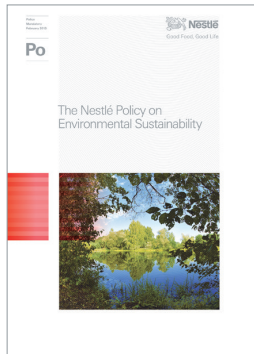


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Appendix to The Nestlé Policy on Environmental Sustainability

The Nestlé Commitment on Child Labour in Agricultural Supply Chains

Nestlé is against all forms of exploitation of children, and is firmly committed to actions to eradicate child labour from its agricultural supply chains, in line with our commitments in the Nestlé Corporate Business Principles.

Nestlé recognises that in addition to individual actions, companies, together with Governments, and with the help of NGOs need to work together to create the conditions that will prevent and eliminate the occurrence of child labour. Nestlé is committed to work with all relevant stakeholders, wherever possible under the leadership of governments, to help address child labour.

Scope of This Commitment

In 2008, it was estimated that there were 215 Mn child labourers of whom 115 Mn were engaged in hazardous work. 60% of these were in agriculture of whom only 20% were paid, the majority serving as unpaid family workers. There is a clear link between rural poverty and child labour.

Nestlé sources agricultural crops from over 5 million farmers, and is exposed to the potential for child labour and the worst forms of child labour across a range of commodities and countries. To work effectively to address child labour requires an understanding of the local community, cultural and family situations, health & safety issues, access to education and actual school attendance. This makes eliminating child labour in the agricultural supply chains a more complicated task than at factory sites, though it is an important aspect of being able to demonstrate Nestlé's commitment to rural development and sustainable agriculture.

This Commitment has therefore been prepared by Nestlé to specifically guide and align its efforts to tackle child labour in its agricultural supply chains. It is intended to complement Nestlé's Supplier Code (which covers all its operations) whilst respecting family situations and the legitimate need for rural development. It builds upon definitions from ILO, Nestlé's Business Principles and experiences from Nestlé's own operations. It is applicable to Nestlé's suppliers through all the tiers in its raw material supply chain. Nestlé will not focus on any one link exclusively, but will concentrate its efforts by taking a risk based approach to the entire raw material supply chain.

Detailed Commitments on Child Labour in Agricultural Supply Chains

Nestlé is committed to proactive action to tackle child labour and is specifically targeting higher risk commodities and countries for interventions¹. This involves technical farmer support and investments in community projects that will facilitate the reduction of child labour. Nestlé understands that actions to tackle child labour are likely to achieve best results when approached in an holistic manner, involving labour, and health and safety practices backed by school attendance.

The Nestlé Supplier Code, which forms part of our contract with suppliers contains non-negotiable minimum standards on business integrity, health & safety, and environmental

¹ High risk commodities and countries are listed in a Guidance document, and reviewed regularly.

& labour standards that we expect all of our suppliers to adhere to. It includes a strict prohibition on child labour. We expect these suppliers to communicate the Code to their own suppliers. Suppliers considered high risk are audited by an independent third party.

Where cases of child labour are discovered, Nestlé will expect suppliers to approach each case separately, and always seek to solve the problem in the best interest of the child or children involved. The supplier should initiate or participate in a programme to transfer any children involved in child labour into quality education until they are no longer children, and help his/her family to access adequate services and viable alternatives. This could be combined with light work where appropriate to the family and child situation.

Specifically, Nestlé is committed to the following:

- **Oversight:**
 - Nestlé operates a Child Labour Action Group, chaired by an executive board member. The purpose of the Action Group is to identify measures, take decisions and monitor progress made by the company to eliminate child labour in all Nestlé's operations. The Group brings together representatives from Operations, the Zones, the SBUs and Corporate Communications.
- **Responsibility** for management of the issue:
 - A named Business Unit takes overall management responsibility for each high risk commodity
 - The Markets (country operations) manage the situation at the local level
 - The Procurement function leads the implementation of Responsible Sourcing Guidelines for procurement of commodities, and Audit compliance against the RSGs. Training.
 - The Safety & Health experts support on health & safety aspects
 - The Agriculture function supports on supplier development and rural development programmes
 - Corporate Communications communicates internally & externally on actions & progress, and organises dialogue with civil society.
- The **Approach for high risk commodities and high risk children** is to:
 - Carry out an assessment of the risk to child rights and a clear strategy which addresses the issue and its root causes
 - Focus specifically on vulnerable groups: the children of migrant workers, girls, orphans and trafficked children
 - Develop a series of Nestlé specific activities for our own procurement activities, as well as supplier development work via agricultural & rural development staff

- Carry out proactive work with Suppliers throughout the supply chain to facilitate compliance with the Nestlé Supplier Code, Responsible Sourcing Guidelines and this Commitment
- Require all Suppliers to maintain documentation² for every worker verifying the worker's date of birth for the purpose of age verification.
- Terminate all business with suppliers who are unwilling or unable to comply with this Commitment or implement corrective actions within agreed timeframes
- Develop collaborative actions with others, for example industry associations and certification schemes
- Undertake an audit schedule to track compliance
- Engage with host government authorities and other stakeholders to ensure that child and general labour laws cover the agriculture sector.
- **Understanding and Competence** will be improved by:
 - Engage specialist partners to provide recommendations for action and to independently audit performance
 - Provide staff training on the contents of this Commitment and guidelines to tackle child labour as part of the work on our Corporate Business Principles and Responsible Sourcing Guidelines
 - Dialogue with civil society organisations to improve our understanding on child labour issues
- **Transparency** on actions and outcomes will be delivered by:
 - Communicating this Commitment to suppliers and stakeholders
 - Operating a mechanism whereby individuals and groups can bring complaints regarding child labour, to tackle them and initiate remedy, where necessary
 - Monitoring progress on the commitment to eliminate child labour in its agricultural supply chains
 - Reporting actions undertaken, and progress made on the implementation of this Commitment, through annual reports, website and ad-hoc reports.

This Commitment has been drawn up in consultation with expert external stakeholders. It is applicable to all Nestlé majority owned companies. Nestlé will discuss with Joint Venture partners the extension of this Commitment to joint venture operations.

This Commitment will be reviewed on a periodic basis.

² In countries where it is difficult to obtain such documentation, the supplier should use other appropriate methods according to local laws and customs.