule (IIR) or Under Taxed Profits Rule (UTPR) by imposing a top-up tax whenever the effective tax rate (ETR), determined on a jurisdictional basis under the Pillar Two rules, is below a 15% minimum rate.

FrieslandCampina performed an assessment of its potential exposure to Pillar Two income taxes. The assessment of the potential exposure to Pillar Two income taxes is based on the most recent country-by-country reporting and financial statements. For 2024, the effective tax rate of most of the jurisdictions FrieslandCampina is operating in, exceeds 15%. Also, in most of the jurisdictions in which FrieslandCampina operates the transitional safe harbour relief applies. There are a limited number of jurisdictions where the transitional safe harbour relief does not apply and top-up taxes are due. These top-up taxes are collected via either the IIR or the QDMTT.

The top-up tax relates to the FrieslandCampina operations in Hong Kong, Singapore and United Arab Emirates. The top-up tax is determined at the difference between the GloBE effective tax rate for each jurisdiction and the 15% minimum rate. For 2024, the top up tax is estimated at less than EUR 1 million and is included in the current tax expense.

Accounting estimates and judgements

FrieslandCampina operates in a high number of jurisdictions and is subject to a wide variety of taxes per jurisdiction. Tax legislation can be highly complex and subject to interpretation. As a result, FrieslandCampina is required to exercise significant judgement in the recognition of taxes payable and determination of tax contingencies.

The expectation is that the deferred tax assets can be offset against future profits. Our expectation to offset the deferred tax assets is based on long-term planning.

Accounting policies

Tax expense comprises current and deferred tax. Current and deferred tax is recognised in the income statement except to the extent that it relates to a business combination, or items recognised directly in equity, or in other comprehensive income.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantially enacted at the reporting date, and any adjustments to tax payable in respect of previous years. Current tax payable also includes any tax liability arising from the declaration of dividends.

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes.

Deferred tax is not recognised for:
- temporary differences on the initial recognition of assets and liabilities in a transaction that is not a business combination and that on the transaction date does not affect accounting or taxable profit or loss;
- temporary differences related to investments in subsidiaries and jointly controlled entities to the extent that it is probable that they will not be settled in the foreseeable future;
- taxable temporary differences arising on the initial recognition of goodwill.

Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, using tax rates enacted or substantively enacted at the reporting date.

In determining the amount of current and deferred tax, FrieslandCampina takes into account the effect of uncertain tax positions and whether additional taxes and interest may be due. FrieslandCampina operates in several different tax jurisdictions. This leads to complex tax issues. The ultimate decision regarding these complex tax issues is often outside the control of FrieslandCampina and depends on the interpretation and legal proceedings in the relevant tax jurisdiction. FrieslandCampina believes that its accruals for tax liabilities are adequate for all open tax years based on its assessment of many factors, including interpretations of tax law and prior experience. This assessment relies on estimates and assumptions about future events. New information may become available that causes FrieslandCampina to change its judgement regarding the adequacy of existing tax liabilities. Such changes to tax liabilities will affect tax expense in the period that such a determination is made.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets and if the assets and liabilities relate to taxes levied by the same tax authority, on the same taxable entity or on different tax entities, but they intend either to settle current tax liabilities and assets on a net basis or realise their tax assets and liabilities simultaneously.

A deferred tax asset is recognised for unused tax losses, tax credits and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which they can be utilised. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised. Unrecognised deferred tax assets are reassessed at each balance sheet date and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

Pillar Two taxes

On 23 May 2023, the International Accounting Standards Board (the Board) issued International Tax Reform – Pillar Two Model Rules – Amendments to IAS 12 which clarify that IAS 12 applies to income taxes arising from tax law enacted or substantively enacted to implement the Pillar Two model rules published by the OECD, including tax law that implements Qualified Domestic Minimum Top-up Taxes. FrieslandCampina is within the scope of the OECD Pillar Two model rules and adopted these amendments. FrieslandCampina applies the exception to recognising and disclosing information about deferred tax assets and liabilities related to Pillar Two income taxes, as provided in the amendments to IAS 12 issued in May 2023.

13. Other

13.1 Accounting classifications and fair values

The carrying value of the financial assets and liabilities recorded in the consolidated balance sheet are stated below, as are the financial instruments measured at fair value, or with carrying amount that differ from the fair value, shown by valuation method. The fair value is the amount that would be received or paid if the receivables and/or liabilities were settled on the reporting date, without further liabilities.

The different levels of input data for the determination of the fair value are defined as follows:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2: input other than quoted market prices that come under Level 1 that is observable for the asset or liability, either directly (as prices) or indirectly (derived from prices);
- Level 3: input related to the asset or liability that is not based on observable market data (unobservable input) whereby this input has a significant impact on the outcome.

	Note	Fair value - hedge accounting instruments	Mandatorily at FVTPL	FVOCI - equity instruments	Financial assets at amortised cost	Other financial liabilities	**Total carrying amount**	Level 1	Level 2	Level 3	**Total fair value**
											2024
Financial assets not measured at fair value											
Loans issued - fixed rate	(8.4)				10		**10**		10		**10**
Loans issued - variable rate	(8.4)				12		**12**				
Other financial assets	(8.4)				124		**124**				
Trade and other receivables	(7.2)				1,743		**1,743**				
Cash and cash equivalents	(11.2)				1,051		**1,051**				
					2,940		**2,940**				
Financial assets measured at fair value											
Hedging derivatives	(11.7)	4	3				**7**		7		**7**
Financial liabilities not measured at fair value											
Interest-bearing borrowings – fixed rate	(11.3)					858	**858**		927		**927**
Interest-bearing borrowings – variable rate	(11.3)					685	**685**				
Other non-current financial liabilities	(11.4)					9	**9**				
Trade and other payables	(7.3)					4,054	**4,054**				
						5,606	**5,606**				
Financial liabilities measured at fair value											
Hedging derivatives	(11.7)	10	9				**19**		19		**19**
Put option liabilities	(11.4)		15				**15**			15	**15**
		10	**24**				**34**				

	Note	Fair value - hedge accounting instruments	Mandatorily at FVTPL	FVOCI - equity instruments	Financial assets at amortised cost	Other financial liabilities	**Total carrying amount**	Level 1	Level 2	Level 3	**Total fair value**
											2023
Financial assets not measured at fair value											
Loans issued - fixed rate	(8.4)				10		**10**		10		**10**
Loans issued - variable rate	(8.4)				32		**32**				
Other financial assets	(8.4)				157		**157**				
Trade and other receivables	(7.2)				1,737		**1,737**				
Cash and cash equivalents	(11.2)				569		**569**				
					2,505		**2,505**				
Financial assets measured at fair value											
Hedging derivatives	(11.7)	32	82				**114**		114		**114**
Financial liabilities not measured at fair value											
Interest-bearing borrowings – fixed rate	(11.3)					613	**613**		613		**613**
Interest-bearing borrowings – variable rate	(11.3)					915	**915**				
Other non-current financial liabilities	(11.4)					9	**9**				
Trade and other payables	(7.4)					3,428	**3,428**				
						4,965	**4,965**				
Financial liabilities measured at fair value											
Hedging derivatives	(11.7)	9	3				**12**		12		**12**
Put option liabilities	(11.4)		12				**12**			12	**12**
Contingent considerations	(11.4)		1				**1**			1	**1**
		9	**16**				**25**				

The fair value is determined by discounting cash flows based on market interest rates. To calculate the fair value of the interest-bearing borrowings with a fixed interest rate an average weighted interest rate of 4.6% (2023: 4.1%) is used.

Hedging derivatives

The hedging derivatives are classified as Level 2 valuation method. The fair value of the forward exchange contracts is calculated by comparison with the current forward prices of contracts for comparable remaining terms. The fair value of interest rate swaps is determined on the basis of the present value based on current market data provided by Bloomberg. The fair value of the commodity swaps is based on the statement of the market-to-market valuations of the relevant counterparties based on the EEX quotations.

Put option liabilities

Due to the sensitivity to the results of FrieslandCampina Engro Pakistan Ltd., the measurement method for this liability has been classified as Level 3.

At year-end 2024, a remeasurement of the put option liability was performed. This resulted in a remeasurement of EUR 2 million (2023: release of EUR 6 million). This remeasurement is recognised under other finance income and cost.

If the forecasted profit before interest, taxes, depreciation and amortisation of FrieslandCampina Engro Pakistan Ltd. would have been 10% higher, that would not have impacted FrieslandCampina's profit over 2024.

Mutations and transfers

During 2024, movements of the financial instruments classified as Level 3 were as follows:

	2024	
	Contingent considerations	Put option liabilities
Carrying amount at 1 January	1	12
Redemptions	-1	
Finance costs		1
Fair value adjustment		2
Carrying amount at 31 December		**15**

There were no transfers from or to levels 1, 2 or 3 during 2024.

	2023	
	Contingent considerations	Put option liabilities
Carrying amount at 1 January	1	68
Redemptions		-51
Finance costs		1
Fair value adjustment		-6
Carrying amount at 31 December	**1**	**12**

Accounting estimates

The different methods applied by FrieslandCampina to determine the fair value require the use of estimates.

Fair values for disclosure purposes, are calculated based on the present value of future principal and interest cash flows, discounted at the market rate of interest at the reporting date.

Derivative financial instruments

The fair value of derivative financial instruments is based on their listed market price, if available. If a listed market price is not available, fair value is in general estimated by discounting the difference between the cash flows based on contractual price and the cash flows based on the current price for the residual maturity of the contract using observable interest yield curves, basis spread and foreign exchange rates. These calculations are tested for reasonableness by comparing the outcome of the internal valuation with the valuation received from the counterparty. Fair values include the instrument's credit risk and adjustments to take account of the credit risk of the FrieslandCampina entity and counterparty when appropriate.

Non-derivative financial instruments

Fair value, which is determined for disclosure purposes or when fair value hedge accounting is applied, is calculated based on the present value of future principal and interest cash flows, discounted at the market rate of interest at the reporting date. Fair values include the instrument's credit risk and adjustments to take account of the credit risk of the FrieslandCampina entity and counterparty when appropriate.

13.2 Contingent assets and liabilities

Contingent assets

As part of the divestment of the production location in Xiushui in 2022, part of the sales price is placed on an escrow-account (EUR 4 million). This amount is released in 2024 to the income statement, refer to note 6.3.

Contingent liabilities

Contingent tax liabilities

FrieslandCampina is involved in various tax proceedings that have emerged during normal operations. In many countries, there is a high degree of complexity concerning local tax regimes. FrieslandCampina regularly carefully evaluates the probability that a tax proceeding will result in a tax liability in the form of a cash outflow, and/or whether it is necessary to recognise a provision. However, it is difficult to predict the outcome of tax proceedings with any certainty and the outcome from a tax proceeding may differ from FrieslandCampina's estimate.

FrieslandCampina estimates the contingent tax liabilities as at 31 December 2024, that are being investigated by tax authorities, at a total of EUR 18 million (2023: EUR 22 million).

Legal claims

Various claims were submitted to FrieslandCampina relating to the Company's ordinary operations. A provision is made for claims for which payment is considered probable and for which a reliable estimate can be made, refer to note 9.2. FrieslandCampina does not expect the other claims to result in liabilities that have a material impact on its financial position.

Purchase commitments fixed assets

At the end of the financial year, purchase commitments amounting to EUR 117 million (2023: EUR 170 million) were reported, with regard to property, plant and equipment. Of this, EUR 81 million (2023: EUR 103 million) relates to commitments for the next year.

Bank guarantees

At 31 December 2024, FrieslandCampina has provided bank guarantees to third parties amounting to a total of EUR 17 million (2023: EUR 16 million).

Tax risks

Transfer pricing uncertainties

FrieslandCampina has issued internal guidelines regarding transfer pricing policies which are in accordance with the OECD Transfer Pricing Guidelines for Multinational Enterprises and Tax Administrations. Transfer pricing has a cross-border effect and, as a consequence, local tax authorities often focus on the impact of transfer pricing on the local result. To reduce transfer pricing risks FrieslandCampina has implemented monitoring procedures to safeguard the correct application of the transfer pricing policies. In certain countries, FrieslandCampina has proactively approached the tax authorities with the aim of seeking alignment of the applied transfer pricing policies.

Acquisitions, partnering & divestments

FrieslandCampina is involved in mergers and acquisitions ('M&A' transactions) whereby shares or assets are acquired or divested, or whereby partnerships are entered into. Such transactions may result in different tax risks and uncertain tax positions. Examples are the transfer of historical tax liabilities to FrieslandCampina upon an acquisition, non-deductibility of acquisition related costs and tax risks arising from the integration of the acquired activities.

Within FrieslandCampina, M&A transactions are managed by M&A teams comprising representatives from all the relevant disciplines, including tax specialists. Uncertainties regarding the tax position resulting from M&A transactions are therefore investigated and risks are mitigated if required and to the extent possible.

Accounting estimates and judgements

FrieslandCampina is required to make an assessment of the contingent liabilities, to determine whether the risk of loss is possible but unlikely. Unforeseen circumstances create inherent uncertainties, including, but not limited to, court rulings, negotiations between parties involved, and government action.

In order to determine the likelihood and timing of a possible outflow of funds, FrieslandCampina must make estimates. FrieslandCampina also makes use of external advisors for this purpose.

Accounting policies

Contingent liabilities are not recognised in the balance sheet because their existence can only be confirmed by the occurrence or non-occurrence of one or more uncertain future events that FrieslandCampina cannot fully control, or because the risk of loss is assessed to be not likely (<50%) or because the amount cannot be reliably determined.

Contingent assets are not included in the balance sheet because their existence is not virtually certain.

13.3 Transactions with related parties

Refer to note 13.4 for the remuneration of the Supervisory Board and the Executive Board.

Zuivelcoöperatie FrieslandCampina U.A.

Zuivelcoöperatie FrieslandCampina U.A., the shareholder of the Company, and FC C.V., represented by the managing partner FrieslandCampina B.V., have agreed that the latter will purchase the milk supplied by the Cooperative's members.
In 2024, this was over 9 billion kilograms (2023: 9 billion kilograms).
The price to be paid for this milk is based on the weighted average milk price in Germany, the Netherlands, Denmark and Belgium, which represents 56 billion kilograms (2023: 56 billion kilograms) of milk in total.

To finance the assets of Royal FrieslandCampina N.V. Zuivelcoöperatie FrieslandCampina U.A. has provided a perpetual subordinated loan (at arm's length). In February 2024, FrieslandCampina exercised its right to repay part of the Cooperative loan for an amount of EUR 150 million.
The remaining nominal value is EUR 140 million. In 2023, FrieslandCampina N.V. made a distribution of EUR 900 million from retained earnings to the Cooperative, which compensated the negative equity of FC C.V.

The relations are specified in the table below:

	2024	2023
Interest on the Cooperative loan	10	19
Interest on member bonds	4	4
Other income	6	21
Receivables from Zuivelcoöperatie FrieslandCampina U.A.	45	185
Cooperative loan	146	302
Member bonds	53	60

Joint ventures and associates

FrieslandCampina regularly purchases and sells goods from and/or to joint ventures and associates in which FrieslandCampina has no control.
The conditions under which these transactions take place are similar to transactions with third parties. The relations are specified in the tables below:

	2024	2023
Joint ventures		
Purchase of raw materials, consumables and commodities	24	34
Sale of raw materials, consumables and commodities	1	2
Payables to joint ventures	1	2
Associates		
Purchase of raw materials, consumables and commodities	37	11
Sale of raw materials, consumables and commodities	123	108
Receivables from associates	18	10
Payables to associates	6	7

Member dairy farmers

FrieslandCampina purchases goods from member dairy farmers and has financial agreements with them. The conditions under which transactions take place are similar to transactions with third parties. The relations are specified in the table below:

	2024	2023
Purchase of raw materials	4,769	4,521
Interest on member bonds	60	54
Member bonds	877	871
Liabilities to member dairy farmers	721	505
Green electricity certificates	3	3

Supervisory Board, Cooperative's Board and Executive Board

The internal members of the Supervisory Board and the members of the Cooperative's Board enter into transactions with FrieslandCampina in their capacity as dairy farmers, including the supply of milk. This results in a liability as at 31 December pursuant to milk supply allowances. These Supervisory Board and Cooperative's Board members are also holders of member bonds. The table below sets out the transactions of the member dairy farmers who were a Supervisory Board or Cooperative's Board member during the reporting period and the balance sheet positions with the members who were a Supervisory Board or Cooperative's Board member as at 31 December of the reporting period:

	2024	2023
Purchase of raw materials	11	8
Member bonds	2	2

There were no transactions between FrieslandCampina and the Executive Board, other than remuneration. Refer to note 13.4 for the remuneration of the Supervisory Board and the Executive Board.

Pension funds

For transactions and outstanding positions with the company pension fund and the industry wide pension fund for the dairy sector ('Bedrijfstakpensioenfonds voor de Zuivel'), refer to note 9.1.

Accounting Policies

A related party is a person or entity that is related to the reporting entity, being Royal FrieslandCampina N.V.

A related party transaction is a transfer of resources, services or obligations between Royal FrieslandCampina N.V. and a related party, regardless of whether a price is charged.

13.4 Remuneration key management

In 2024, key management comprises of the Executive Board, the other members of the Executive Team and the Supervisory Board. In 2023, it comprised of the Executive Board and the Supervisory Board. The other members of the Executive Team are the Presidents of the 7 market oriented business groups and the Chief People Officer. The remuneration to members that have been a member during the reporting year is:

	2024	2023
Executive Team	15.0	5.6
Supervisory Board	0.9	0.9
Total	**15.9**	**6.5**

Executive Team

The remuneration of members of the Executive Team consists of a fixed component and a variable component. The variable component consists of a short-term incentive and a long-term incentive. The short-term incentive is based on a company part and an individual part as determined by the Supervisory Board at the beginning of the year.

For further explanation with regard to the fixed and variable component, reference is made to the Remuneration report (page 126).

As per 2024, the top structure of the organisation has been adjusted and the organisation is led by the Executive Team. In 2023 the organisation was led by the Executive Board. The following changes were applicable in 2023: H.M.A. Schumacher (30 April), G.M. Fraser (30 June) and R.F. van Neerbos (31 October) left and J.D. van Karnebeek (1 June) and M. Einwachter (1 October) joined the Executive Board.

	2024	2023
Executive Team		
Short-term remuneration	11.3	3.3
Long-term remuneration[1]	2.6	0.7
Termination benefits		0.7
Special wage taxes[2]		0.3
Pension plans	1.1	0.6
	15.0	**5.6**
Of which: remuneration of the Executive Board	**6.6**	**5.6**

1 The long-term remuneration relates to the costs in relation to the performance of the reporting year across three long-term incentive plans.
2 The special wage taxes concerns a provision in 2023 for special wage taxes on termination benefits (Article 32bb of the 'Wet op de loonbelasting 1964').

Supervisory Board

The members of the Supervisory Board received the following remuneration:

	2024	2023
Supervisory Board		
Short-term remuneration	0.9	0.9

13.5 Specification of external auditor's fee

	2024		
	Pricewater-houseCoopers Accountants N.V.	Other PwC network	Total PwC network
Audit of the financial statements	1.5	2.1	3.6
Other audit engagements	0.6	0.1	0.7
	2.1	**2.2**	**4.3**

	2023		
	Pricewater-houseCoopers Accountants N.V.	Other PwC network	Total PwC network
Audit of the financial statements	1.4	2.1	3.5
Other audit engagements	0.5	0.1	0.6
	1.9	**2.2**	**4.1**

13.6 Subsequent events

There were no subsequent events with a significant impact on the 2024 financial statements.

13.7 FrieslandCampina entities

A list of the principal subsidiaries, joint ventures and associates is stated underneath.

Subsidiaries, joint ventures and associates[1]

Principal subsidiaries

The Netherlands
FC C.V., Amersfoort (1%)
FrieslandCampina B.V., Amersfoort
FrieslandCampina DMV B.V., Amersfoort
FrieslandCampina Domo B.V., Amersfoort
FrieslandCampina Dutch Nutrition B.V., Amersfoort
FrieslandCampina Ingredients B.V., Amersfoort
FrieslandCampina International Holding B.V., Amersfoort
FrieslandCampina International Specialised Nutrition B.V., Amersfoort
FrieslandCampina Kievit B.V., Meppel
FrieslandCampina Nederland B.V., Amersfoort
FrieslandCampina Pakistan Holding B.V., Amersfoort (94.28%)
Velder B.V., Bodegraven

Belgium
FrieslandCampina Belgium N.V., Aalter
FrieslandCampina Belgium Cheese N.V., Aalter

Germany
CMG Grundstücksverwaltungs- und Beteiligungs - GmbH, Heilbronn (89.56%)
DFE Pharma GmbH & Co. KG, Goch (50%)[2]
FKS Frischkonzept Service GmbH, Viersen
FrieslandCampina Germany GmbH, Heilbronn (94.90%)
FrieslandCampina Kievit GmbH, Lippstadt
Milchverwaltung FrieslandCampina Germany GmbH, Cologne

France
FrieslandCampina France S.A.S., Saint-Paul-en-Jarez

Greece
FrieslandCampina Hellas S.A., Athens

Hungary
FrieslandCampina Hungária zRt, Budapest (99.99%)

Italy
FrieslandCampina Italy Srl, Verona

Romania
FrieslandCampina Romania S.A., Satu Mare (97.58%)

Poland
FrieslandCampina Poland sp. z o.o., Warsaw

Spain
FrieslandCampina Canarias S.A., Las Palmas
FrieslandCampina Iberia S.L., Barcelona

United Kingdom
FrieslandCampina UK Ltd., Horsham

China
FrieslandCampina Branding Management (Shanghai) Co. Ltd., Shanghai
FrieslandCampina Ingredients (Beijing) Co. Ltd., Beijing
FrieslandCampina (Hong Kong) Ltd., Hong Kong FrieslandCampina Ingredients (Shanghai) Co. Ltd., Shanghai
FrieslandCampina Trading (Shanghai) Co. Ltd., Shanghai

Philippines
Alaska Milk Corporation, Makati City (99.43%)

Indonesia
PT Frisian Flag Indonesia, Jakarta (78.08%)
PT Kievit Indonesia, Jakarta

Malaysia
Dutch Lady Milk Industries Berhad, Petaling Jaya (50.96%)

Pakistan
FrieslandCampina Engro Pakistan Ltd., Karachi (51%)

Singapore
FrieslandCampina (Singapore) Pte. Ltd., Singapore
FrieslandCampina AMEA Pte. Ltd., Singapore

Thailand
FrieslandCampina Fresh (Thailand) Co. Ltd., Bangkok
FrieslandCampina (Thailand) PCL, Bangkok (99.71%)

Vietnam
FrieslandCampina Ha Nam Co. Ltd., Phu Ly
FrieslandCampina Vietnam Co. Ltd., Binh Duong province (70%)

Saudi Arabia
FrieslandCampina Saudi Arabia Ltd., Jeddah (75%)

United Arab Emirates
FrieslandCampina Middle East DMCC, Dubai

Egypt
FrieslandCampina Egypt Consulting and Trading S.A.E., Cairo

Ghana
FrieslandCampina West Africa Ltd., Accra

Ivory Coast
FrieslandCampina Ivory Coast S.A., Abidjan

Nigeria
FrieslandCampina WAMCO Nigeria PLC, Ikeja (67.81%)

United States
FrieslandCampina Ingredients North America Inc., Paramus, State: New Jersey
Jana Foods LLC., Iselin, State: New Jersey
Best Cheese Corporation, Purchase, State: New York

Joint ventures and associates[3]
Betagen Holding Ltd., Hong Kong, China (50%)
Het Kaasmerk, Leiden, Nederland (74.53%)
Coöperatieve Zuivelinvesteerders U.A., Oudenhoorn, the Netherlands (49.90%)
Great Ocean Ingredients Pty. Ltd., Allansford, Victoria, Australia (50%)
United Dutch Arizona Dairy Inc., Tempe, State: Arizona, United States (60%)

1 Unless where stated otherwise, it concerns a 100% interest. If the percentage is below 100%, the direct interest of the parent company in the relevant subsidiary is stated.

2 The consolidated financial statements of Royal FrieslandCampina N.V. meet the requirements for exempting DFE Pharma GmbH & Co. KG, Goch, according to § 264b HGB from publishing financial statements and management report under German law as of 31 December 2024.

3 FrieslandCampina does not have control over these joint ventures and associates. This consideration was based on an analysis of both the shares and the voting rights held by FrieslandCampina for the relevant joint venture or associate.

Company statement of financial position

At 31 December, before profit appropriation, in millions of euros	Note	2024	2023
Assets			
Investments in subsidiaries	(2)	4,647	4,244
Loans to subsidiaries	(3)	811	796
Other financial assets	(9)	14	25
Non-current assets		**5,472**	**5,065**
Other receivables	(4)	148	445
Other financial assets	(9)	11	22
Cash and cash equivalents	(5)	730	253
Current assets		**889**	**720**
Total assets		**6,361**	**5,785**

	Note	2024	2023
Equity			
Issued capital	(6)	370	370
Share premium	(6)	731	731
Legal cash flow hedge reserve	(6)	-7	-1
Legal currency translation reserve	(6)	-354	-392
Legal reserve for investments in participations	(6)	118	123
Retained earnings		1,012	780
Profit for the year attributable to the shareholder	(6)	305	222
Equity attributable to shareholder		**2,175**	**1,833**
Member bonds	(6)	930	931
Perpetual bonds	(6)	375	301
Cooperative loan	(6)	146	302
Equity attributable to other providers of capital		**1,451**	**1,534**
Equity attributable to providers of capital		**3,626**	**3,367**
Liabilities			
Interest-bearing borrowings	(7)	1,154	759
Other financial liabilities	(9)	8	9
Non-current liabilities		**1,162**	**768**
Interest-bearing borrowings	(7)	64	540
Trade and other payables		24	10
Current liabilities	(8)	1,474	1,095
Other financial liabilities	(9)	11	5
Current liabilities		**1,573**	**1,650**
Total liabilities		**2,735**	**2,418**
Total equity and liabilities		**6,361**	**5,785**

Company income statement

In millions of euro	2024	2023
Share of profit of subsidiaries, net of tax	360	242
Other results, net of tax	29	66
Profit for the year	**389**	**308**

Notes to the Company financial statements

1. General

Accounting policies and notes

The Company financial statements are prepared in accordance with the legal requirements of Part 9, Book 2 of the Dutch Civil Code, making use of the option of article 2:362, paragraph 8 of the Dutch Civil Code regarding the application of the accounting policies for the measurement of assets and liabilities and determination of result (measurement principles) applied in the consolidated financial statements. The consolidated financial statements were prepared in accordance with IFRS Accounting Standards as adopted by the European Union (EU). The Company income statement is presented in accordance with the exemption of article 2:402 of the Dutch Civil Code.

Investments in subsidiaries are measured using the equity method.

A legal reserve has been formed for the retained earnings of participations where distribution is subject to restrictions.

A list of subsidiaries and other companies in which the Company participates directly or indirectly, is available for inspection at FrieslandCampina's offices and has been filed with the trade register.

2. Investments in subsidiaries

	2024	2023
At 1 January	4,244	4,092
Profit for the year	360	242
Other comprehensive income for the year	43	-90
At 31 December	**4,647**	**4,244**

3. Loans to subsidiaries

	2024	2023
At 1 January	796	796
Loans issued	15	
At 31 December	**811**	**796**

Maturity schedule	2024			2023		
	2026 - 2029	After 2029	Total repay-ment	2025 - 2028	After 2028	Total repay-ment
Loans to subsidiaries	810	1	**811**	795	1	**796**

The current portion of these issued loans is recognised under other receivables. The average interest rate of the loans to subsidiaries (both current and non-current) at the end of 2024 was 5.3% (2023: 6.6%).

4. Other receivables

The other receivables have a maturity of less than one year. EUR 74 million (2023: EUR 80 million) of the other receivables relates to receivable with subsidiaries resulting from sweeping of cash and cash equivalents positions within FrieslandCampina and EUR 28 million (2023: EUR 181 million) mainly relates to receivables from subsidiaries and the current portion of loans to subsidiaries. In addition, a receivable from Zuivelcoöperatie FrieslandCampina U.A. for an amount of EUR 45 million (2023: EUR 185 million) has been recognised.

5. Cash and cash equivalents

Cash and cash equivalents are freely available.

6. Equity attributable to the providers of capital

The number of issued shares at both the beginning and end of the financial year was 3.702.777 shares. EUR 370 million has been paid-up on these shares. The authorised capital amounts to EUR 1 billion, divided into 10,000,000 shares with a nominal value of EUR 100. The shares are being held by Zuivelcoöperatie FrieslandCampina U.A.

The cash flow hedge reserve and the currency translation reserve are legal reserves and as such cannot be distributed. Furthermore EUR 118 million (2023: EUR 123 million) has been classified as a legal reserve for investments in participations. This legal reserve concerns, among other items, the implementation costs of the ICT standardisation programme and undistributed profits of participating interests over which distribution cannot be enforced by FrieslandCampina. The legal reserve for investments in participations will be lower in 2024 due to regular depreciation of the aforementioned implementation costs for the ICT standardisation programme (EUR 24 million) partly offset by more undistributed profits from participating interests in 2024.

The equity that is attributable to the providers of capital and that is included in the Company financial statements is equal to the equity attributable to the providers of capital that is included in the consolidated financial statements. Refer to note 11.5 in the consolidated financial statements for more details regarding equity.

7. Interest-bearing borrowings

The terms and conditions of outstanding borrowings are as follows:

	2024		2023	
	Boekwaarde		Boekwaarde	
Borrowings from credit institutions		358		683
US Private Placement		497		206
Schuldschein private borrowings programme		345		375
Commercial Paper				
Borrowings from member dairy farmers (variable interest)	15		16	
Bank overdrafts (variable interest)	6		20	
Capitalised issue costs	-3		-1	
Other		18		35
Interest-bearing borrowings		**1,218**		**1,299**
Recognised under non-current interest-bearing borrowings		1,154		759
Recognised under current interest-bearing borrowings		64		540

Refer to note 11.3 of the consolidated financial statements for an explanation of the commitments made to credit institutions, ‘US Private Placement’ programme, Schuldschein private borrowings programme, uncommitted facilities and member dairy farmers.

The borrowings from member dairy farmers concern three-year deposit loans held by member dairy farmers. These loans are immediately repayable on demand by the member dairy farmers against payment of a penalty interest of 2.25%.

Of non-current interest-bearing borrowings, EUR 725 million (2023: EUR 105 million) has a maturity of more than 5 years.

The movement statement of interest-bearing liabilities is as follows:

	2024	2023
Carrying amount at 1 January	1,299	1,335
Interest-bearing borrowings drawn	573	1,156
Repayment of interest-bearing borrowings	-654	-1,193
Transaction costs and amortisation	-2	-1
Other	2	2
Carrying amount at 31 December	**1,218**	**1,299**

8. Current liabilities

The current liabilities have a maturity of less than one year. EUR 674 million (2023: EUR 331 million) of the current liabilities concerns a temporary current account with subsidiaries as a result of the sweep of bank positions within FrieslandCampina. EUR 800 million (2023: EUR 764 million) is related to short term loans from subsidiaries.

9. Other financial assets and liabilities

	2024	2023
Other financial assets		
Cross currency swaps	1	25
Interest rate swaps	2	6
Commodity swaps	1	1
Forward exchange contracts	9	3
Loans issued	12	13
	25	**48**
Other financial liabilities		
Interest rate swaps	7	7
Commodity swaps	3	4
Forward exchange contracts	9	3
	19	**14**

The cross currency swaps and interest rate swaps are equal to the consolidated financial statements (refer to note 11.4 of the consolidated financial statements). In the consolidated financial statements more commodity swaps are recognised in other financial assets than in the Company financial statements as a result of derivatives arranged by subsidiaries. As a result of derivatives arranged with subsidiaries, more forward exchange contracts are recognised in other financial assets or financial liabilities in the Company financial statements than in the consolidated financial statements. The contract volumes for the forward exchange contracts are EUR 1,253 million (2023: EUR 590 million).
The granted loan concerns a variable loan with a term to the end of 2030.

10. Financial instruments

FrieslandCampina is sensitive to various financial risks, such as credit risks, interest rate risks, liquidity risks, commodity price risks and currency risks. The notes to the consolidated financial statements contain information regarding FrieslandCampina's exposure to each of these risks and FrieslandCampina's objectives, principles and procedures for managing and measuring these risks, refer to note 11.7 of the consolidated financial statements.

These risks, objectives, principles and procedures for the management and measurement of these risks are correspondingly applicable for the Company financial statements of FrieslandCampina. The following quantitative disclosure is also included.

Fair value

The carrying amounts and the fair value of financial assets and liabilities are stated in the table below. The fair value is the amount that would be received or paid if the receivables and/or liabilities were settled on the reporting date, without further obligations. The fair value of most of the financial instruments recognised in the statement of financial position is virtually the same as the carrying amount.

	2024		2023	
	Carrying amount	Fair value	Carrying amount	Fair value
Financial assets not measured at fair value				
Loans to subsidiaries	811	811	796	796
Loans issued	12	12	13	13
Other receivables	148	148	445	445
Other financial assets (excluding hedging derivatives)			-1	-1
Cash and cash equivalents	730	730	253	253
	1,701	**1,701**	**1,506**	**1,506**
Financial assets measured at fair value				
Hedging derivatives	13	13	34	34
	13	**13**	**34**	**34**
Financial liabilities not measured at fair value				
Interest-bearing borrowings – fixed rate	645	715	458	458
Interest-bearing borrowings – variable rate	573	503	841	841
Current liabilities	1,474	1,474	1,095	1,095
Trade and other payables	24	24	10	10
	2,716	**2,716**	**2,404**	**2,404**
Financial liabilities measured at fair value				
Hedging derivatives	19	19	14	14
	19	**19**	**14**	**14**

11. Commitments and contingencies

Royal FrieslandCampina N.V. has issued statements of liability in conformance with Article 2:403 of the Dutch Civil Code in respect of liabilities resulting from legal acts of FrieslandCampina B.V., FrieslandCampina International Holding B.V. and FrieslandCampina Specialised Nutrition B.V. These entities have a statement of joint and several liability in accordance with Article 2:403 of the Dutch Civil Code, issued to the majority of Dutch subsidiaries.

Royal FrieslandCampina N.V. together with the majority of Dutch operating companies forms the Royal FrieslandCampina N.V. fiscal unity for corporate income tax purposes, with Zuivelcoöperatie FrieslandCampina U.A. as parent company. Each entity calculates its own income tax expense, taking into account the effects of the fiscal unity.

The fiscal unity for value-added tax consists of Zuivelcoöperatie FrieslandCampina U.A., Royal FrieslandCampina N.V., FC C.V. and the active Dutch operating companies. On these grounds the Company is severally liable for the tax liability of the fiscal unity as a whole.

Royal FrieslandCampina N.V. is in scope of Pillar Two taxes, with Zuivelcoöperatie FrieslandCampina U.A. as the ultimate parent company of the group. For more information refer to 12.3 of the consolidated financial statements.

12. Remuneration of the Supervisory Board and the Statutory Directors

The remuneration of members of the Supervisory Board and the Statutory Directors is equal to the remuneration of members of the Supervisory Board and the Executive Board as disclosed in note 13.4 of the consolidated financial statements. During the year under review, the members of the Executive board were employed by the Company.

13. Subsequent events

For information regarding subsequent events, refer to note 13.6 of the consolidated financial statements.

14. Proposed appropriation of profit attributable to the shareholder

The Supervisory Board gave its approval to the Executive Board's proposal to allocate the following amounts of the EUR 389 million profit: EUR 10 million as interest on the Cooperative's loan, EUR 64 million as interest payment to holders of member bonds and EUR 10 million as interest payment for holders of perpetual bonds. An amount of EUR 305 million is attributable to the shareholder and will be proposed to be added to retained earnings.

Amersfoort, the Netherlands, 14 February 2025

Executive Board
Royal FrieslandCampina N.V.

J.D. van Karnebeek, CEO
J.G. Janssen, CFO
D.A. Cutter
M. Einwachter

Supervisory Board
Royal FrieslandCampina N.V.

S.S.U. Attema, Chairman
J.B.P. Coopmans, Vice-Chairman
J.W. Berendsen
N. den Besten
W. Duursma
P.H.M. Hofsté
E. Jellema
H.W.J. Schipper
M. Vaesen

Other information

Visions of the Articles of Association governing profit appropriation

The provisions regarding the appropriation of profit are included in Article 28 of the Articles of Association. These can be summarised as follows: profit will be distributed after adoption of the financial statements showing such distribution to be legitimate. The profit will be at the disposal of the General Meeting of Shareholders. The General Meeting will adopt the Company's reserve policy, as included in Article 27 of the Articles of Association, on a proposal from the Executive Board approved by the Supervisory Board. Distributions chargeable to a reserve may be made on a proposal from the Executive Board, which will be subject to the approval of the Supervisory Board, pursuant to a resolution passed by the General Meeting. Unretained profit will be distributed.

Independent auditor's report

To: the general meeting and the supervisory board of
Royal FrieslandCampina N.V.

Report on the audit of the financial statements 2024

Our opinion

In our opinion:

- the consolidated financial statements of Royal FrieslandCampina N.V. together with its subsidiaries ('the Group') give a true and fair view of the financial position of the Group as at 31 December 2024 and of its result and cash flows for the year then ended in accordance with IFRS Accounting Standards as adopted by the European Union ('EU') and with Part 9 of Book 2 of the Dutch Civil Code;
- the company financial statements of Royal FrieslandCampina N.V. ('the Company') give a true and fair view of the financial position of the Company as at 31 December 2024 and of its result for the year then ended in accordance with Part 9 of Book 2 of the Dutch Civil Code.

What we have audited

We have audited the accompanying financial statements 2024 of Royal FrieslandCampina N.V., Amersfoort. The financial statements comprise the consolidated financial statements of the Group and the company financial statements.

The consolidated financial statements comprise:

- the consolidated statement of financial position as at 31 December 2024;
- the following statements for 2024: the consolidated profit and loss account, the consolidated statements of comprehensive income, the consolidated statements of changes in equity and the consolidated statements of cash flows; and
- the notes to the financial statements, including material accounting policy information and other explanatory information.

The company financial statements comprise:

- the company balance sheet as at 31 December 2024;
- the company profit and loss account for the year then ended; and
- the notes, comprising a summary of the accounting policies applied and other explanatory information.

The financial reporting framework applied in the preparation of the financial statements is IFRS Accounting Standards as adopted by the EU and the relevant provisions of Part 9 of Book 2 of the Dutch Civil Code for the consolidated financial statements and Part 9 of Book 2 of the Dutch Civil Code for the company financial statements.

The basis for our opinion

We conducted our audit in accordance with Dutch law, including the Dutch Standards on Auditing. We have further described our responsibilities under those standards in the section 'Our responsibilities for the audit of the financial statements' of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of Royal FrieslandCampina N.V. in accordance with the 'Wet toezicht accountantsorganisaties' (Wta, Audit firms supervision act), the 'Verordening inzake de onafhankelijkheid van accountants bij assuranceopdrachten' (ViO, Code of Ethics for Professional Accountants, a regulation with respect to independence) and other relevant independence regulations in the Netherlands. Furthermore, we have complied with the 'Verordening gedrags- en beroepsregels accountants' (VGBA, Dutch Code of Ethics).

Our audit approach

We designed our audit procedures with respect to the key audit matters, fraud and going concern, and the matters resulting from that, in the context of our audit of the financial statements as a whole and in forming our opinion thereon. The information in support of our opinion, such as our findings and observations related to individual key audit matters, the audit approach fraud risk and the audit approach going concern was addressed in this context, and we do not provide separate opinions or conclusions on these matters.

Overview and context

Royal FrieslandCampina N.V. is a dairy company owned by member dairy farmers through Zuivelcoöperatie FrieslandCampina U.A. ('the cooperative'). These member dairy farmers supply milk and, through representation on the supervisory board, act as supervisors of Royal FrieslandCampina N.V. and as directors of the cooperative, representing shareholders. These members are important stakeholders of FrieslandCampina, which has influenced the determination of materiality as outlined in the 'Materiality' section of this audit report. The group consists of various components, and therefore, we have considered the scope and approach of the group audit as set out in the section 'The scope of our group audit'.

The financial year 2024 was characterized by an increase in operating profit compared to the previous year, the implementation of the transformation program Expedition 2030, a new organizational structure, the issuance of a €300 million hybrid bond, and further optimization of the production network. As part of designing our audit approach, we determined materiality and identified and assessed the risk of material misstatements in the financial statements. We paid particular attention to areas where the executive board made significant estimates, such as significant estimates involving assumptions about future events that are inherently uncertain.

In the section 'Significant estimates, judgments, and assumptions' of the financial statements, the executive board has outlined the estimation items and the main sources of estimation uncertainty. Due to the significant estimation uncertainty and the related higher inherent risk associated with the valuation of goodwill and tax positions, we have identified these as key audit matters as set out in the section 'Key audit matters'. The impact of the Expedition 2030 restructuring has not been included as a separate key audit matter compared to the previous year, as the reorganization provision as of December 31, 2024, and thus the estimation uncertainty, has significantly decreased.

FrieslandCampina has committed to interim climate targets for 2030, as explained in the section 'Our climate goals' in the ESG report in the annual report. The company has set a concrete target of reducing greenhouse gas emissions by 63% in 2030 for scope 1 and 2 emissions compared to the base year 2015. For scope 3 emissions, FrieslandCampina has committed to reducing absolute emissions by 33% for scope 3 member milk and 43% for other scope 3 emissions by 2030 compared to the base year 2015. In 2024, FrieslandCampina, in accordance with SBTi requirements, split all emissions into Forest Land-use and Agriculture (FLAG) and Energy and Industry emissions (non-FLAG) and submitted new individual targets for both categories to SBTi, replacing the current combined targets. The long-term impact of these commitments on the company's goals, as well as the required investments, current cost base, and future cash flows, is still being further developed.

FrieslandCampina has elaborated on the uncertainties arising from climate change, as well as the actions taken and to be taken, in the risk section of the annual report. In the explanation of the materiality analysis, FrieslandCampina further discusses actions already taken and analyses yet to be performed regarding determining the financial impact of the various topics from the materiality analysis on the company. A key uncertainty concerns the future volume of milk supply due to the possible reduction of livestock in the context of nitrogen reduction in the Netherlands and prolonged drought.
The executive board has, as far as possible, taken into account the potential impact of climate change when determining assumptions and estimates in the financial statements and has elaborated on this in the section 'climate change' in the financial statements.

Together with our sustainability reporting specialists, we have held discussions with FrieslandCampina's management about the impact of climate change and the climate targets on the company. In our audit, we did not identify climate change as a separate key audit matter but included it in the already identified key audit matters.

We have evaluated the potential impact of the committed net climate targets on the financial position, including the underlying assumptions and estimates, for example, regarding future cash flows in the goodwill impairment model, as well as the related disclosures in the financial statements.

We ensured that the audit teams at both group and component level included the appropriate skills and competences that are needed for the audit of a dairy company that operates internationally. We therefore included experts and specialists in the areas of, among other matters, IT systems, valuation of goodwill, (international) tax positions, financial instruments, and pensions in our team.

The outline of our audit approach was as follows:

Materiality
• Overall materiality: €55 million (2023: €55 million).
Audit scope
• We conducted audit work in twelve components in eleven locations. • We visited the component in Nigeria. Furthermore, we also held videoconferences with the accountants of the group components that were part of the group audit. • Audit coverage: 78% of the consolidated revenue, 86% of the consolidated total assets and 83% of the consolidated profit before tax.
Key audit matters
• Valuation of goodwill; and • Valuation of tax positions.

Materiality

The scope of our audit was influenced by the application of materiality, which is further explained in the section 'Our responsibilities for the audit of the financial statements'.

Based on our professional judgement we determined certain quantitative thresholds for materiality, including the overall materiality for the financial statements as a whole as set out in the table below. These, together with qualitative considerations, helped us to determine the nature, timing and extent of our audit procedures on the individual financial statement line items and disclosures and to evaluate the effect of identified misstatements, both individually and in aggregate, on the financial statements as a whole and on our opinion.

Overall group materiality	€55 million (2023: €55 million).
Basis for determining materiality	We used our professional judgement to determine the overall materiality. As a basis for our judgement, we used 1.5% of the compensation paid to the members for supplying milk. On the basis of professional judgment and the common information needs of the users, we have maximised the materiality at €55 million.
Rationale for benchmark applied	We used the compensation for milk supplies as the primary benchmark, based on our analysis of the common information needs of the users of the financial statements, in particular the member dairy farmers. The compensation for milk supplies is an important metric for the financial performance of the company.
Component materiality	Based on our judgement, we allocated materiality to each component in our audit scope that is less than our overall group materiality. The range of materiality allocated across components was between €5 million and €44 million.

We also take misstatements and/or possible misstatements into account that, in our judgement, are material for qualitative reasons.

We agreed with thesupervisory board that we would report to them any misstatement identified during our audit above €1 million (2023: €1 million) as well as misstatements below that amount that, in our view, warranted reporting for qualitative reasons.

The scope of our group audit

Royal FrieslandCampina N.V. is the parent company of a group of entities. The financial information of this group is included in the consolidated financial statements of Royal FrieslandCampina N.V.

We are responsible for the identification and assessment of the risks of material misstatement of the financial statements of the group, including those with respect to the consolidation process. Based on our risk assessment, we tailored the scope of our audit to ensure that we, in aggregate, performed sufficient work on the financial statements to enable us to provide an opinion on the financial statements as a whole.

In setting the scope of our group audit we determined what audit work needed to be performed at group level or component level and whether involvement of component auditors was necessary.

Based on this, we conducted audits of the complete financial information for twelve group components because these components were considered significant based on risk or size. Specific audit procedures were performed on identified significant or higher risks at these twelve group components.
In determining the scope of our group audit, we specifically considered the following key elements of the group's internal control:

- Internal Control Framework: During the coordination of our group audit, we instructed the various audit teams to utilize the Internal Control Framework and provide us with their observations regarding its design and effectiveness, where relevant to the audit. In situations where it was not effective or efficient to rely on the group's internal control framework, additional substantive procedures were performed to obtain sufficient and appropriate audit evidence.
- Central IT Systems: FrieslandCampina has implemented a largely uniform ERP-system worldwide. The majority of the group's IT systems are centrally managed. With the assistance of our IT specialists, we tested the IT General Controls (ITGCs) and IT dependencies of the centrally managed ERP-system. During this audit, some non-significant findings were identified, which we addressed through additional substantive procedures. We shared the results of our audit procedures with the local audit teams.
- Shared-Service Centers: FrieslandCampina operates two shared-service centers globally. The shared-service centers in Hungary and Malaysia are audited by local audit teams, who report the results of their work for the Dutch operations to us and to the various other local audit teams.
- To guide our audit, we reviewed the results of the work and reports prepared by Corporate Internal Audit. While we do not rely on their work, we have incorporated their findings into our risk assessment where relevant.

In addition to the above elements, we considered the relative size of the revenue of the individual group components and their risk profiles. We identified the Dutch component as significant. No other group components were identified as significant based on size or risk profile. Besides the significant component, eleven group components were included in the scope of the audit for a full audit of their financial information to obtain sufficient coverage over the financial statement line items. In total, we performed audit procedures at twelve group components in eleven countries.

In total, in performing these procedures, we achieved the following coverage on the financial line items:

Revenue	78%
Total assets	86%
Profit before tax	83%

None of the remaining components represented more than 5% of total group revenue or total group assets. For those remaining components we performed, among other things, analytical procedures to corroborate our assessment that there were no significant risks of material misstatements within those components.

The group engagement team performed the audit work for the Dutch activities. In addition, the group team performed the audit procedures with respect to the consolidation, the valuation of goodwill and intangible assets and significant estimates with respect to uncertain tax positions, the restructuring provision, pension positions, as well as the disclosures in the financial statements.
We have engaged component auditors to audit foreign components. Where component auditors performed the work, we determined the level of involvement we needed to have in their audit work to be able to conclude whether we had obtained sufficient and appropriate audit evidence as a basis for our opinion on the consolidated financial statements as a whole.

Where component auditors performed the work, we determined the nature, timing and extent of direction and supervision of the component auditors and review of their work. We furthermore:

- Issued group audit instructions to component auditors to set expectations for the component auditor's work and facilitate our direction and supervision of the component auditor and review of their work.

- Participated in discussions with component auditors as part of planning the engagement, including when we as the group auditor assigned tasks or procedures such as the performance of risk assessment procedures or determining the nature, timing and extent of audit responses to identified and assessed risks of material misstatement to component auditors.
- Communicated with component auditors throughout the course of the group audit, either virtually by leveraging technology solutions, in-person meetings (e.g., as part of a site visit to the component auditor's territory), or through a combination of these, in order to monitor the progress of the component auditor's work. These ongoing communications included matters affecting the execution, completion and reporting of the group audit.
- Reviewed relevant parts of the component auditor's work including the component auditor's communication of matters relevant to our conclusion with regard to the group audit. Our review of the component auditor's work took place throughout the engagement. This included on-site and/or virtual reviews, including of the component auditor's working papers.
- Reviewed formal written communications prepared by the component auditor for component management of the component and/or regulatory authorities of the component, that were, based on our judgment, relevant to the group audit).
- Attended certain key meetings between the component auditor and component management.

By performing the procedures outlined above at the components, combined with additional procedures exercised at group level, we have been able to obtain sufficient and appropriate audit evidence on the Group's financial information, to provide a basis for our opinion on the financial statements.

Audit approach fraud risks

We identified and assessed the risks of material misstatements of the financial statements due to fraud. During our audit, we obtained an understanding of Royal FrieslandCampina N.V. and its environment and the components of the internal control system. This included the executive board's risk assessment process, the executive board's process for responding to the risks of fraud, and monitoring the internal control system and how the supervisory board exercised oversight, as well as the outcomes. Please refer to the section 'Fraud & Compliance' of the report by the Executive Board for the Executive Board's fraud risk assessment and the section 'Report by the Supervisory Board' in which the supervisory board reflects on this fraud risk assessment.

We asked members of the executive board, management of the Business Groups, the internal audit department, the compliance department, and the supervisory board whether they are aware of any actual or suspected fraud. This did not result in signals of actual or suspected fraud that may lead to a material misstatement.

FrieslandCampina has business all around the world and makes use of sales agents. Apart from this, the risk exists of unintended involvement in money laundering schemes when clients pay using an agent, especially when a regulated banking system is not present. Management has performed analyses to judge whether transactions had higher-risk characteristics and, if necessary, has performed more procedures. We have evaluated the follow-up of identified risks.

As part of our process of identifying fraud risks, we evaluated fraud risk factors with respect to financial reporting fraud, misappropriation of assets and bribery and corruption. We evaluated whether these factors indicate that a risk of material misstatement due to fraud is present.

We identified the following fraud risks and performed the following specific procedures:

Identified fraud risks	Our audit work and observations
The risk of management override of controls Management is in a unique position to perpetrate fraud, because management has the ability to manipulate accounting records and prepare fraudulent financial statements by overriding controls that otherwise appear to be operating effectively. That is why we pay extra attention to the risk of management override of controls in: • journal entries and other adjustments made in the preparation of the financial statements; • accounting estimates; • significant transactions outside of usual normal course of business. In this, we distinguish between transactions that are part of the normal course of business (where we assume they aim to show the highest possible result, as this is linked to bonus schemes) and special income.	When relevant to our audit, we have evaluated the design of the internal control system intended to mitigate the risk of management override of controls, and assessed the effectiveness of these measures in the processes of generating and processing journal entries and making estimates. We also paid specific attention to access controls in the IT system and the possibility that these could lead to breaches of the segregation of duties. We did not identify any significant deficiencies in internal control. We have performed an audit that is a mix of substantive testing procedures and internal controls testing. We selected journal entries based on risk criteria and performed specific audit procedures on these entries, including inspection of the source documentation. We also paid special attention to consolidation and elimination entries, focusing on testing entries that impact the revenue and result of the financial year. We did not identify any significant transactions outside the normal course of business. Additionally, we performed specific audit procedures on significant management estimates, including the analysis and forecasts underlying the valuation of intangible assets. We refer to the key audit matters for our work on these points. We paid particular attention to the inherent risk of management bias in estimates. Our audit procedures did not lead to specific indications of fraud or suspicions of fraud with respect to management override of internal controls.

Identified fraud risks	Our audit work and observations
The risk of fraudulent financial reporting due to overstatement of the revenue The Zuivelcoöperatie, and with it Royal FrieslandCampina N.V. has as its target to create as much value as possible for member dairy farmers. The targets are also linked to a results related bonus for the management. Thus, there is a pressure being put on the executive team to achieve the growth target for the financial year 2024 and therefore, there is a risk of a deliberate increase in revenue in the financial year.	Where relevant to our audit, we assessed the design and effectiveness of the internal control measures related to revenue reporting and in the processes for generating and processing journal entries related to the revenue. We concluded that we, in the context of our audit, could rely on the internal control procedures relevant to this risk. Using data analysis, we identified potential notable revenue entries in the financial year and performed substantive audit procedures on these entries by determining whether these entries are based on deliveries that actually occurred in the financial year. In addition, we performed substantive audit procedures related to the accuracy of the revenue entries in the financial year. We performed substantive procedures on outstanding receivables at the year-end, whereby we asked debtors to confirm the balances. At the year-end we performed specific procedures on revenue bookings in order to identify possible shifts in revenue of delivered products in the following financial year to the revenue recognised in the current financial year. Finally, we examined whether credit notes that were posted in the following financial year could be an indication of incorrect or incorrectly booked revenue in the current financial year. Our audit procedures did not identify any material misstatements in the information provided by the management in the financial statements and the board report compared to the financial statements. Our audit procedures did not lead to specific indications of fraud or suspicions of fraud with respect to the accuracy of the revenue reporting.

We incorporated an element of unpredictability in our audit. We reviewed lawyer's letters. During the audit, we remained alert to indications of fraud. Furthermore, we considered the outcome of our other audit procedures and evaluated whether any findings were indicative of fraud or non-compliance with laws and regulations.

Audit approach going concern

The executive board performed their assessment of the entity's ability to continue as a going concern for at least 12 months from the date of preparation of the financial statements and has not identified events or conditions that may cast significant doubt on the entity's ability to continue as a going concern (hereafter: going-concern risks).

Our procedures to evaluate the executive board's going-concern assessment included, amongst others:

- considering whether the executive board's going-concern assessment included all relevant information of which we were aware as a result of our audit and inquiring with the executive board regarding the executive board's most important
- assumptions underlying its going-concern assessment;
- evaluating the executive board's current budget, including cash flows for at least 12 months from the date of preparation of the financial statements, taken into account current developments in the industry and all relevant information of which we were aware as a result of our audit;
- analysing whether the current and the required financing has been secured to enable the continuation of the entirety of the entity's operations, including compliance with relevant covenants;
- performing inquiries of the executive board as to its knowledge of going-concern risks beyond the period of the executive board's assessment.

Our procedures did not result in outcomes contrary to the executive board's assumptions and judgements used in the application of the going-concern assumption..

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in the audit of the financial statements. We have communicated the key audit matters to thesupervisory board. The key audit matters are not a comprehensive reflection of all matters identified by our audit and that we discussed. In this section, we described the key audit matters and included a summary of the audit procedures we performed on those matters.

Key audit matter	Our audit work and observations
Valuation of goodwill Refer to note 8.2 of the financial statements FrieslandCampina has recorded €1.029 million in goodwill related to historical acquisitions. Due to the adjustment in the management structure as of January 1, 2024, and the way the business groups are managed, the segments have been adjusted accordingly. As a result, FrieslandCampina has changed the allocation of goodwill to the segments. Goodwill is tested annually at the level of the individual segments. The valuation of goodwill is complex and dependent on management estimates, which are inherently uncertain. Given the material significance of goodwill, any change in the assumptions could have a significant impact on the financial statements. Therefore, we have identified the valuation of goodwill as a key audit matter. The valuation of goodwill is tested based on the enterprise value, which is calculated using expected discounted cash flows. The key assumptions in this test include the discount rate, the long-term growth rate, the gross margin growth rate, and the forecasted results. In determining the enterprise value, FrieslandCampina has allocated a compensation to cover corporate and cooperative costs and results per segment based on the relative amounts of profits (earnings before interest and taxes) of the respective segments. The allocation of these costs is subject to management estimates.	We have tested the valuation methodology and the assumptions applied in the goodwill impairment model and the underlying calculations. Specifically, this year we assessed the reallocation of goodwill to the new segments. With the assistance of valuation experts, we tested the discount rate and the long-term growth rate by comparing them with market information (e.g., market interest rates and inflation) and our own independent assessment. We did not identify any significant issues. For the gross margin growth rate and the forecasted results, we reconciled them with management's budgets and forecasts (the multi-year plans up to 2027). We tested the process underlying the preparation of these budgets and forecasts and compared them with historical results, external information, and market outlooks. We evaluated the outcome of management's estimates in prior years by comparing actual results with forecasts from previous years to assess whether the assumptions were balanced in hindsight. We also inquired with management about the assumptions regarding climate change as explained in the section 'estimates and assumptions' and how these assumptions were incorporated by management in the testing of the valuation of goodwill and the sensitivity analyses. We tested the allocation of corporate and cooperative costs and results to the various segments with underlying audit evidence. Based on our audit procedures and the obtained audit evidence, we did not identify any material findings.

Key audit matter	Our audit work and observations
Valuation of tax position Refer to notes 12 and 13.2 of the financial statements The group has subsidiaries in various countries and is therefore subject to local tax regimes. The chapter 'Taxes' in the annual report describes how FrieslandCampina handles tax positions. Due to the complexity of different local tax regimes, the determination and local acceptance of internal transfer pricing is challenging. This determination can affect the amount of local fiscal results and the taxes payable. The recognition and valuation of tax positions is subject to judgement as it involves interpretation of local tax legislation (including the local acceptance of the internal transfer prices as applied by FrieslandCampina). The outcome of legal cases in the relevant tax jurisdictions is difficult to predict and can therefore deviate from the estimates. Important data for determining the deferred tax positions are the local tax percentages and settlement periods. The assumptions of the budgets used are also important for the recognised tax positions. Deferred tax assets are recognized for deductible tax losses and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which these can be utilized. FrieslandCampina also has deductible losses for which no deferred tax asset is recognized in the financial statements. Due to the material size, the complexity of the various tax regimes, and the inherent estimation uncertainty, there is an increased risk of incorrect internal transfer pricing and incorrect valuation of tax positions. Based on this, we have identified the valuation of tax positions as a key audit matter.	We conducted the audit of the tax positions with the assistance of tax specialists. Our procedures included performing a risk assessment, which involved evaluating the outcome of management's estimates from the previous year. We tested the accuracy of the internal transfer prices by reviewing and evaluating correspondence with tax authorities, internal transfer pricing documentation, and tax legislation, combined with our own independent analyses. Our procedures were focused on determining whether the legal processes in the relevant tax jurisdictions will lead to a tax liability or provision in the financial statements. For this purpose, we assessed correspondence with the tax authorities, and we prepared our own independent analysis with support of our international tax specialists to assess the status and treatment of the procedures. We compared management's calculation with our calculation and determined that management's assessment is acceptable. Regarding the valuation of deferred tax assets, we tested the assumptions underlying this valuation by reconciling the underlying budgets and forecasts to support the utilization of deductible tax losses. Additionally, we verified whether the disclosures about the recognized tax positions and the realizability of the deferred tax assets contained the required information. Based on our audit procedures and the obtained audit evidence, we did not identify any material findings.

Report on the other information included in the annual report

The annual report contains other information. This includes all information in the annual report in addition to the financial statements and our auditor's report thereon.

Based on the procedures performed as set out below, we conclude that the other information:

- is consistent with the financial statements and does not contain material misstatements; and
- contains all the information regarding the directors' report and the other information that is required by Part 9 of Book 2 of the Dutch Civil Code.

We have read the other information. Based on our knowledge and the understanding obtained in our audit of the financial statements or otherwise, we have considered whether the other information contains material misstatements.

By performing our procedures, we comply with the requirements of Part 9 of Book 2 of the Dutch Civil Code and the Dutch Standard 720. The scope of such procedures was substantially less than the scope of those procedures performed in our audit of the financial statements.

The executive board is responsible for the preparation of the other information, including the directors' report and the other information in accordance with Part 9 of Book 2 of the Dutch Civil Code.

Report on other legal and regulatory requirements

Our appointment

We were appointed as auditors of Royal FrieslandCampina N.V. on 30 April 2015 by the supervisory board. This followed the passing of a resolution by the shareholders at the annual general meeting held on 30 April 2015. Our appointment has been renewed annually by shareholders and now represents a total period of uninterrupted engagement of 9 years.

Responsibilities for the financial statements and the audit

Responsibilities of the executive board and the supervisory board for the financial statements

The executive board is responsible for:

- the preparation and fair presentation of the financial statements in accordance with IFRS Accounting Standards as adopted by the EU and Part 9 of Book 2 of the Dutch Civil Code; and for
- such internal control as the executive board determines is necessary to enable the preparation of the financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the executive board is responsible for assessing the Company's ability to continue as a going concern. Based on the financial reporting frameworks mentioned, the executive board should prepare the financial statements using the going-concern basis of accounting unless the executive board either intends to liquidate the Company or to cease operations or has no realistic alternative but to do so. The executive board should disclose in

the financial statements any event and circumstances that may cast significant doubt on the Company's ability to continue as a going concern.

The supervisory board is responsible for overseeing the Company's financial reporting process.

Our responsibilities for the audit of the financial statements

Our responsibility is to plan and perform an audit engagement in a manner that allows us to obtain sufficient and appropriate audit evidence to provide a basis for our opinion. Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error and to issue an auditor's report that includes our opinion. Reasonable assurance is a high but not absolute level of assurance, and is not a guarantee that an audit conducted in accordance with the Dutch Standards on Auditing will always detect a material misstatement when it exists. Misstatements may arise due to fraud or error. They are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements. Materiality affects the nature, timing and extent of our audit procedures and the evaluation of the effect of identified misstatements on our opinion.

A more detailed description of our responsibilities is set out in the appendix to our report.

Amsterdam, 14 February 2025 PricewaterhouseCoopers Accountants N.V.

Original Dutch version has been signed by B.A.A. Verhoeven RA

Appendix to our auditor's report on the financial statements 2024 of Royal FrieslandCampina N.V.

In addition to what is included in our auditor's report, we have further set out in this appendix our responsibilities for the audit of the financial statements and explained what an audit involves.

The auditor's responsibilities for the audit of the financial statements

We have exercised professional judgement and have maintained professional scepticism throughout the audit in accordance with Dutch Standards on Auditing, ethical requirements and independence requirements. Our audit consisted, among other things of the following:

- Identifying and assessing the risks of material misstatement of the financial statements, whether due to fraud or error, designing and performing audit procedures responsive to those risks, and obtaining audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the intentional override of internal control.
- Obtaining an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the executive board.
- Concluding on the appropriateness of the executive board's use of the going-concern basis of accounting, and based on the audit evidence obtained, concluding whether a material uncertainty exists related to events and/or conditions that may cast significant doubt on the Company's ability to continue

as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report and are made in the context of our opinion on the financial statements as a whole. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluating the overall presentation, structure and content of the financial statements, including the disclosures, and evaluating whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We are responsible for planning and performing the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the group as a basis for forming an opinion on the financial statements. We are also responsible for the direction, supervision and review of the audit work performed for purposes of the group audit. We remain solely responsible for our audit opinion.

We communicate with the supervisory board regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We provide the supervisory board with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related actions taken to eliminate threats or safeguards applied.

From the matters communicated with the supervisory board, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Limited assurance report of the independent auditor

To: The general meeting and the supervisory board of
Royal FrieslandCampina N.V.

Assurance report with limited assurance on the non-financial information 2024

Our conclusion

Based on our procedures performed and the assurance information obtained, nothing has come to our attention that causes us to believe that the non-financial information included in the annual report 2024 of Royal FrieslandCampina N.V. (hereafter: FrieslandCampina) does not present, in all material respects, a reliable and adequate view of:

- the policy and business operations with regard to sustainability; and
- the thereto related events and achievements for the year ended 31 December 2024 in accordance with the Sustainability Reporting Standards of the Global Reporting Initiative (GRI) and the applied supplemental reporting criteria as included in the section 'Reporting criteria' of our report.

What we have reviewed

We have reviewed the non-financial information included in the following sections of the annual report for 2024 (hereafter: the non-financial information):

- This is FrieslandCampina', excluding the sections 'FrieslandCampina worldwide' and 'Our worldwide dairy';
- 'Report of the Executive Board', excluding the sections 'Risk management', '2025 Outlook', 'Management statement' and 'Statement of executive responsibility'.

A review is aimed at obtaining a limited level of assurance.

The basis for our conclusion

We conducted our review on the non-financial information in accordance with Dutch law, including Dutch Standard 3810N 'Assuranceopdrachten inzake maatschappelijke verslagen' (assurance engagements relating to sustainability reporting), which is a specific Dutch standard that is based on the International Standard on Assurance Engagements (ISAE) 3000 'Assurance engagements other than audits or reviews of historical financial information'. Our responsibilities under this standard are further described in the section 'Our responsibilities for the review of the non-financial information' of our report.

We believe that the assurance evidence we have obtained is sufficient and appropriate to provide a basis for our conclusion.

Independence and quality control

We are independent of FrieslandCampina in accordance with the 'Verordening inzake de onafhankelijkheid van accountants bij assuranceopdrachten' (ViO – Code of ethics for professional accountants, a regulation with respect to independence). Furthermore, we have complied with the 'Verordening gedrags- en beroepsregels accountants' (VGBA – Code of ethics for professional accountants, a regulation with respect to rules of professional conduct).

PwC applies the 'Nadere voorschriften kwaliteitssystemen' (NVKM – Regulations for quality systems) and accordingly maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and other relevant legal and regulatory requirements.

Reporting criteria

The reporting criteria used for the preparation of the non-financial information are the Sustainability Reporting Standards of the Global Reporting Initiative (GRI) and the applied supplemental reporting criteria, as disclosed in the appendices 'Explanatory notes' of the annual report.

The non-financial information is prepared in accordance with the GRI Standards. The GRI Standards applied are listed in the GRI Content Index as disclosed in the GRI table included in the annual report.

The absence of an established practice on which to draw, to evaluate and measure the non-financial information allows for different, but acceptable, measurement techniques and can affect comparability between entities, and over time.

Consequently, the non-financial information needs to be read and understood together with the reporting criteria applied.

Limitations to the scope of our review

The non-financial information includes prospective information such as expectations on ambitions, strategy, plans and estimates and risk assessments. Inherent to this prospective information, the actual future results are uncertain, and are likely to differ from these expectations. These differences may be material. We do not provide any assurance on the assumptions and achievability of prospective information.

In the non-financial information references are made to external sources or websites. The information on these external sources or websites is not part of the non-financial information reviewed by us. We therefore do not provide assurance on this information.

Our conclusion is not modified in respect to these matters.

Responsibilities for the non-financial information and the review thereon

Responsibilities of the executive board and the supervisory board for the non-financial information

The executive board of FrieslandCampina is responsible for the responsible for the preparation and fair presentation of the non-financial information in accordance with the reporting criteria as included in the section 'Reporting criteria', including applying the reporting criteria, the identification of stakeholders, and determining the material matters. The executive board is also responsible for selecting and applying the reporting criteria and for determining that these reporting criteria are suitable for the legitimate information needs of stakeholders, considering applicable law and regulations related to reporting. The choices made by the executive board regarding the scope of the non-financial information and the reporting policy are summarised in the appendices 'Explanatory notes' of the annual report.

Furthermore, the executive board is responsible for such internal control as the executive board determines is necessary to enable the preparation of the non-financial information that is free from material misstatement, whether due to fraud or error.

The supervisory board is responsible for overseeing the company's reporting process on the non-financial information.

Our responsibilities for the review of the non-financial information

Our responsibility is to plan and perform the review engagement in a manner that allows us to obtain sufficient and appropriate assurance evidence to provide a basis for our conclusion.

Our objectives are to obtain a limited level of assurance, as appropriate, about whether the non-financial information is free from material misstatements and to issue a limited assurance conclusion in our report. The procedures performed in a limited assurance engagement vary in nature and timing from, and are less in

extent than for, a reasonable assurance engagement. Consequently, the level of assurance obtained in a limited assurance engagement is substantially less than the assurance obtained in an audit (reasonable assurance) in relation to both the risk assessment procedures, including an understanding of internal control, and the procedures performed in response to the assessed risks.

Procedures performed

We have exercised professional judgement and have maintained professional scepticism throughout the review, in accordance with Dutch Standard 3810N, ethical requirements and independence requirements. Our procedures included, amongst other things, the following:

- Performing an analysis of the external environment and obtaining insight into relevant social themes and issues and the characteristics of the company.
- Evaluating the appropriateness of the reporting criteria used, their consistent application and related disclosures in the non-financial information. This includes the evaluation of the results of the stakeholders' dialogue and the reasonableness of estimates made by the executive board.
- Through inquiries, obtaining a general understanding of the control environment, the reporting processes, and the information systems and the entity's risk assessment process relevant to the preparation of the non-financial information, without obtaining assurance evidence about the implementation or testing the operating effectiveness of controls.
- Identifying areas of the non-financial information with a higher risk of misleading or unbalanced information or material misstatement, whether due to fraud or errors. Designing and performing further assurance procedures aimed at determining the plausibility of the non-financial information responsive to this risk analysis. These procedures consisted among others of:
  - Interviewing management (and/or relevant staff) at corporate (and business/division/cluster/local) level responsible for the sustainability strategy, policy and results.
  - Interviewing relevant staff responsible for providing the information for, carrying out internal control procedures on, and consolidating the data in the non-financial information.
  - Obtaining assurance evidence that the non-financial information reconciles to underlying records of the company.
  - Reviewing, on a limited test basis, relevant internal and external documentation.
  - Considering the data and trends in the information submitted for consolidation at group level.
- Evaluating the presentation, structure, and content of the non-financial information.
- To consider whether the non-financial information as a whole, including the disclosures, reflects the purpose of the reporting criteria used.
- Considering the overall presentation, structure and balanced content of the non-financial information.
- Considering whether the non-financial information as a whole, including the sustainability matters and disclosures, is clearly and adequately disclosed in accordance with the applicable reporting criteria.

We communicate with the supervisory board regarding, among other matters, the planned scope and timing of the review and significant findings that we identify during our review.

Amsterdam, 14 February 2025
PricewaterhouseCoopers Accountants N.V.

Original Dutch version signed by B.A.A. Verhoeven RA

Overviews

Financial history 252
Milk price overview 253
Composition of the Supervisory Board 254
Composition of the Executive Team 256

Financial history

In millions of euros, unless stated otherwise	2024	2023	2022	2021	2020
Key figures					
Income statement					
Revenue	12,923	13,072	14,076	11,501	11,140
Operating profit	527	75	471	355	268
Result for the year	321	-149	292	172	79
Milkprice[1]					
Guaranteed price[2]	49.48	46.26	55.21	37.84	34.46
Supplementary cash payment	1.21	0.00	0.90	0.14	0.00
Issue of member bonds[3]					0.00
Meadow milk premium and Foqus Planet premium	1.65	1.21	0.91	0.91	0.90
Special supplements	0.61	0.61	0.33	0.34	0.36
Milk price	52.95	48.08	57.35	39.23	35.72
Financial position					
Balance sheet total	9,793	9,119	10,037	9,056	8,716
Equity attributable to shareholder	2,175	1,833	2,616	1,914	1,573
Equity attributable to providers of capital	3,492	3,374	3,841	3,635	3,517
Net debt (excluding lease liabilities)	270	635	888	700	876
Cash flows					
Net cash flows from operating activities	900	831	293	594	737
Net cash flows used in investing activities	-446	-309	-570	-302	-443
Depreciation of plant and equipment and amortisation of intangible assets	381	428	448	465	456
Additional information					
Equity as a % of total assets	35.7	37.0	38.3	40.1	40.4
Employees (average number of FTEs)	19,576	20,928	21,715	22,961	23,877
Milk supplied by members (in millions of kg)	9,050	9,369	9,502	9,745	10,064

1 In euros per 100 kgs of milk.
2 Excluding VAT for 2023 and 2024 at 3.58% protein and 4.45% fat, For 2020, 2021 and 2022 at 3,57% protein, 4.42% fat and 4.53% lactose.
3 Due to changes in the milk price regulations, effective from the 2021 financial year member bonds will no longer be issued as part of the compensation for member milk.

Milk price overview

In euros per 100 kilos of milk	2024	2023
Fat price	22.42	20.96
Protein price	27.06	25.30
Guaranteed price[1]	**49.48**	**46.26**
Supplementary cash payment	1.21	0.00
Meadow milk premium and Foqus planet premium[2]	1.65	1.21
Special supplements[3]	0.61	0.61
Milk price	**52.95**	**48.08**

1 Excluding VAT at 3.58% protein and 4.45% fat.
2 As of 2023, member dairy farmers will receive a variable Foqus planet premium for Sustainable Development, including pasture grazing, of up to 3.50 euros per 100 kilograms of milk. The average surcharge in 2024 is 2.25 euros per 100 kilograms. This amount consists of an estimate of 2.04 euros per 100 kilograms of milk for 2024 and a correction of 0.21 euros per 100 kilograms of milk for an underestimate for 2023. The cooperative deduction for sustainability is 0.60 euros per 100 kilograms of milk. Dairy farms that supply On the way to PlanetProof milk do not receive a Foqus-planet premium.
3 Special supplements concern the total amount of payments per 100 kilogrammes of milk for VLOG [non-GMO] and the On the way to PlanetProof of 0.53 euro per 100 kilogrammes of milk, and the difference between the guaranteed price paid for organic milk (58.54 euros) and regular milk (49.48 euros). On average, on all FrieslandCampina member milk, this amounts to 0.08 euro per 100 kilogrammes of milk.

Composition of the Supervisory Board

Sybren (S.S.U.) Attema
(1960)

Position Chair of the Supervisory Board of Royal FrieslandCampina N.V., Chair of the Board of Zuivelcoöperatie FrieslandCampina U.A.
Nationality Dutch
Other positions Advisory Council Anders Invest – Food and Agri Fund

Baptiest (J.B.P.) Coopmans
(1965)

Position Vice-chair of the Supervisory Board of Royal FrieslandCampina N.V.
Nationality Dutch
Profession SVP at LibertyGlobal
Other positions Member of the Supervisory Board of TNO, member of the Supervisory Board of De Burg Group

Sandra (J.W.) Berendsen
(1973)

Position Member of the Supervisory Board of Royal FrieslandCampina N.V.
Nationality Dutch
Profession Dairy farmer
Other positions Member of the Supervisory Board of KPMG NL, member of the Supervisory Board of Rabobank

Nils (N.) den Besten
(1982)

Position Member of the Supervisory Board of Royal FrieslandCampina N.V., Member of the Board of Zuivelcoöperatie FrieslandCampina U.A.
Nationality Dutch
Profession Dairy farmer
Other positions None

Wietse (W.) Duursma
(1979)

Position Member of the Supervisory Board of RoyalMember of the Board of Koninklijke FrieslandCampina N.V., lid bestuur Zuivelcoöperatie FrieslandCampina U.A.
Nationality Dutch
Profession Dairy farmer
Other positions Co-owner dairy farm Duursma, Chair Supervisory Board of CRV Holding B.V., Chair Coöperatie Koninklijke CRV U.A., member of the Advisory Committee of Liefstinghsbroek

Elze (E.) Jellema
(1979)

Position Member of the Supervisory Board of Royal FrieslandCampina N.V., Vice-chair of the Board of Zuivelcoöperatie FrieslandCampina U.A.
Nationality Dutch
Profession Dairy farmer
Other positions None

Petri (P.H.M) Hofsté
(1961)

Position Member of the Supervisory Board of Royal FrieslandCampina N.V.
Nationality Dutch
Profession Company Executive Director and Supervisory Board member
Other positions Member of the Supervisory Board of Rabobank, Achmea B.V. (and various subsidiaries) and Pon Holding B.V., Chair of the Executive Board of Stichting Nyenrode, Vereniging Hendrick de Keyser and Stichting Capital, member of the Executive Board of the Impact Economy Foundation, member of the AFM Financial Reporting and Accountancy commission, member of the Advisory Board of SER Topvrouwen.nl, member of the Board of Oranjefonds (effective 1-1-2025)

Heiko (H.W.J.) Schipper
(1969)

Position Member of the Supervisory Board of Royal FrieslandCampina N.V.
Nationality Dutch
Profession Member of the Board of Management of Unilever Plc, President Foods
Other positions None

Marleen (M.) Vaesen
(1959)

Position Member of the Supervisory Board of Royal FrieslandCampina N.V.
Nationality Belgian
Profession Company Executive Director
Other positions Executive Director at Kinepolis, Executive Director at De Eik, Executive Director at MRBB, Executive Director at Arvesta

Audit and Risk Committee

Petri Hofsté, Chair
Sandra Berendsen
Nils den Besten
Baptiest Coopmans
Elze Jellema

Remuneration, Nomination and Governance Committee (RNGCo)

Baptiest Coopmans, Chair
Sybren Attema
Elze Jellema
Heiko Schipper

ESG Committee

Nils den Besten, Chair
Sybren Attema
Petri Hofsté
Marleen Vaesen

Composition of the Executive Team

Jan Derck (J.D.) van Karnebeek
(1967)

Position Chief Executive Officer
Appointment 1 June 2023
Nationality Dutch
Responsible for
Business groups
Corporate Communication
Company Secretariat & Group Legal
Corporate Strategy and Mergers & Acquisitions
Other positions Non-Executive Director N.S.W. BV De Eese, Board advisor Ocean Beer

Hans (J.G.) Janssen
(1967)

Position Chief Financial Officer
Appointment 1 May 2021
Nationality Dutch
Responsible for
Corporate Finance and Reporting
Corporate Tax
Corporate Treasury
Corporate Internal Audit
Global Finance Processes and Shared Services
Enterprise Risk Management
Corporate Real Estate
Corporate Internal Control
Corporate IT
Corporate Legal, Ethics and Compliance
Other positions Member of the Supervisory Board of the TIAS School for Business and Society

David (D.A.) Cutter
(1968)

Position Chief Supply Chain and Research & Development Officer
Appointment 3 October 2022
Nationality Australian
Responsible for
Corporate Supply Chain
Corporate Research and Development
Other positions None

Mireille (M.) Einwachter
(1979)

Position Chief Sustainability Officer
Appointment 1 August 2023
Nationality Dutch
Responsible for
Corporate Sustainability
Cooperative Affairs
Public Affairs
Other positions None

Patricia Snel

Position Chief People Officer
Nationality Dutch

Dustin Woodward

Position President Europe
Nationality Dutch

Tuncay Özgüner

Position President Retail & Americas
Nationality Dutch and Turkish

Ali Khan

Position President Middle East, Pakistan & Africa
Nationality Pakistani

Corine Tap

Position President Asia
Nationality Dutch

Herman Ermens

Position President Ingredients
Nationality Dutch

Roger Loo

Position President Professional & Trading
Nationality Dutch

Harvey Uong

Position President Specialised Nutrition
Nationality Philippine

Appendices

GRI Table 259
Explanatory Notes 266

GRI Table

GRI standard/ other source	Disclosure	Location	Omission		
			Requirement(s) omitted	*Reason*	*Explanation*
General disclosures					
GRI 2: General disclosures 2021	2-1 Organizational details	Frontpage This is FrieslandCampina – Dairy from grass to glass p3 This is FrieslandCampina – FrieslandCampina worldwide p4 Notes to the consolidated financial statements – Reporting entity p145 Subsidiaries, joint ventures and associates p224 Colophon p267	A gray cell indicates that reasons for omission are not permitted for the disclosure or that a GRI Sector Standard reference number is not available.		
	2-2 Entities included in the organization's sustainability reporting	Notes to the consolidated financial statements - basis for preparation p145 Basis of consolidation p147 Subsidiaries, joint ventures and associates 224 All entities in the financial reporting are also included in our sustainability reporting.			
	2-3 Reporting period, frequency and contact point	1 January, 2024 - 31 December, 2024 Annually Notes to the consolidated financial statements p145 Publication date is 18 February 2025 corporate.communication@frieslandcampina.com			
	2-4 Restatements of information	Changes in scope and boundaries with respect to the previous reporting period: The changes in greenhouse gas emissions are shown in the greenhouse gas emissions section (see also the footnotes to the reported figures) p51 The changes in Speak Up are shown in the Compass section p93			
	2-5 External assurance	Auditor's reports- Independent auditor's report p234 Auditor's reports- Limited assurance report of the independent auditor p249 Corporate Governance – Audit of the financial reporting and the roles of the internal and external auditors p115			
	2-6 Activities, value chain and other business relationships	This is FrieslandCampina – Dairy from grass to glass p3 Our worldwide dairy p5 Our strategy - Doing Dairy Right - Results driven p14 For the value chain, we would like to refer to page 15 of the Climate Plan, figure 3.			
	2-7 Employees	This is FrieslandCampina – FrieslandCampina worldwide p4 Environmental, Social and Governance - Social - People - Employees p76, p79 & p80	b. Report the total number of: i. Permanent employees per region; ii. Temporary workers per region; iii. Non-guaranteed employee hours, and a breakdown by gender and by region; iv. FTE per region; v. Part-time by region.	Information unavailable/ incomplete	Data is currently unavailable. As part of the CSRD preparations, this information will be reported from 2025 onwards.
	2-8 Workers who are not employees	Not applicable	Full requirement	Information unavailable/ incomplete	Outside of RFC span of control.

GRI standard/ other source	Disclosure	Location	Omission		
			Requirement(s) omitted	*Reason*	*Explanation*
	2-9 Governance structure and composition	Corporate Governance - Corporate governance at a glance p109 Report of the Supervisory Board - Roster of appointments and retirements of the Supervisory Board p118 Report of the Supervisory Board - Diversity, equality and inclusion p118 Overviews - Composition of the Supervisory Board p254			
	2-10 Nomination and selection of the highest governance body	Corporate Governance - Supervisory Board - Composition, independence and appointment p111 Corporate Governance - Supervisory Board Committees p112 Report of the Supervisory Board - Composition, independence and diversity p117			
	2-11 Chair of the highest governance body	Not applicable; the chairman of the Supervisory Board is not a senior executive in the organization.			
	2-12 Role of the highest governance body in overseeing the management of impacts	Corporate Governance - Supervisory Board - ESG committee p114 Report of the Supervisory Board - Meetings of the Supervisory Board p118 Report of the Supervisory Board - Supervisory Board committees - ESG Committee p123			
	2-13 Delegation of responsibility for managing impacts	Corporate Governance - Supervisory Board - ESG committee p114 Report of the Supervisory Board - Meetings of the Supervisory Board p118 Report of the Supervisory Board - Supervisory Board committees - ESG Committee p123			
	2-14 Role of the highest governance body in sustainability reporting	Corporate Governance - Supervisory Board committees p109 Report of the Supervisory Board - Supervisory Board committees - ESG Committee p123 Environmental, Governance and Social - General - Materiality assessment p47			
	2-15 Conflicts of interest	Corporate governance - Conflict of interest p114			
	2-16 Communication of critical concerns	Environmental , Social and Governance - Governance - Ethics and compliance p91 Report of the Supervisory Board - Meetings of the Supervisory Board p118			
	2-17 Collective knowledge of the highest governance body	Corporate Governance - Supervisory Board committees p109 Report of the Supervisory Board - Meetings of the Supervisory Board p118 Report of the Supervisory Board - ESG Committee p123			
	2-18 Evaluation of the performance of the highest governance body	Corporate Governance - Supervisory Board p111 Report of the Supervisory Board - Composition, independence and diversity p117			

GRI standard/ other source	Disclosure	Location	Omission		
			Requirement(s) omitted	*Reason*	*Explanation*
	2-19 Remuneration policies	Corporate governance - Executive board p110 Corporate governance - Executive board - Remuneration policy and remuneration of the members of the Executive Board and the remaining members of the Executive Team p110 Remuneration - Remuneration at a glance - Remuneration principles of the Executive Board and Executive Team Remuneration Policy p126 Remuneration - Remuneration at a glance - Overview of key remuneration elements p127 Remuneration - Remuneration of the Executive Board and Executive Team / Remuneration of the Supervisory Board related to 2024 performance year p130/p133 Remuneration - Key remuneration elements of the Supervisory Board p134 All relevant policies have been reported in the Annual Report.			
	2-20 Process to determine remuneration	Corporate Governance - Supervisory Board - Remuneration p112 Corporate Governance - Report of the Supervisory Board - Supervisory board committees - Remuneration, Nomination and Governance Committee p122 Remuneration - The Landscape p126 Remuneration - Transparency p126 Remuneration - Relevant market reference group for remuneration of the Executive Board p129 Remuneration - Key remuneration elements of the Supervisory Board p134			
	2-21 Annual total compensation ratio	Remuneration - CEO Pay ratio p131	Full requirement	Information unavailable/ incomplete	We are reporting following the Corporate Governance Code. Data on the median annual compensation for all employees is not reported. Focus will be put on this reporting requirement.
	2-22 Statement on sustainable development strategy	This is FrieslandCampina - Our ambition p9 This is FrieslandCampina - Our strategy p10 Interview with Jan Derck van Karnebeek, Chief Executive Officer p17 Report of the Executive Board - 2024 developments and results - Good progress on nutrition, people and planet sustainability strategy p28 Environmental, Social and Governance - Environmental - Greenhouse gas emissions - Accelerating on climate with customers p55 Environmental, Social en Governance - General - Strategy p43 Report of the supervisory board - Meetings of the Supervisory Board p118			
	2-23 Policy commitments	Environmental, Social and Governance - Environmental - Greenhouse gas emissions - Targets p53 Environmental , Social en Governance - Social - Respecting human rights p84 Environmental , Social en Governance - Governance - Ethics and Compliance p91			
	2-24 Embedding policy commitments	Environmental , Social en Governance - Governance - Ethics and Compliance p91			
	2-25 Processes to remediate negative impacts	Environmental , Social en Governance - Governance - Ethics and Compliance p91			

GRI standard/ other source	Disclosure	Location	Omission		
			Requirement(s) omitted	*Reason*	*Explanation*
	2-26 Mechanisms for seeking advice and raising concerns	Environmental , Social en Governance - Governance - Ethics and Compliance p91 Risk management - Risk awareness and culture p100			
	2-27 Compliance with laws and regulations	Not applicable	Full requirement	Information unavailable/ incomplete	Information is not (yet) available on this detailed level. We are in the process of putting internal processes in place to have this data readily available.
	2-28 Membership associations	Report of the Executive Board - Developments in dairy farming p30 Environmental, Social and Governance - General - Materiality assessment - In dialogue with stakeholders p48 Environmental, Social and Governance - Environmental - Nature - Policy p61			
	2-29 Approach to stakeholder engagement	Environmental, Social en Governance - General - Materiality assessment p47 Materiality assessment - In dialogue with stakeholders p48			
	2-30 Collective bargaining agreements	Environmental, Social and Governance - Social - Employees - Employees covered by Collective Bargaining Agreement p79	2-30 b.	Information unavailable/ incomplete	Detail analyses are being executed. For CSRD purposes we may disclose this information (not mandatory). In 2025 the process to obtain this information will be imbedded in the HR organistation.
Material topics					
GRI 3: Material Topics 2021	3-1 Process to determine material topics	Environmental, Social and Governance - General - Materiality assessment p47 Materiality assessment - In dialogue with stakeholders p48	A gray cell indicates that reasons for omission are not permitted for the disclosure or that a GRI Sector Standard reference number is not available.		
	3-2 List of material topics	Environmental, Social and Governance - General - Materiality assessment p47 Materiality assessment - Material topics p49 Materiality assessment - In dialogue with stakeholders p48			
Climate change mitigation - member dairy farms & production and transport					
GRI 3: Material Topics 2021	3-3 Management of material topics	This is FrieslandCampina - Our strategy p10 Report of the Executive Board p24 Environmental, Social en Governance - General - Strategy p43 Environmental, Social and Governance - General - Materiality assessment p47 Materiality assessment - In dialogue with stakeholders p48 Materiality assessment - Material topics p49			
GRI 305: Emissions 2016	305-1/305-2 Direct (Scope 1) GHG emissions and energy indirect (Scope 2) emissions	This is FrieslandCampina - FrieslandCampina in 2024 p6 Environmental, Social en Governance - Environmental - Greenhouse gas emissions p51 Greenhouse gas emissions - Methodolgy and assumptions of greenhouse gas emissions p58			

GRI standard/ other source	Disclosure	Location	Omission		
			Requirement(s) omitted	*Reason*	*Explanation*
	305-3 Other indirect (Scope 3) GHG emissions	This is FrieslandCampina - FrieslandCampina in 2024 p6 Environmental, Social en Governance - Environmental - Greenhouse gas emissions p51 Greenhouse gas emissions - Methodology and assumptions of greenhouse gas emissions p58			
	305-4 GHG emissions intensity	Environmental, Social en Governance - Environmental - Greenhouse gas emissions p51			
	305-5 Reduction of GHG emissions	Environmental, Social en Governance - Environmental - Greenhouse gas emissions - Initiatives and action plans p55	Full requirement	Information unavailable/ incomplete	Pilots and projects are progressing to reduce our emissions.
	305-6 Emissions of ozone-depleting substances (ODS)		Full requirement	Information unavailable/ incomplete	Will be disclosed in 2025 as part of CSRD.
	305-7 Nitrogen oxides (NOx), sulfur oxides (SOx), and other significant air emissions		Full requirement	Information unavailable/ incomplete	Will be disclosed in 2025 as part of CSRD.
Own indicator	Greenhouse gas emissions - member dairy farms	This is FrieslandCampina - FrieslandCampina in 2024 p6 Report of the Executive Board - 2024 key figures p40 Environmental, Social en Governance - Environmental - Greenhouse gas emissions p51 Greenhouse gas emissions - methodology and assumptions of greenhouse gas emissions p58			The indicators in GRI standard 305 are inadequate for reporting the impact of FrieslandCampina and its members with regard to greenhouse gas emissions. FrieslandCampina has opted to develop its own indicators to provide insight into the greenhouse gas emissions for the production (processing) and transport of milk, and the greenhouse gas emissions of member dairy companies.
Own indicator	Greenhouse gas emissions - production & transport	This is FrieslandCampina - FrieslandCampina in 2024 p6 Report of the Executive Board - 2024 key figures p40 Environmental, Social en Governance - Environmental - Greenhouse gas emissions p51 Greenhouse gas emissions - Methodology and assumptions of greenhouse gas emissions p58			The indicators in GRI standard 305 are inadequate for reporting the impact of FrieslandCampina and its members with regard to greenhouse gas emissions. FrieslandCampina has opted to develop its own indicators to provide insight into the greenhouse gas emissions for the production (processing) and transport of milk, and the greenhouse gas emissions of member dairy companies.

GRI standard/ other source	Disclosure	Location	Omission		
			Requirement(s) omitted	*Reason*	*Explanation*
GRI 302: Energy	302-1 Energy consumption within the organization	Environmental, Social and Governance - Environmental - Energy consumption p60 Energy consumption - Energy consumption and breakdown p60	g) Source of used conversion factors	Information unavailable/ incomplete	The conversion factors come from many different sources. Due to the amount of information, we have not included this in the annual report.
	302-2 Energy consumption outside of the organization		Full Requirement	Information unavailable/ incomplete	There is currently no information to report fully on this. This process has been started as part of our scope 3 other processes.
	302-3 Energy intensity	Environmental, Social and Governance - Environmental - Energy consumption and breakdown p60			
	302-4 Reduction of energy consumption		Full requirement	Information unavailable/ incomplete	In the annual report we explain the impact at a total level. Impact analyzes at detailed level are integrated into the reporting process.
	302-5 Reductions in energy requirements of products and services	Not applicable from a materiality assessment perspective.			
Eigen indicator	Energy consumption	Environmental, Social and Governance - Environmental - Energy consumption p60 Energy consumption - Energy consumption and breakdown p60			
Sustainable farming and land use (standards: Biodiversity)					
GRI 3: Material Topics 2021	3-3 Management of material topics	This is FrieslandCampina - Interview with Jan Derck van Karnebeek, Chief Executive Officer p16 Environmental, Social en Governance - General - Materiality assessment p47 Materiality assessment - In dialogue with stakeholders p48 Materiality assessment - Material topics p49 Environmental - Planet - Foqus planet p56 Environmental - Planet - Nature p61			
GRI 304: Biodiversity 2016	304-1 Operational sites owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas		Full requirement	Information unavailable/ incomplete	No overview of the presence of protective areas or areas of high biodiversity in the immediate vicinity of production sites is available (yet). Note: dairy farms are not owned by the company. Process is ongoing to report this information.

GRI standard/ other source	Disclosure	Location	Omission		
			Requirement(s) omitted	*Reason*	*Explanation*
	304-2 Significant impacts of activities, products and services on biodiversity		Full requirement	Information unavailable/ incomplete	We are in the proces of developing the new biodiversity KPI. Together with internal and external experts an approach has been determined. However, still lot of work to be performed before the implementation phase can start. Therefore, reporting over this KPI has been postponed.
	304-3 Habitats protected or restored		Full requirement	Information unavailable/ incomplete	Refer to 404-2
	304-4 IUCN Red List species and national conservation list species with habitats in areas affected by operations		Full requirement	Information unavailable/ incomplete	No surveys have been conducted to determine the presence of these species in the vicinity of production sites. Note: dairy farms are not owned by the company. Process is ongoing to report this information.
Climate change adaptation					
GRI 3: Material Topics 2021	3-3 Management of material topics	This is FrieslandCampina - Interview with Jan Derck van Karnebeek, Chief Executive Officer p16 Environmental, Social en Governance - General - Materiality assessment p47 Materiality assessment - In dialogue with stakeholders p48 Materiality assessment - Material topics p49			
Own indicator			Full requirement	Information unavailable/ incomplete	There is currently no own indicator to report on. The process to be able to report on this is part of the preparations for CSRD.
Circular packaging and waste					
GRI 3: Material Topics 2021	3-3 Management of material topics	Environmental, Social en Governance - General - Materiality assessment p47 Materiality assessment - In dialogue with stakeholders p48 Materiality assessment - Material topics p49			
Own indicator	Packaging all materials & recyclable plastics	Environmental, Social en Governance - Environmental - Recyclable packaging - p67			

Explanatory Notes

This Annual Report of Royal FrieslandCampina N.V. sets out the financial results and the developments and results relating to value creation and ESG over 2024. This Annual Report is drawn up as of 31 December 2024. The consolidated financial statements are prepared in accordance with the International Financial Reporting Standards as adopted in the European Union (EU-IFRS) and, where applicable, in accordance with Part 9, Book 2 of the Dutch Civil Code. The report is prepared in accordance with the Global Reporting Initiative (GRI) Standards (2021) and the internally used criteria for non-financial KPIs, as set out in the ESG statements (see page 41 to 99).

The 2024 milk price that the members of Zuivelcoöperatie FrieslandCampina U.A. received for the milk they supplied was determined on the basis of the FrieslandCampina 2023-2025 milk price regulation.

All amounts in this Annual Report are in euros, unless stated otherwise.

In addition to the Annual Report, Royal FrieslandCampina N.V. also publishes a supporting reporting website with key figures, videos and anniversary stories.

For more information about FrieslandCampina's developments and results, visit www.friesland-campina.com.

This Annual Report is a translation of the Dutch version. In case of discrepancies between versions, the Dutch text prevails. The Annual Report of Royal FrieslandCampina N.V. is also available on its website, www.frieslandcampina.com.

The following terms, among others, are used in this Annual Report:

- Royal FrieslandCampina N.V. (the 'Company' or 'FrieslandCampina')
- Zuivelcoöperatie FrieslandCampina U.A. (the 'Cooperative')
- Supervisory Board of the Company (the 'Supervisory Board')
- Executive Board of the Company (the 'Executive Board')

Colophon

Publisher
Royal FrieslandCampina N.V
Stationsplein 4
3818 LE Amersfoort, The Netherlands
T +31 33 713 3333

Design & realisation
CF Report

Text editor
Blikopeners
Frank van der Vorst
FrieslandCampina Corporate Communication, Sustainability and Finance

www.frieslandcampina.com

www.frieslandcampina.com

www.frieslandcampina.com