Nestlé Farm Animal Welfare Q&A – July 2021

Management Commitment and Policy

Q1. Is animal welfare a business issue for Nestlé?

Yes, animal welfare is a critical business issue for Nestlé. As the world's largest food and beverage company the health and welfare of the animals in our supply chain is important to us and our consumers. We source a significant amount of milk for our dairy business and we use meat, poultry, and eggs in some of our food products – varying by region and business. Some of our major product categories, including coffee and water, do not use a high percentage of animal derived proteins.

Q2. Does Nestlé have a policy or commitment on farm animal welfare?

Yes, we have a global animal welfare commitment, published in 2014. Between 2014 and 2019, we published additional commitments on specific welfare issues such as switching to cage free eggs and improving broiler chicken welfare in Europe and in North America.

Q3. What scope does Nestlé's animal welfare commitment cover?

Our commitments are global, unless otherwise specified. For example, our commitments on broiler chicken welfare cover Europe and the United States.

Q4. What is Nestlé's position on the avoidance of close confinement and intensive systems for livestock?

As stated in our Responsible Sourcing Standard (Chapter 4.2.10.4.5), we believe in phasing out close confinement and permanent tethering systems for farm animals, including cages, crates or tie stalls in favor of group or free housing in pens, barns and free access stalls. We are working with our suppliers to establish action plans to eliminate close confinement. We promote continuous improvement of welfare standards as outlined in our 2014 farm animal welfare commitment.

Q5 What is Nestlé's position on the provision of effective species-specific environmental enrichment?

In our Responsible Sourcing Standard (Chapter 4.2.10.4) we outline our commitment to ensuring that all animals in our supply chain are housed in appropriate physical environments, including ensuring animals have the opportunity to perform natural and social behaviors, and that litter is provided in appropriate quantity and quality to animals.

We will ensure that chicken welfare standards for poultry used in all of our food products in Europe meet the criteria expectations set out in the European Broiler Ask/Better Chicken Commitment. This includes a commitment to ensuring that birds have access to at least two meters of usable perch space, and two pecking substrates, per 1000 birds.

We are committed to working with our US suppliers to improve the environment in which broiler chickens are kept in line with the new GAP standard. This includes access to natural light, improved litter, and enriched surroundings to help allow expression of natural behavior.

Q6. What is Nestlé's position on using farm animals subject to genetic engineering or cloning and/or their progeny or descendants in Nestle products?

We do not produce any products or use any ingredients from farm animals or their offspring that have been subject to genetic engineering or cloning. We prohibit farmers within our supply chains from using cloned or genetically modified animals and their derivatives. Our Responsible Sourcing Standard specifies this, which applies globally.

Q7. What is Nestlé's position on growth promoting substances?

Nestlé does not support the use of veterinary medicines with performance enhancing effects in farm animals for the purposes of growth promotion. Any use of such medicines for purely therapeutic purposes should only be carried out under veterinarian advice.

Regulations and opinions on the use of performance enhancing medication vary significantly around the world. We will not advocate for the approval of performance enhancers in countries where they are not currently permitted for use.

Our 2014 Farm Animal Welfare Commitment includes a phase out of growth promoters and the responsible use of antibiotics.

Q8. What is Nestlé's position on the reduction or avoidance of antibiotics for prophylactic use in farm animals?

The appropriate use of antimicrobials is essential for protecting human and animal health, and for ensuring correct standards of animal welfare. We share concerns over the emergence of antimicrobial resistance. As stated in our Nestlé Responsible Sourcing Standard, the use of antimicrobials should take place under veterinary prescription for therapeutic purposes. The prophylactic use of antimicrobials should be limited to the strictest minimum amount required, timed to prevent outbreaks of contagious diseases. Our 2014 Farm Animal Welfare Commitment includes provisions for the "responsible use of antibiotics".

We oppose the use of antimicrobials for growth promotion in animals. We also oppose the use of antimicrobials categorized by the World Health Organization as "critically important" or "highly important" for human use, which are not approved for veterinary use.

To help address antimicrobial resistance, we endorse international efforts, including the tripartite (FAO-OIE-WHO) approach to promote the responsible use of antimicrobial agents, aimed at minimizing the development of antimicrobial resistance. Alongside this, we continue to work with our suppliers to support practices and innovations that reduce the need to use antimicrobials in our supply chain, while maintaining animal welfare.

Q9. What is Nestlé's position on the avoidance of painful procedures for farm animals?

As stated in our Responsible Sourcing Standard, we require our suppliers to avoid using painful procedures for farm animals and to review and use alternatives where possible. Where painful procedures cannot be avoided, veterinarian support is needed, and pain should be managed using anesthesia and analgesia where available. Our Standard also states that farmers should phase out tail docking (cattle & pigs), dehorning, disbudding without anesthesia and analgesia, castration without anesthesia and analgesia (cattle & pigs), and non-therapeutic beak trimming (laying hens). The phase out of these practices is also clearly stated in our 2014 Nestlé Farm Animal Welfare Commitment.

Q10. What is Nestlé's position on the avoidance of meat from animals that have not been subjected to pre-slaughter stunning? Do you also have a position on avoiding ingredients from finfish that have not been rendered insensible?

Our Responsible Sourcing Standard sets out our requirement that for chickens, farmers should stop live shackle slaughter and implement Low Atmospheric Pressure Stunning or Controlled Atmosphere Killing – multi-stage or with inert gas. Non-stun slaughter is currently permitted in certain regions where it is legally required. On a global basis, Nestlé supports the principle of pre-slaughter stunning and the five freedoms of animal welfare. This is reflected in the minimal incidence of animals which have not been pre-slaughtered stunned in our supply chain. For 2020: based on a survey conducted in 2021, we estimate that 100% of our beef, pork and broiler supply is subject to pre-slaughter stun.

Q11. What is Nestlé's position on long distance live transportation of animals?

The welfare of animals at all stages of our supply chain, including during transport, is important to us. Requirements on live transportation form part of our publicly available Responsible Sourcing Standard (Chapter 3.3.3). In addition to following all local laws and regulations regarding transportation, our standard lays out the minimum requirements we expect our suppliers to follow, covering equipment, space, water, feed, and loading.

Governance and Management

Q12. Who is in charge of overseeing animal welfare at Nestlé?

Nestlé's Executive Director for Operations has responsibility for overseeing farm animal welfare. All employees are required to uphold Nestlé's values of respect, including respect for animals.

Q13. What are Nestlé's objectives and targets for managing farm animal welfare?

We have made several time bound public objectives for improving farm animal welfare, such as our commitments on cage free eggs and improved broiler chicken welfare in Europe and North America. Work continues on other important issues based on our public global animal welfare commitment, including the elimination of on farm practices such as close confinement.

Q14. Does Nestlé report on its performance against its animal welfare policy and/or objectives?

Yes, we report publicly on specific commitments and policies. For instance Nestlé recently reported that we are now using only cage-free eggs in all our food products in Europe and the USA, meeting a pledge made in 2017. For more information on our progress against our targets please see our most recent Creating Shared Value Report, as well as the relevant raw materials pages of our website.

Q15. What are Nestlé's internal processes for ensuring farm animal welfare policies and commitments are implemented effectively?

Nestlé has a global steering group overseeing policy, advocacy, responsible sourcing and operational implementation and progress on animal welfare. This meets four times per year, supplemented by additional discussions where required. We report on progress against public commitments.

We train our buyers on responsible sourcing and we assess our suppliers against our Responsible Sourcing Standard, which includes requirements on animal welfare, labour practices and environmental impact. We engage with independent auditors such as SGS and Bureau Veritas, who carry out farm assessments using a responsible sourcing assessment tool. If these assessments find that our suppliers are in breach of the Nestlé Responsible Sourcing Standard and do not commit to actions to remediate gaps, then we reserve the right to review commercial relationships.

Nestlé also has an official partnership with the not-for-profit organization Compassion in World Farming (CIWF), which supports us on topics related to animal welfare. For example, CIWF leads a twice-yearly dedicated internal training session on animal welfare for Nestlé staff working with animal products.

Q16. How does Nestle implement its animal welfare policy through the supply chain?

Implementation of the requirements laid out in our Responsible Sourcing Standard, including on animal welfare, are mandatory for our suppliers. Nestlé's global Responsible Sourcing team works with suppliers to organize farm assessments. These identify practices at farm level and assess if and how far they comply with our Responsible Sourcing Standard. We are also increasingly working with suppliers to fund impactful and innovative projects supporting advancements in animal welfare (see Q18). The objective with such projects is to go beyond standard farm assessments and be part of the "solution", supporting suppliers and farmers in their transformation journey.

Q17. Does Nestle require adherence to farm animal welfare schemes to a prescribed standard in its supply chain?

We work on improving farm animal welfare in our supply chain through specific public commitments and pilot projects. Farm-level assurance standards do form part of our supply chain alongside our own Responsible Sourcing standard, although we do not currently require the use of such schemes by our suppliers. As part of our commitments on cage free eggs and improved broiler chicken welfare in Europe and North America we are reviewing on a regional basis which farm animal welfare schemes best apply.

Innovation and Leadership

Q18. Is Nestle investing in projects to advance farm animal welfare practices in the industry?

We partner with our suppliers and other industry stakeholders in value-adding projects. These projects aim to improve animal welfare and the environmental sustainability of livestock production. As a company, we do not only want to identify the issues; we also want to be part of the solution.

Recent examples include:

- **Assessing the welfare impacts of outdoor rearing pigs in Portugal:** In 2021, Nestlé, in collaboration with a supplier, began a project to monitor and assess the impact of changing the birthing and rearing system for pigs from a conventional commercial farming system to an outdoor born and reared system. The project is ongoing and will use a set of Compassion in World Farming (CIWF) Pig Welfare Outcomes to measure and assess the difference between the conventional and outdoor reared systems. The outcomes and learnings from this pilot will be used to set Nestlé's roadmap to improving pig welfare, and it is also our intention to support the conversion of some of our conventional pig production volume to outdoor bred.

- **Adding our voice to the call for EU cage-free egg:** Having achieved our target of using only cage-free eggs in all our food products in Europe, we recently partnered with Compassion in World Farming and leading food companies in calling on EU Policy makers to phase out the use of cages in animal farming, starting with laying hens. You can read more about this here.
- **GCAW membership:** Nestlé are active members of the Global Coalition for Animal Welfare (GCAW), an industry-led collaboration aimed at advancing animal welfare globally, and we participate in the pig and poultry working groups.

Q19. What awards has Nestle received for its work on farm animal welfare?

Nestlé received the 2018 Good Egg award from Compassion in World Farming (CIWF) for our commitment on sourcing cage free eggs worldwide by 2025.

Q20. Does Nestle promote higher farm animal welfare to consumers through education and/or awareness-raising activities?

For our Thomy brand of mayonnaise, Nestlé communicates our use of free-range eggs as ingredients in appropriate markets. (See for examples - https://www.thomy.ch/fr/nos-engagements)

In Brazil, Nestlé Ninho Organic is using technology and sensors to monitor the conditions of every single cow, ensuring all animals are treated individually and signs of discomfort or pain which often translate into changes of postures and productions are rapidly identified. Nestlé Brazil is communicating on this pioneering project both on our website and in a YouTube video, making direct reference to animal welfare.

Q21. What is Nestlé's position on promoting non-animal devised protein products alongside animal protein products? Through this, are you aiming to reduce or substitute a proportion of the animal protein you sell?

Whether they come from plant based or animal sources, our aim is to source sustainably and efficiently produced agricultural raw materials for use as ingredients. Alternative proteins can be produced through an efficient use of resources (e.g. land and water) and have a role to play in delivering increasingly sought-after protein-rich diets. To meet this evolving consumer demand, we are investing in plant-based alternatives for some of our food and beverage portfolio. At the same time, we continue to offer products using animal proteins and to work on improving the sustainability of their production through, for example, supporting the cross industry Dairy Sustainability Framework (DSF) where Nestlé is a significant and active member.

For more detail on Nestlé and plant-based protein, see below for a selection of recent stories from our website:
Sweet Earth launches plant-based hot dogs and new Awesome Burger with fava and hemp
Embracing plant-based

Performance Reporting and Impact

Nestlé recently conducted a representative survey with our dairy, meat, poultry, and egg suppliers to map out animal welfare practices in our supply chain. The data collected are not exhaustive. The information provides a snapshot of expected supplier performance taking into account significant regional variations - based on differing regulatory regimes and farming practices.

Q22. What proportion of animals for your own-brand products in your global supply chain are free from confinement (i.e. those in barn, free range, indoor group housed, outdoor bred/reared)?

The use of confinement systems varies significantly depending on local regulations, practices, and the type of animal.

In 2017, Nestlé made a formal global commitment regarding the confinement of laying hens and the use of cage free eggs. The current implementation of this commitment varies regionally. In Europe, since August 2020, 100% of our supply is Cage-Free. In the US we also reached our target of 100% of our supply being cage Cage-Free in2020. Our latest survey indicates that we are continuing to move towards our 2025 commitment of sourcing 100% cage free eggs. The proportion of cage free globally has now increased to 70%. By 2025, our commitment is to reach 100%.

Regarding pig production, and more precisely sow housing, regulatory changes are influencing the situation. In Europe, Canada, and an increasing number of states in the US, individual confinement of sows, 4 weeks after service, is now illegal. This is not the case in other major pig producing countries, regions, and states. As a company, we support the adoption of open sow housing systems.

Based on the data gathered from our survey, our estimate is that globally, around 56% of our pork volume now comes from open sow housing systems (4 weeks after service).

Q23. What proportion of animals in your global supply chain are provided with effective species-specific enriched environments?

Our latest surveys have gathered data on the use of enrichments across our supply chain.

Our pork suppliers have introduced enrichments such as chains, ropes, and toys, as well as increasing the use of loose bedding in their systems. Our survey data suggests that 62% of the pigs in our supply chain are being reared with at least one form of enrichment.

Our chicken meat suppliers have started to introduce perches, straw bales, and supplementary grain into their systems. 32% of our laying hens have their environment enriched with a wide variety of devices including perches, dust bathing boxes, scratch rails and pecking objects. This has increased from 23% in 2019.

Our fresh milk producers reported that 74% of their systems included enrichment in 2020 (e.g. access to grazing, loafing areas, access to cow brushes) and our dairy ingredient producers provided enrichment to 92% of their livestock. These figures have increased from 69% and 87% respectively

Q24. What proportion of animals in your global supply chain do not undergo painful procedures?

In conventional producing systems, farmers perform procedures such as tail docking for pigs or carry out pig castration to avoid cases of tail biting (pigs are naturally curious and in intensive systems will play / chew each other's tails) and meat quality defects (boar taint).

As defined in our Responsible Sourcing Standard, we believe in avoiding painful procedures for animals wherever possible. Producers should carefully review and, where possible, use alternatives. We are financially supporting projects that test environmental enrichment devices both in Europe and in North America. These projects aim to create a more interesting / interactive environment for the animals, therefore reducing the need for painful procedures like tail docking.

The same approach applies to pig castration. In France, we are financially supporting farmers who are currently testing management approaches that end the need to castrate pigs. We also source from European suppliers and countries (e.g. Spain) that have already stopped castration.

Our survey data suggests that 25% to 27% of pigs were free from tail docking. Both our fresh milk and dairy ingredients suppliers report that over 99% of our herds are not tail docked.

Over 94% of the cows in our dairy ingredients supply chain are now disbudded, rather than being subject to the more severe process of dehorning. This has increased from 90% in 2020. The percentage of animals in that supply chain that were dehorned in the last 12 months has reduced further.

Q25. What proportion of animals in your global supply chain are subject to pre-slaughter stunning?

Pre-slaughter stunning is an important process to avoid pain during slaughter. On a global basis, Nestlé supports the stunning of animals before slaughter. Our supplier survey data sample for 2020 indicates that 100% of our beef, pork and broiler supply is subject to pre-slaughter stun.

Q26. What proportion of animals in your global supply chain are ineffectively stunned, i.e. are subject to back-up or repeat stunning?

Reporting of this data has now been introduced and we are building this dataset.

Our results for 2019 indicated that between 0 and 0.22% of pigs required a back-up stun. This was very similar in 2020 at only 0.23%. The figure for beef cattle has reduced from 0.69% to 0.09%. Our broiler producers reported that similar levels to their 2019 figure of 0.83%, with only 1.04% needing intervention in 2020.

Q27. What is the average, typical or maximum permitted live transport times for the animals in your global supply chain?

Our Responsible Sourcing Standard (Chapter 3.3.3) sets the requirements our suppliers must apply during the transport of animals. We collaborate with suppliers and encourage the roll out of training programs for staff that transport animals.

This year, additional data has been gathered regarding the % of our supply that has been transported for more than 8 hours. We continue to refine this data set, but the 2020 data indicates that for all species excluding beef cattle, over 95% of our animals are transported within 8 hours. For beef cattle more than 90% are transported for less than 8 hours. In 2019 we reported average transport times for pigs, beef cattle and broilers of 3.7, 6.5 and 2.4 hours. A reduction in the average times was seen for all three species in 2020, with beef cattle seeing the greatest reduction to 4.2 hours.

Q28. What information do you have on welfare outcome measures in your supply chain (i.e. measures linked to the physical, emotional and/or behavioral wellbeing of animals)?

We collect a range of welfare outcome measures from our supply chain. For instance, our data shows that the level of tail biting in pigs (inspected at slaughter) in our supply chain is on average 6.4%. For broilers in our supply chain farm mortality rates were reported as 4.4%. and for laying hens bone breakages (e.g. keel bone fractures) were reported at 1.18%.

This year we have provided comprehensive welfare training (carried out by CowSignals) for our lead global dairy procurement staff and continued our ongoing monitoring programs of our milk supply

chains. This investment is being seen in changes in our Outcome Measures data, e.g. our survey data suggests that for our fresh milk suppliers tail docking numbers are down from 0.8% to below 0.1% this year, and we have also seen the levels of enrichment provided for the dairy cows in these supply chains go up from 69% to 74% in 2020. For our dairy ingredients supply chains the level of severe lameness for cows is on average 2.75% which is also down on last year.

Q29. What do you report on regarding farm animal welfare?

We report publicly on specific commitments, such as progress against our cage free commitment in Europe and the USA. Our annual farm animal welfare survey, carried out with our dairy, meat, poultry, and egg suppliers, provides more information.

Q30. What proportion of laying hens (for shell eggs and fresh/frozen products and ingredients) in your global supply chain are now cage-free?

In Europe, since August 2020, 100% of our supply is Cage-Free. In the USA we also reached 100% of our supply being Cage-Free in 2020. Our latest survey indicates that we are continuing to move towards our 2025 commitment of sourcing 100% cage free eggs. The proportion of cage free globally has now increased to 70%. By 2025, our commitment is to reach 100%.

Q31. What proportion of the fresh/frozen pork products and ingredients that you use is sourced from pigs that are free from sow stalls?

Our survey data suggests that, globally, 56% of our pork volume consumption comes from open sow housing systems (4 weeks after service), which is unchanged from last year.

As a company, we continue to support the adoption of open sow housing systems around the world. In Europe, Canada, and an increasing number of states in the United States, individual confinement of sows in stalls, more than 4 weeks after service, is illegal. This is not the case in other major pig producing countries, regions, and states.

Q32. What proportion of fresh/frozen milk or milk products and ingredients that you use is sourced from cows that are free from tethering?

The adoption of free tethering dairy production systems varies by country and region. In developing countries, where farmers typically own only three or four cows, the use of tethering systems is still common practice.

In Indonesia, Nestlé is financially supporting the construction of a pilot for a free stall calve facility together with one of our dairy cooperative partners. This project aims to serve as a model and example for other dairy cooperatives and farmers to adopt free tethering systems.

Globally 90% of the milk volume we source directly from farmers comes from free tethering systems (similar to 92% reported last year). In the case of dairy ingredients, which we buy from suppliers in New Zealand, North America, and Europe, around 96% of the global volume we source comes from free tethering systems (a small improvement on the 95% reported last year).

Q33. What proportion of broiler chickens for your fresh/frozen products and ingredients that you use is reared at lower stocking densities (specifically, 30 kg/m2 or less)?

Nestlé has made a commitment to improve broiler chicken welfare in Europe and North America. This includes the eventual reduction of stocking densities to 30 kg/m^2. In the United States this will happen by 2024 while in Europe the change will happen by 2026. We are continuing to refine our data set on this issue, but our survey shows that in some markets (e.g. the USA) our suppliers have begun to supply Nestlé with a significant number of birds reared at 30 kg/m2 (accounting for more than 1% of our global volume).

Q34. What proportion of laying hens in your global supply chain is free from beak trimming or tipping?

The practice of beak trimming of laying hens varies upon countries and regions. In some countries, such as Germany, the practice is already illegal. Around 34% of the global volume of eggs we source comes from hens that have not been beak trimmed.

Q35. What proportion of the pigs in your global supply chain are free from tail docking?

We are financially supporting projects testing pig environmental enrichment devices both in Europe and in North America. The objective of these projects is to create a more interesting / interactive environment for the pigs and therefore reduce the need for tail docking. Our survey data suggests that 25% to 27% of pigs were free from tail docking

Q36. What proportion of dairy cows in your global supply chain is free from tail docking?

Historically, cows were tail docked to improve hygiene and facilitate operations during milking. With time, regulatory changes, and the introduction of national dairy production schemes (e.g. the US FARM Program), the frequency of tail docking cows has significantly reduced.

Based on our recent survey of suppliers of dairy ingredients, along with farmers who supply fresh milk directly to Nestlé, almost all (99%) of the dairy cows in our supply chain are free from tail docking (unchanged from last year).

Q.37 What proportion of the supply of chicken meat (fresh/frozen/processed and ingredient) comes from strains of birds with improved welfare outcomes and with a slower growth potential?
Nestlé has recently made a commitment to improve broiler chicken welfare in Europe and North America. This commitment includes the transition to breeds of chicken recognized as having improved welfare outcomes. With time, we look forward to integrating the outcome of ongoing scientific research in this domain in Europe as well as in North America. In 2020 data suggests that 5% of our volume is now being sourced from slower growing breeds.

Q38. What proportion of animals (excluding fin fish) in your global supply chain is live transported within 8 hours?

This year, additional data has been gathered regarding the % of our supply that has been transported for more than 8 hours. We continue to refine this data set, but the 2020 data indicates that for all species excluding beef cattle, over 95% of our animals are transported within 8 hours. For beef cattle more than 90% are transported for less than 8 hours.