

Annex to the General Responsible Sourcing Guideline: Palm Oil Version 3.0 | August 2013



1. Introduction

All of the requirements contained in the <u>General Nestlé Responsible Sourcing Guidelines</u> (RSGs) apply globally to all Nestlé purchases of raw and packaging materials of agriculture, forestry, fisheries and aquaculture origin. This includes palm oil. This Annex sets additional requirements that are specific to the palm oil sector.

2. Scope

The General RSGs and this Annex (the "Palm Oil RSGs") apply to all countries from which Nestlé sources palm oil. Our RSGs 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.

3. Responsible Sourcing Guidelines for Palm Oil

In addition to meeting the requirements established in our General RSGs, our palm oil suppliers are also required to comply with our Palm Oil RSGs. As such, they 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
- Is derived from plantations and farms which operate in compliance with local laws and regulations
- 3. Protects high conservation values
- 4. Respects the free prior and informed consent of indigenous and local communities concerning activities on their customary lands where plantations have been developed and are planned for development<?>
- 5. Protects peatlands
- 6. Protects forest areas of 'high carbon' value (as of February 2011, the provisional definition is for 35 tonnes of above ground carbon value)
- 7. Complies with the Roundtable on Sustainable Palm Oil (RSPO) Principles and Criteria

4. Verification

RSPO certification is accepted as verification of compliance with the Nestlé RSGs, 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 timeline for meeting our RSGs.

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