

Gu

Nestlé Responsible Sourcing Guideline



Guideline
Recommended
September 2013

Gu

Issuing department
Corporate Procurement

Target audience
Suppliers and subtier suppliers
Nestlé Procurement

Approver
Marco Goncalves

Repository
All Nestlé Principles and Policies, Standards and Guidelines
can be found in the Centre online repository at: [NestleDocs](#)

Copyright
All rights belong to Nestec Ltd., Vevey, Switzerland.
© 2013, Nestec Ltd.

Table of contents

2	Introduction to Nestlé Responsible Sourcing Guideline
3	General Principles General Requirements
	Material Specific Requirements
6	Palm oil
7	Paper & Board
9	Sugar
10	Soya
11	Cocoa
12	Coffee
13	Dairy
14	Fish & Seafood
16	Meat, Poultry & Eggs
18	Vanilla Hazelnuts Shea
19	Understanding Forest Conversion / Deforestation
20	Approved Means of Verifying that Supplies meet the RSG

Introduction to Nestlé Responsible Sourcing Guideline

The Responsible Sourcing Guideline (RSG) complements the Nestlé Supplier Code and is applicable to all stages of the upstream value chain back to the primary production level.

The RSG is meant to be complemented, as appropriate, with additional guidelines, specifications and practical tools¹ at local or regional level (according to the region and its climates, ecological variables, farming systems, cultures, consumer preferences, etc.) and respecting national laws and regulations.

The aim of the RSG is to guide Nestlé's suppliers to improve their practices where necessary and the Nestlé Businesses in the implementation of international standards and Nestlé own policies and commitments relating to responsible sourcing:

- Nestlé Supplier Code
- Nestlé Policy on Environmental Sustainability
- Nestlé Commitment on Climate Change
- Nestlé Commitment on Deforestation and Forest Stewardship
- Nestlé Commitment on Child Labour in Agricultural Supply Chains
- Nestlé Commitment on Rural Development
- Nestlé Commitment on Farm Animal Welfare
- Nestlé Commitment on Water Stewardship
- The International Bill of Human Rights
- The 8 ILO Core Conventions
- United Nations Global Compact Principles

The General RSG comprises three sections:

1. The General Principles drive the overall concept "remove the worst, promote the best, improve the rest"
2. The General Requirements apply to all materials of agricultural, forestry, fishery and aquaculture origin
3. The Material Specific Requirements complement the General Principles and Requirements by defining additional priority areas for the material in question.

¹ For example the RISE tool (Response Inducing Sustainability Evaluation) which is an indicator-based sustainability assessment tool at farm level to identify strengths and weaknesses of environmental, social and economical performance, including the requirements of the Nestlé RSG.

General Principles

a) Continuous improvement:

Nestlé is committed to continuously increasing the share of raw and packaging material sourced in compliance with the RSG. All Nestlé suppliers are expected to engage in a process of continuous improvement and to verify their processes and practices against the RSG.

b) Transparency along the value chain

Nestlé expects its suppliers to conduct their business with Nestlé in an open and transparent way, which includes providing transparency of material flows throughout the entire upstream value chain providing evidence of product identity and that no adulteration has happened, with the overall objective to ensure the supply of responsibly produced products. Suppliers provide accurate information on all aspects covered by the RSG.

c) Supplier accountability and supplier support

Nestlé expects its suppliers to take ownership and leadership in developing and implementing continuous improvement measures against all aspects of the RSG. As appropriate, Nestlé will provide support to suppliers that are not yet able to comply with all aspects of the RSG, but are committed to becoming compliant over time and demonstrate continuous and tangible progress.

d) Credible verification

In its extended value chains, Nestlé expects its suppliers to continuously monitor and verify their performance and continuous improvement against the RSG. In the case of high sustainability risks, Nestlé reserves the right to verify such monitoring and performance by independent assessments or certification.

General Requirements

1. Legal compliance

Suppliers¹ comply with all applicable laws and regulations.

2. Human rights and labour practices as stated in the Nestlé Supplier Code

a. No use of forced or child labour.

- i. There is no use of forced or compulsory labour as per ILO Conventions 29 and 105.
- ii. There is no use of child labour. Child labour refers to work that is mentally, physically, socially, morally dangerous or harmful to children or that improperly interferes with schooling needs as per Nestlé Supplier Code and ILO Conventions 138 and 182.

b. Workers' pay and conditions meet at least legal or mandatory industry standards.

- i. Workers' pay and benefits comply with minimum legal requirements or mandatory industry standards, including any applicable binding collective agreements.
- ii. Working conditions comply with applicable laws and industry norms, including working

hours, housing (where applicable), water and sanitation, specific gender-related needs, medical and welfare provision.

c. Freedom of association and collective bargaining is respected, unless prevented by law.

- i. The rights of workers to freedom of association and collective bargaining are respected, consistent with applicable ILO Conventions 87 and 98 and those identified by the United Nations Universal Declaration of Human Rights.

d. Provision of safe and healthy workplace.

- i. Workers are provided with a safe and healthy workplace, including, as applicable, safe housing conditions. As a minimum, potable drinking water, adequate sanitation, emergency exits, essential safety equipment and access to emergency medical care are provided.

¹ Throughout the RSG, the term "supplier" includes all sub-suppliers back to the primary production stage.

e. No discrimination on the basis of gender, race, ethnicity, age or religion.

- i. Hiring and employment practices do not discriminate on the ground of criteria such as race, colour, religion, sex, age, physical ability, maternity, religion, ethnicity, physical conditions or political views as per ILO Convention 111.

3. Conversion of natural vegetation

a. No sourcing from areas converted from natural forests¹ after 1 February 2013².

- i. Products are sourced from land that has not been converted from natural forest to other land use.

b. Identification and protection of High Conservation Values (HCVs)³.

- i. Products are sourced in a manner that maintains or enhances high conservation values in the surrounding landscape.
- ii. High carbon stocks (including above ground carbon values and soils that provide important carbon and water storage functions) are included as a high conservation value and Nestlé will develop appropriate criteria.
- iii. Suppliers will pay particular attention to high conservation values needed to preserve water stewardship, livelihoods, and species that require large contiguous habitats.
- iv. Suppliers will not source products from IUCN protected areas categories I-IV, UNESCO World Heritage Sites and wetlands on the Ramsar List.
- v. HCV areas have management plans that ensure the maintenance and/or enhancement of these areas and maximize connectivity of natural habitats within the landscape.

4. Environmental impacts

a. Impacts on water are mitigated by implementation of water management plans, and additional measures in water-stressed areas.

- i. Water withdrawal from the environment is minimized and water pollution is prevented.
- ii. Suppliers have carried out impact assessments that include water resource assessments, and are implementing management plans that include water

management. Water management takes into account the human right to water as well as environmental flows and water quality.

- iii. Suppliers in water-stressed areas undertake additional measures with the objective of mitigation impacts of water consumption.

b. Use of chemicals is consistent with best agricultural practices.

- i. Growers comply with best practices relating to use of chemicals.
- ii. Pest and disease management is based on Integrated Pest Management programs that reduce the need for agrochemicals and provide appropriate safeguards for workers and high conservation value areas when agrochemicals are applied.

c. Soil management is consistent with best agricultural practises.

- i. Growers comply with best practices relating to soil management, taking into consideration soil structure and fertility, and soil erosion.
- ii. Fertilisers are applied in response to appropriate soil testing and in ways that minimize run-off of nutrients and emissions of GHG.
- iii. Soil carbon levels are maintained and measures taken to enhance them where these benefit soil health and crop growth.
- iv. Agrochemical use is minimised to deliver upon good soil conservation practices, whilst being consistent with the need to control invasive species and pests.

d. Suppliers identify and reduce their significant environmental impacts in a process of continuous improvement, which includes, as applicable, the following aspects:

- i. Waste is prevented, reused, recycled, recovered and/or disposed of in an environmentally sustainable way
- ii. Biodiversity is maintained and/or enhanced
- iii. Greenhouse gas emissions are reduced
- iv. Air emissions from processing plants are reduced
- v. Energy is used efficiently

**5. Food waste and Post-Harvest Losses
Food waste and post-harvest losses are minimized.**

- i. Growers and processors adopt appropriate technology and systems to reduce post-harvest losses and food waste.

¹ See "Understanding Forest Conversion/Deforestation.

² Earlier cut-off dates may apply to specific materials. See the Annexes for material-specific requirements.

³ The HCV Resource Network promotes a consistent, global, cross-sectoral and scheme-neutral approach to HCV: www.hcvnetwork.org Note that HCVs can include natural vegetation other than forest areas, such as highly biodiverse grasslands. Particular attention is paid to high conservation values needed to protect natural wetlands and water stewardship livelihoods.

- ii. Suppliers and farmers should gather evidence to inform future interventions with the intention to focus attention in reducing post-harvest losses and other food waste along the value chain.
- iii. Where post-harvest losses do occur, efforts are made to reduce losses to an acceptable minimum.

6. Land use rights

a. Suppliers can demonstrate legal entitlement to land ownership or other pertinent land use rights.

- i. Land rights, including legal title and customary land, of local communities are respected.
- ii. Legal use rights to the land are clearly defined and demonstrable (e.g. documented through an ownership agreement, rental agreement, court order, etc.).

b. Agricultural and forestry developments and activities on local peoples' land are subject to the free, prior and informed consent of the affected local communities, including indigenous peoples¹.

- i. Producers maintain communication channels with local communities and traditional land users and there is a clearly established mechanism for raising and resolving grievances.

7. Creation of shared value for society and local communities and Rural Development

a. Farming, forestry, fishing and aquaculture activities contribute to sustainable rural development.

- i. There are demonstrable rural development benefits accruing to local communities as a consequence of the production activities.
- ii. Fair opportunities for employment and provision of goods and services are provided to the local population.

b. Small scale producer access to Nestlé's supply chains is not disadvantaged through application of responsible sourcing guideline.

- i. Small scale producers do not face undue or disproportionate obstacles to becoming a Nestlé supplier as a result of the implementation of these requirements.

8. Animal welfare

Animal welfare practices along the upstream value chain are guided by the General Principles for the Welfare of Animals in Livestock Production Systems developed by the World Organisation for Animal Welfare (OIE)², to be implemented in a process of continuous improvement. A science-based approach is applied to defining criteria and indicators to evaluating farm animal welfare on the basis of the "Five Freedoms":

1. Freedom from hunger, thirst and malnutrition.
2. Freedom from fear and distress.
3. Freedom from physical and thermal discomfort.
4. Freedom from pain, injury and disease.
5. Freedom to express normal patterns of behaviour of farmed animals.

1 For guidance see: FSC Guidelines for the implementation of free, prior, informed consent (2012); WWF: Free, prior, informed consent: guidelines and resources (2011): <http://assets.worldwildlife.org>.

2 Article 7.1.3. of the Terrestrial Animal Health Code, World Organisation of Animal Welfare (OIE).

Palm Oil

Introduction

This page presents Nestlé Specific Requirements for palm oil, which complement the General Responsible Sourcing Principles and Requirements.

Scope

The Palm Oil Specific Requirements apply to all countries from which Nestlé sources palm oil. Our Specific Requirements apply to all production scales (e.g. large estate through to smallholder production). For this reason, Nestlé's implementation mechanisms may vary to ensure an equitable approach with respect to small producers.

Specific Requirements for Palm Oil

To meet the RSG, suppliers are expected to verify that the palm oil they supply to Nestlé:

1. Does not come from areas cleared of natural forest after November 2005.
2. Is derived from plantations and farms which operate in compliance with local laws and regulations.
3. Respects the free prior and informed consent of indigenous and local communities concerning activities on their customary lands where plantations have been and are planned for development.
4. Protects peatlands.
5. Protects forest areas of "high carbon" value that are identified using the peer reviewed methodology developed by TFT, Greenpeace and Golden Agri Resources. Nestlé recognizes high carbon value to be areas identified as Regenerating Forest, Low Density Forest, Medium Density Forest and High Density Forest.
6. Complies with the Roundtable on Sustainable Palm Oil (RSPO) Principles and Criteria.

Verification

RSPO certification is accepted as verification of compliance with the Nestlé RSG, with the exception of the requirements on peatland and high carbon forest which must be independently verified. In addition, we accept traceable oil from smallholders and growers who are not yet compliant but who have in place an action plan and time line for meeting our RSG.

Paper & Board

Introduction

Pages 7-8 present the Nestlé Specific Requirements for paper and board, which complement the General Responsible Sourcing Principles and Requirements. They cover the following categories: paper & paperboard, office and publication grade papers, and other paper uses (e.g. cups).

Scope

The RSG is applicable to all production scales (e.g. large estate and smallholder production), although Nestlé's implementation mechanisms may be varied to ensure an equitable approach for small producers.

Verification

Forest Stewardship Council (FSC) certification is able to provide the most comprehensive verification of compliance with Nestlé's Forest RSG, and best meets Nestlé's criteria for credible certification. Nestlé will therefore use FSC to demonstrate compliance with our RSG. Forest certification schemes will be used to demonstrate compliance with one or more of the RSG, and for the fibre requirements of the scorecard.

Scorecard for Paper Packaging

This is an amended version of the WWF Scorecard. See www.panda.org for detailed scorecard and implementation guidelines for paper manufacturers.

Section A: Recycled fibre

1. Post/Pre-consumer, (% of total fibre content):

≥5%	≥15%	≥25%	≥35%	≥45%	≥55%	≥65%	≥75%	≥85%	≥95%	Score =
4p	8p	12p	16p	20p	24p	28p	32p	36p	40p	

Note: Nestlé has a preference for the use of recycled fibre. However, in choosing the fibre source, whether it is virgin fibre, post-consumer or pre-consumer fibre, food safety considerations are paramount. Nestlé will therefore not use this scorecard to drive fibre choice. It has therefore neither differentiated between post and pre-consumer recycled fibre, nor between recycled fibre and virgin fibre.

Section B: Virgin fibre

2. Verified legality, virgin fibre of legal origin, (% of total fibre content):

>5%	>15%	>25%	>35%	>45%	>55%	>65%	>75%	>85%	>95%	Score =
1p	2p	3p	4p	5p	6p	7p	8p	9p	10p	

3. Verified controlled sources,

virgin fibre units or regions where Civil and Traditional Rights are respected, High Conservation Values are maintained, and forests are not converted to plantations or other land use, (% of total fibre content):

>5%	>15%	>25%	>35%	>45%	>55%	>65%	>75%	>85%	>95%	Score =
1p	2p	3p	4p	5p	6p	7p	8p	9p	10p	

5. Credibly certified sources,

virgin fibre from forests certified under schemes characterised by international consistency, balanced multi-stakeholder governance and public transparency, (% of total fibre content):

>5%	>15%	>25%	>35%	>45%	>55%	>65%	>75%	>85%	>95%	Score =
2p	4p	6p	8p	10p	12p	14p	16p	18p	20p	

Note: the scores for virgin fibre are additive (maximum score is 40)

Section C. Greenhouse gases, water pollution and waste

6. Emissions of fossil carbon dioxide,

from generation of energy for manufacture of market pulp or pulp and paper, including electricity from grid/external sources, (Kg / T of product):

=_____	≤1440	≤1360	≤1280	≤1200	≤1120	≤1040	≤960	≤880	≤800	
1p	2p	3p	4p	5p	6p	7p	8p	9p	10p	
	≤720	≤640	≤560	≤480	≤400	≤320	≤240	≤160	≤80	0
	11p	12p	13p	14p	15p	16p	17p	18p	19p	20p
										Score =

7. Waste to landfill,

from manufacture of market pulp or pulp and paper, (Kg / T of product):

=_____	≤48	≤42	≤36	≤30	≤24	≤18	≤12	≤6	0	
1p	2p	3p	4p	5p	6p	7p	8p	9p	10p	Score =

8. Water pollution from bleaching,

AOX emissions from manufacture of market pulp or pulp and paper, (Kg / T of product):

=_____	≤0.200	≤0.175	≤0.150	≤0.125	≤0.100	≤0.075	≤0.050	≤0.025	0	
1p	2p	3p	4p	5p	6p	7p	8p	9p	10p	Score =

9. Organic water pollution,

COD emissions from manufacture of market pulp or pulp and paper, (Kg / T of product):

=_____	≤16	≤14	≤12	≤10	≤8	≤6	≤4	≤2	0	
1p	2p	3p	4p	5p	6p	7p	8p	9p	10p	Score =

10. Environmental Management Systems,

EMAS, ISO 14001 or equivalent third-party audited systems:

a) % of pulp in paper product, or market pulp, manufactured in EMS certified mills:

≥15%	≥35%	≥55%	≥75%	≥95%
1p	2p	3p	4p	5p

b) % of paper in paper product manufactured in EMS certified mills:

≥15%	≥35%	≥55%	≥75%	≥95%
1p	2p	3p	4p	5p

Score (a for market pulp, a+b for paper) =

Introduction

This page presents the Nestlé Specific Requirements for sugar, which complement the General Responsible Sourcing Principles and Requirements.

Scope

These Specific Requirements apply to all countries from which Nestlé sources sugar, originating from either sugar beet or sugarcane production. The environmental and social performance levels included in the RSG are minimum requirements for both sugarcane and sugar beet production, although some of the requirements are more applicable to current sugarcane production issues. The majority of the requirements apply to both the sugar mill and its supply base of farms and plantations, though there are a few which are only applicable to either the mill or to growers.

The Specific Requirements are applicable to all production scales (e.g. large estate and smallholder production), although Nestlé's implementation mechanisms may be varied to ensure an equitable approach for small producers.

Verification

Under certain circumstances, Bonsucro and the Sustainable Agricultural Network (SAN) certification are accepted as verification of compliance with the RSG. In addition, we accept traceable sugar from smallholders and growers who are not yet compliant but who have an action plan and time line in place for meeting our RSG.

Environmental impacts

Use of fire for harvest preparation is subject to plans for gradual elimination.

Where burning is used as part of sugarcane harvesting, a long-term plan is in place to reduce and eliminate the practice (taking into account any community impacts).

Certification schemes

a) Sugar beet production

Certification standards for sugar beet production are available. These standards mainly focus on good agricultural practices such as responsible chemical use, soil management, and food safety issues related to contamination. There are also other schemes applicable to sugar beet for the production of bioethanol that focus on meeting the EU Renewable Energy Directive. These certification schemes can certainly play a role in maintaining good agricultural practices and Nestlé encourages sugar beet producers to achieve certification whenever possible. However, certification of sugar beet is not a prerequisite to become a Nestlé supplier, as long as producers are able to demonstrate compliance with the Nestlé RSG.

b) Sugarcane production

Currently there are two major certification schemes for sugarcane production available in the market; the schemes are Bonsucro and the Sustainable Agricultural Network (SAN). Nestlé also realises the limitation of accessibility to certification for smallholders. Nestlé will work with smallholders to help them address key obstacles to certification as well as meet the RSG. In addition, we will use the "cut off" dates¹ established by acceptable schemes for conversion of forests and High Conservation Value areas, to determine when Nestlé will not source product from plantations/farms converted from natural vegetation.

¹ Schemes such as Bonsucro use a cut-off date of January 2008 for no conversion of forests and High Conservation Value areas.

Introduction

This page presents the Nestlé Responsible Sourcing Guideline (RSG) for soya, which complement the General Responsible Sourcing Principles and Guidelines.

Scope

These specific requirements apply to all countries from which Nestlé sources its soya, with a particular focus on:

1. Regions where potential expansion of soya may lead to loss of natural forests or areas of high conservation value.
2. Regions that constitute major sourcing areas for the company.

Verification

Under certain circumstances, the Roundtable on Responsible Soy (RTRS) certification and the Sustainable Agricultural Network (SAN) certification are accepted as verification of compliance with the RSG. In addition, we accept traceable soy from smallholders and growers who are not yet compliant but who have an action plan and time line in place for meeting our RSG.

Nestlé Specific Requirements for Soya

Legal compliance

Compliance with all applicable laws and regulations

For non-GM supplies into markets requiring non-GM supplies, this includes the obligation to limit co-mingling and ensure identity preservation. Industry standards requiring third-party audits should be applied to deliver consistent, non-GM supply where necessary.

High Conservation Values (HCV)

Products are sourced from land that has not been converted from HCV areas¹ to other land use

The following cut-off dates apply:

1. In the Amazon Biome, suppliers will respect the existing Soy Moratorium and not source from areas cleared of natural habitat after 2006.
2. For other regions, in line with the cut-off date under the Roundtable on Responsible Soy (RTRS), land should not have been converted to agriculture from a HCV area after 2008.
 - Soya production is expanding into other high conservation value areas including the Brazilian Cerrado, and the Argentinean Chaco and Pampas. Nestlé supports the prompt development of HCV maps for these landscapes by the RTRS working group and other stakeholders. In order to ensure that there is no conversion of high conservation values in these and other landscapes, an assessment of HCVs should be undertaken prior to any clearing.
 - Guidance provided by the HCV Resource Network² on HCVs is followed.

¹ Nestlé considers natural habitat and natural forests to be addressed within the concept of HCV. Recognizing the dynamic nature of national and international regulations on conversion of natural habitat, this section will be reviewed and edited within 12 months' time.

² <http://www.hcvnetwork.org>

Introduction

This page presents the Nestlé Specific Requirements for cocoa, which complement the General Responsible Sourcing Principles and Requirements.

When developing the cocoa specific requirements, the following document was referenced:

- UTZ Certified Good Inside Code of Conduct for Cocoa (2009)

Scope

These specific requirements apply to all countries from where Nestlé sources its cocoa. This includes both our direct procurement operations in the origin countries and the volumes that we buy from traders, exporters and local vendors. These material specific requirements apply to all production scales (e.g. large estate and smallholder production), although Nestlé's implementation mechanisms may be varied to ensure an equitable approach for small producers.

Material Specific Requirements for Cocoa

For cocoa sourcing specifically, the following material specific requirements complement the General Principles and Guidelines.

Nestlé will continuously and sustainably increase its share of cocoa that is sourced from farms and plantations that meet the requirements defined in the UTZ Code of Conduct for Cocoa or equivalent or more demanding standards, be they private or public. The UTZ Code of Conduct comprises control points in the following areas:

- Traceability, production identification and separation
- Management system, record keeping and self-inspection
- Varieties and rootstocks
- Soil management and cocoa farm maintenance
- Fertilizer use
- Irrigation (if applicable)
- Integrated pest management and crop protection
- Harvesting
- Workers' rights, health and safety

Introduction

This page presents the Nestlé Specific Requirements for coffee, which complement the General Responsible Sourcing Principles and Requirements.

When developing the Coffee Specific Requirements, the following documents were referenced:

- 4C Code of Conduct, version valid from July 2010 onwards
- Nescafé Better Farming Practices
- Nespresso TASQ AAA

Scope

The Coffee Specific Requirements apply to all countries that Nestlé sources its Green Coffee from. The economical, environmental and social performance levels included in the RSG are minimum requirements, based on the 4C Association Code of Conduct which Nestlé considers as a valid measure of baseline coffee sustainability. The Specific Requirements apply to both wet and dry coffee mills. They apply to all production scales (e.g. large estate and smallholder production), although Nestlé's implementation mechanisms may be varied to ensure an equitable approach for small producers.

The Coffee Specific Requirements comprise the following elements:

The material specific requirements applicable to green coffee, consisting of:

- Unacceptable practices as per the 4C Code of Conduct, and
- The categories to be considered in accessing baseline sustainability in accordance with the 4C Code of Conduct;

Specific Requirements for Green Coffee

Nestlé defines responsibly sourced green coffee as the ones which are verified against the 4C Code of Conduct or against equivalent or more demanding standards, be them private (e.g. Nespresso AAA) or public (e.g. SAN – Sustainable Agriculture Network). To meet the RSG, mills supplying to Nestlé have to verify that their operations and supply base of farms and plantations comply with the general requirements of the 4C Code of Conduct, as follows.

Dairy

Introduction

This page presents the Nestlé Specific Requirements for dairy, which complement the General Responsible Sourcing Principles and Requirements.

Scope

This dairy specific requirements applies to Nestlé's purchasing of dairy materials in all countries. This comprises:

- A. Procurement of fresh milk and various other dairy products, including whey, through our trade partners
- B. Procurement of fresh milk directly from farmers (Nestlé Milk District Model)

The Specific Requirements apply to all production scales, although Nestlé's implementation mechanisms will be varied to ensure an equitable approach for small producers.

Material Specific Requirements for Milk and Dairy Products

Priority areas for continuous improvement

i. Dairy farming:

- a. Manure management

ii. Dairy processing:

- a. Water savings
- b. Control and reduction of pollutants loads in effluents including BOD (biological oxygen demand) and COD (chemical oxygen demand)
- c. Reduction, reuse, recycling and recovery of waste and valorization of processing by-products

Introduction

Page 14-15 present the Nestlé Specific Requirements for fish and seafood (hereafter “seafood”), which complement the General Responsible Sourcing Principles and Requirements.

Scope

The Nestlé Specific Requirements for seafood establish a framework for the Company’s engagement with suppliers to ensure that all wild caught and farmed seafood¹ and its derived by-products, including fish meals and fish oils, come from responsible sources that are committed to a process of continuous improvement towards sustainability.²

It is expected that Nestlé will focus the Responsible Sourcing Strategy on those seafood raw materials which are sourced in sufficient volume and with sufficient value in the supply chain to provide the Company with the leverage needed to effectively create positive change in fisheries and aquaculture sustainability.

Legal Compliance

Suppliers will ensure:

- a. There is no known sourcing from Illegal, Unreported and Unregulated (IUU) fisheries and vessels.
- b. There is no known sourcing from aquaculture operations which are not legally licensed for production and sales.

Conservation of Natural Resources and Biodiversity

Wild Fisheries

For Nestlé, suppliers will source from fisheries that are effectively managed towards sustainability, based on scientific data:

- There is no sourcing from Critically Endangered or Endangered stocks per the IUCN Red List.

For new product developments, avoid usage of species and source geographies that are rated as Vulnerable on the IUCN Red List to limit pressure on these stocks.

- There is no use of highly destructive fishing gear or fishing methods including dynamite, cyanide, muroami or high seas drift nets.
- There is no known sourcing from no-take zones of Marine Protected Areas³.
- A list of approved certification systems⁴ for wild seafood products meeting the RSG will be created by the Nestlé team and revised annually based on scientific advice.

Aquaculture

For Aquaculture, suppliers will be required to continuously improve so that they can demonstrate compliance with one of the globally recognized Aquaculture certification standards⁵ or their equivalent within a time frame specified by each business. All farmed species will be subject to this standard over time. This list of approved certifications will be reviewed annually to ensure continued alignment with the RSG.

- 1 The term “seafood” refers to aquatic species from marine, brackish or fresh water environments.
- 2 The term “sustainability” encompasses environmental, social and economic dimensions.
- 3 No-take areas (sometimes called marine reserves in the literature) are marine areas that are closed to all forms of extraction including fishing. No-take areas, either as zones within MPAs or as entire MPAs, are important tools for biodiversity conservation and fisheries management.
- 4 Initially, approved wild fisheries certifications include Marine Stewardship Council, Friends of the Sea, Iceland Responsible Fisheries and Alaska Seafood Marketing Group.
- 5 Initially, approved aquaculture certifications include Global GAP, Friends of the Sea, Aquaculture Stewardship Council, and Global Aquaculture Alliance.

Supply Categorization Process

Annual meeting of Nestlé Businesses to agree on Stock lists across these categories

Do Not Source	Improve	Responsible	Sustainable
<p>Nestlé do not source list includes:</p> <p><i>Endangered</i> or <i>Critically Endangered</i> per IUCN Red List, Highly Destructive Practices, or sourced from an IUU supplier.</p>	<p>Stocks classified as <i>Vulnerable</i> on the IUCN Red List, fisheries whose management needs to be improved per scientific consensus and which are important for business.</p> <p>Stocks classified as data deficient on the IUCN Red List.</p> <p>Requires Nestlé business to source from an approved certified source or from a source engaged in a credible improvement project or to initiate an improvement process, if none exists.</p>	<p>Stocks which are classified as <i>Least Concern</i> or better on the IUCN Red List and whose management is considered adequate by scientific consensus.</p> <p>Products from sources certified by the Standards which have been approved under these RSG with relevant chain of custody certifications.</p>	<p>Stocks agreed by scientific consensus to be abundant or stable and well managed.</p> <p>Products from MSC or ASC Certified Sources with relevant chain of custody certifications.</p>



Fishery or Farm improvement projects:

Prioritization based on:

- Importance for future business
- Credible partners
- Sufficient leverage (alone or with partners)

Legal > Traceable > Responsible > Sustainable: Annual Report on progress

A Credible Fishery Improvement Project (FIP) has:

- A scoping document completed by a third party that identifies deficiencies in the fishery or farm against an end-goal (usually to achieve a certification standard such as MSC or ASC).
- A work plan with measurable indicators and an associated budget towards achieving goal.
- A system for tracking and reporting progress that is made publically available.
- Explicit willingness from participants to make and invest in improvements.

Meat, Poultry & Eggs

Introduction

Pages 16-18 present the Nestlé Specific Requirements for Meat, Poultry and Eggs, which complement the General Responsible Sourcing Principles and Requirements.

In this document, timeframes are defined as:

- Short-term (1-2 years)
- Midterm (3-5 years)
- Long-term (6-10 years)

Scope

The Specific Requirements apply to all countries from which Nestlé sources meat, poultry, eggs and derived products.

They cover all major stages of the upstream value chain and related requirements:

- a. Supply chain transparency
- b. Feed production for food producing animals
- c. Livestock production
- d. Slaughterhouses and processing
- e. Animal welfare along the value chain

Material Specific Requirements for Meat, Poultry and Eggs

The Material Specific Requirements are grouped into four categories, reflecting their respective priority level within an overall process of continuous improvement:

0. Requirements related to legal compliance – non negotiable
1. Must requirements: if not met they require immediate corrective action
2. Good practice: Short- to mid-term improvement areas
3. Leading practice – Long-term improvement areas

The applicable priority level is indicated by the figure in brackets at the end of each provision.

a. Supply chain transparency

Nestlé acknowledges that supply chains of by-products intended for petfood are highly complex and that mixing of by-products in different forms may occur throughout the value chain. It is therefore currently not always possible to accurately trace all by-products back to an individual farm. For animal dehydrated meals, animal fats and other by-products intended for petfood, where supply from direct sources can be achieved while meeting all other business criteria, Nestlé will prioritize such supplier relationships

and apply the principles of the complete RSG for Meat, Poultry and Eggs. Where traceability is not possible for these by-products, Nestlé will work with suppliers on processes of continuous improvement and then use traceability information, once available, to implement the RSG (1). In all cases, Nestlé suppliers meet all applicable legal requirements on the traceability of feed materials used for petfood¹.

b. Feed crop production

Within the framework of the General Nestlé RGS, the following areas are prioritised for continuous improvement of the production and supply of feed crops:

Non-GM supplies (farm level and supply chain)

For feed supplies into markets requiring non-GM supplies, this includes the obligation to limit co-mingling and to ensure identity preservation. Industry standards requiring third-party audits should be applied to deliver consistent, non-GM supply where necessary (1).

c. Livestock production

Within the framework of the General Nestlé RSG, the following areas are prioritized for continuous improvement of livestock production systems:

Animal health

- i. Suppliers meet all applicable legal requirements on animal health (0)
- ii. Residue levels of veterinary drugs meet all applicable legal requirements (0)
- iii. Suppliers implement good husbandry systems and practices to prevent the occurrence of diseases so as to minimize the use of veterinary drugs. Where appropriate, suppliers put in place a basic animal health plan to prevent and control diseases including in particular zoonotic diseases (e.g. salmonella, brucella, trichinella); as applicable, this plan addresses the use of antimicrobials and other veterinary drugs under veterinary supervision (1)
- iv. Suppliers continuously improve husbandry practices and, where appropriate, the effectiveness of the animal health plan (2)

Prevention of feed contamination (e.g. aflatoxin, meat and bone meal) and adulteration (e.g. melamine)

- i. Suppliers meet all applicable legal requirements on animal feed (0)
- ii. There is no adulteration (0)
- iii. Dead animals and animals killed on farm for emergency reasons are disposed

¹ For the EU, regulatory requirements on the traceability of feed materials used for pet food can be found for example Regulation (EC) No. 178/2002, Regulation (EC) No. 183/2005, Regulation (EC) No. 1069/2009, and Regulation (EU) No. 142/2011.

of in compliance with legal requirements. (0)
Suppliers implement systems and practices to continuously minimize the risk of feed contamination (2)

Use of feed ingredients (additives, pharmacological substances, forbidden substances)

- i. Suppliers meet all legal requirements on animal feed (0)
- ii. Feed additives are used in compliance with legislation, in particular to maintain and/or enhance the health, nutrition and wellbeing of the animal whilst minimising residue levels in compliance with the directions of use and other pertinent instructions (0)
- iii. Medicated feed is applied under veterinary supervision, e.g. in the framework of an animal health plan (1)

Use of growth promoters

- i. Suppliers meet all applicable legal requirements (0)
- ii. Suppliers implement a long-term phase-out plan for growth promoters (3)

Breeding techniques

- i. Genetic selection always takes into account the health and welfare of animals (1)
- ii. There is no use of cloned animals and their derivatives in the feed/food chain (0)

d. Slaughterhouses and processing

Within the framework of the General Nestlé RGS, the following areas are prioritized for continuous improvement of slaughtering and processing practices:

Food processing systems

- i. Mechanical deboning: The choice of deboning systems in Nestlé's supply chains is based on consumer and customer preferences. Where mechanical deboning is used, advanced meat recovery technology is used to ensure food safety and quality (1)

e. Animal welfare along the value chain

At all stages of the livestock production and processing chain (breeding, housing, feeding, manipulation of the animal, disease prevention and control, handling and transport, killing and slaughtering) animal welfare systems and practices are guided by the OIE General Principles for the Welfare of Animals in Livestock Production Systems (see Annex) in a process of continuous improvement. (2)

Material-specific animal welfare guidelines may be developed for meat, poultry and egg production systems. (2)

OIE General Principles for the Welfare of Animals in Livestock Production Systems

- Genetic selection should always take into account the health and welfare of animals.
- The physical environment, including the substrate (walking surface, resting surface, etc.), should be suited to the species so as to minimise risk of injury and transmission of diseases or parasites to animals.
- The physical environment should allow comfortable resting, safe and comfortable movement including normal postural changes, and the opportunity to perform types of natural behaviour that animals are motivated to perform.
- Social grouping of animals should be managed to allow positive social behaviour and minimise injury, distress and chronic fear.
- Air quality, temperature and humidity in confined spaces should support good animal health and not be aversive to animals. Where extreme conditions occur, animals should not be prevented from using their natural methods of thermo-regulation.
- Animals should have access to sufficient feed and water, suited to the animals' age and needs, to maintain normal health and productivity and to prevent prolonged hunger, thirst, malnutrition or dehydration.
- Diseases and parasites should be prevented and controlled as much as possible through good management practices. Animals with serious health problems should be isolated and treated promptly or killed humanely if treatment is not feasible or recovery is unlikely.
- Where painful procedures cannot be avoided, the resulting pain should be managed to the extent that available methods allow.
- The handling of animals should foster a positive relationship between humans and animals and should not cause injury, panic, lasting fear or avoidable stress.
- Owners and handlers should have sufficient skill and knowledge to ensure that animals are treated in accordance with these principles.

Vanilla

No category specific requirements for vanilla.

Hazelnuts

No category specific requirements for hazelnuts.

Shea

No category specific requirements for shea.

Understanding Forest Conversion / Deforestation

The FAO definition of a forest, contained in the 2010 Forest Resource Assessment is:

Land spanning, more than 0.5 hectares with trees higher than 5 meters, and a canopy cover of more than 10%, or trees able to reach these thresholds in situ. It does not include land that is predominantly under agricultural or urban land use.

Deforestation is where forested land is converted to another land type. Countries do not in general measure deforestation, and the FAO therefore calculate the national and global rates by measuring the net changes in forest area over time. This is composed of the land which is converted from forest and land which is converted to forest.

However, defining deforestation is complicated by the fact that different countries define a “forest” in different ways, ranging up to 30% canopy cover, and as little as 0.05 ha, or as low as 2 m tree height. Further, it can be seen that a focus on a technical definition of deforestation, (moving from 11% canopy cover to 9% canopy cover) risks missing broader issues of forest degradation (e.g. moving from 100% canopy cover to 11% canopy cover) where the loss of forest values is arguably more important.

Nestlé’s ambition is to ensure that its products have not led to deforestation. The term “deforestation” is used by Nestlé to mean the clearing of forests for the expansion of agriculture or forest plantations. It will complement this with a commitment that its operations also do not lead to the loss of “High Conservation Values” (HCVs). In this way it will embrace a broader approach to deforestation and degradation.

In implementing this commitment through its suppliers, Nestlé will use national definitions of forests, or those agreed through stakeholder processes (e.g. RTRS) to help guide implementation. It will follow the definitions of HCVs provided by the HCV Resource Network. Definitions aside, there are expected to be further “grey areas” in implementing this commitment. Notable are the potential exceptional circumstances where forest conversion may be justified. The HCV concept will provide the mechanism for dealing with such cases.

Specifically, plantations may be removed (or not replanted after harvesting) in order to enhance overall conservation values of a landscape. Examples of this include removing trees from water courses to improve water conservation or deep peats. Whilst this would be classified as deforestation, such actions are permitted under

FSC certification for the wider conservation and biodiversity benefits. Such forest areas would need to be FSC certified.

Similarly in degraded forest landscapes with no remaining conservation value, there may be justification for limited conversion. Clear criteria would be developed through stakeholder consultation, an HCV assessment would be carried out, and the case submitted for independent scientific review or (where available) the area certified to a certification standard approved by Nestlé.

Approved Means of Verifying that Supplies meet the RSG

Principles	Means of Independent Verification	Alternative Means of Verification
No forest conversion	FSC, RTRS	Assessment by recognised company
Maintain & Enhance High Conservation Values	FSC, RSPO, RTRS	HCV Assessment by recognised company
Protect high carbon values (including peatlands) IUCN categories, UNESCO World Heritage Sites and wetlands on the Ramsar List.	None currently explicitly guarantees this	HCV Assessment by recognised company
"Known and licenced" source, legally harvested & traded, and Verified Legal (Paper Scorecard)	FSC, RSPO, RTRS	Policy Commitment by Supplier
Human rights and working practices	FSC, PEFC, RSPO, RTRS	Assessment by recognised company
Free prior and informed consent	ILO Core Conventions, Ruggie Guiding Principles	Assessment by recognised company
Conflict wood/forest based supplies	FSC, RSPO, RTRS, Bonsucro, SAN	Assessment by recognised company
Credibly Certified (Paper Scorecard)	ILO 169	Assessment by recognised company
Water in plantations	FSC, RSPO, RTRS	Assessment by recognised company
Small holders & communities	FSC	Assessment by recognised company
Conservation of natural Resources and Biodiversity	FSC	Assessment by recognised company
	None currently explicitly guarantees this	Assessment by recognised company
	None currently explicitly guarantees this	Assessment by recognised company
	MSC, FSC, RSPO, RTRS, Bonsucro, SAN	

FSC: Forest Stewardship Council

RSPO: Round Table on Sustainable Palm Oil

RTRS: Round Table on Responsible Soy

ILO: International Labour Organisation

PEFC: Programme for the Endorsement of Certification Schemes

MSC: Marine Stewardship Council

SAN: Sustainable Agricultural Network

