

Responsible Sourcing of Seafood at Nestlé 2019 Thailand Action Plan Progress

In 2015, Nestlé launched a [Thailand Action Plan](#) for the *Responsible Sourcing of Seafood*, detailing our commitment to eliminating labor and human rights abuses in the seafood supply chain in Thailand. This was developed based on an [assessment](#) of recruitment practices and migrant labor conditions in our Thai seafood supply chain carried out by our implementation partner, Verité, on our behalf.

This update provides an overview of the progress made in 2019 in the implementation of this Action Plan.

Knowing where our seafood comes from and how it is produced

Most seafood used in Nestlé products is for our pet food brands, which primarily uses fish by-products – the parts of a fish that remain after the fillets have been removed for human consumption. Our fish and seafood originate from a wide variety of sources, including wild fisheries and aquaculture farms around the world. In 2019, Nestlé sourced approximately 150,000 MT of seafood globally, with around 10% of this coming through Thailand.

As in prior years:

- 100% of our suppliers that source seafood from Thailand have incorporated our [Responsible Sourcing Standard](#) requirements in their policies and have included them in their relationships with their own suppliers.
- We are able to identify Thai flagged vessels used to catch our seafood used in our products by name and vessel number using non-scheduled traceability tests twice a year. We can trace 99% of our seafood of Thai origins back to the vessel or farm level and will continue to update our traceability information on an annual basis.
- We continued to support vessel audits for the Thai flagged vessels in our supply chain. Audits are the first step in understanding the challenges faced in the seafood industry. The gaps we identify form the basis of our strategy to engage vessels in capacity building activities.

At the end of 2019, Nestlé, The J.M. Smucker Company and Mars Petcare, together with our supplier Thai Union, signed a Memorandum of Understanding (MOU) to collaboratively fund projects in 2020 to improve the

working conditions of fishermen on vessels. This will focus on results from vessel audits since 2017. Audits for vessels in this supply chain are ongoing and being conducted by independent consultants against the Thai Union [Vessel Code of Conduct](#).

The Business Case for Safe Working and Living Conditions

Since 2016, one of our areas of focus has been to demonstrate the business cases for safe working and living conditions for workers on vessels. We found that in a challenging business environment for small and medium sized vessel owners, implementing safe working and living conditions requires not just knowledge of what best practice looks like, but also how to realize these practices while staying in business.

In 2019, we funded Verité to develop the business case for undertaking renovations to ensure safe working and living conditions on vessels. This was based on the study of a vessel that had implemented best practices after attending trainings on the topic. During the process of vessel renovation in 2018 and 2019, Verité visited the vessel on numerous occasions to observe renovations and gather data on partial automation, an approach that can reduce cost and increase available space on vessels, critical for sustainable working and living conditions.

Based on the information gathered, Verité mapped the renovation cost drivers and anticipated operating costs. Analysis concluded a **projected payback period of 1 to 2 years**. Verité also gathered input on anticipated improvements to conditions for workers on the vessel. **Preliminary analysis suggests less strenuous work and reduced overcrowding as the key potential benefits**. The vessel will continue to be studied in operation in 2020 to verify the impact on operating costs and working conditions, and a detailed case study will be published.

Worker Voice and Remediation

Nestlé is a strategic partner of the Issara Institute, a non-profit organization focusing on strengthening labor conditions in Southeast Asia through worker voice, partnership and innovation. This collaboration is driving improvements for workers and suppliers across Nestlé's Thai seafood supply chain by gaining direct insights from

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workers, and through the provision of an independent grievance mechanism, responsible recruitment, and remediation actions.

Empowered worker voice is central to Issara's approach.

Since 2017, Issara uses its [Inclusive Labor Monitoring](#)

(ILM) approach to provide an independent channel for

workers, across all tiers of our supply chain, to safely share feedback - positive and negative - about workplace conditions, labor recruitment, migrants' rights, and issues of concern. Workers can contact Issara through a range of channels, including the Issara smartphone app Golden Dreams, Facebook pages in the worker's own language, smartphone messaging apps such as Line and Viber (both similar to WhatsApp), and a multi-lingual toll-free 24-hour helpline. The information provided by workers directly supports supplier improvements and working conditions. By the end of 2019, over 8,000 calls and messages were received on average per month.

Issara works across all tiers of Nestlé's seafood supply chain. Their worker voice, ILM Assessments, and remediation covers 100% of our Tier 1 (direct supplier) facilities in Thailand. Additionally, they conducted randomized, representative worker satisfaction surveys in two processing facilities, with positive results.

In 2019 over **29,400 workers (up from 19,000 in 2018)** in **Thai seafood processing facilities in Nestlé's supply chain had access to Issara's independent helpline** and could seek assistance and support. Our ambition is that all workers in our supply chains will have access to independent worker voice and remediation mechanisms.

Jobseekers in origin countries considering work with Nestlé suppliers in Thailand have access to the same assistance and support, before they leave their home.



Figure 1. Issara staff meeting with seafood workers in Nestlé's supply chain, in their dormitory

This aims to drive more ethical labor recruitment practices and more informed labor migration.

Our aim is to adapt and apply the same tools used in our Tier 1 facilities to reach workers at the vessel level (including worker voice at sea, ethical recruitment, remediation, and debt relief). This is why we have contributed Issara's [Fishery Labor Improvement Program \(FLIP\)](#) since 2018. In 2019, there has been progress in FLIP's engagement with vessel owners, fisheries associations, recruitment agencies, government, and current and former fishermen.

Challenges remain to ensure that vessel workers' wages and working hours are compliant with legislation and international standards.



Figure 2. Thai fishermen receiving Issara worker rights booklets and port and pier helpline information

Responsible Recruitment

In working on labor rights abuses in our supply chains, we have found that such abuses can only be solved by addressing unethical recruitment practices. A key focus of our strategy therefore is on the responsible recruitment of workers throughout our seafood supply chain. We expect that workers in our supply chains are recruited responsibly, meaning that they do not pay for a job, are not indebted or coerced to work, and have freedom of movement. As of 2018, all of our Thai seafood suppliers implemented responsible recruitment initiatives.

Nestlé's partnership with **Issara Institute** helps provide transparency and access to recruitment information from the home country recruitment process and from the first-mile at the village level in the country of origin. In 2019, almost 5,000 foreign migrant workers in our Tier 1 facilities were newly recruited from Myanmar via the formal agreement between the Myanmar and Royal Thai governments (MOU channel), using recruitment agencies who have undergone responsible recruitment trainings



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and practice these principles. Responsible recruitment, also extends to recruitment agencies supporting MOU “u-turn workers” who renewed their contracts after 2 years of working in Thailand. In 2019, our suppliers processed over 300 of these workers through responsible recruitment systems.

Strengthening recruitment systems also involves capacity building and training for our suppliers and their recruitment agencies. Issara Institute runs trainings on business and human rights and ethical recruitment, drawing from real case studies and worker experiences, and 100% of our Tier 1 suppliers have attended these. In 2019, training also included recruitment agency directors, office staff, and sub-agents. Suppliers, recruitment agencies and workers are then brought together at different stakeholder meetings and events, including the annual Issara Global Forum, where Nestlé also presented.

To support workers in responsible recruitment efforts before they depart their home countries, Nestlé funded **Verité** to conduct a program of work in Cambodia, where many workers in our supply chain come from.



At the end of 2018 and beginning of 2019, Verité conducted two multi-stakeholder consultations with 23 individuals from civil society, local government, and the Association of Cambodian Recruitment Agencies (ACRA) in Phnom Penh, Cambodia to improve the migrant workers’ recruitment practices. Consultation sessions included a gaps analysis in pre-departure activities in Cambodia and an action-planning workshop to address these gaps. The objective of these sessions was to share and validate with the participants Verité’s initial findings about the recruitment practices and experience of Cambodian workers migrating to Thailand, map out the actors involved in the recruitment of Cambodian migrant workers, including those involved in pre-departure trainings, and to explore how to collaboratively strengthen the current pre-departure programs for Thailand-bound Cambodian migrant workers.

In 2019, an action plan was developed including capacity building on ethical recruitment for commune leaders, NGOs and the Cambodia Anti-Trafficking Commission;

training for NGOs on how to document labor risks among vulnerable populations; cooperation building on disseminating information and accessing grievance mechanism(s) between Thai and Cambodian NGOs, and other relevant stakeholders, and increasing the capacity of NGOs to monitor compliance of Private Employment Agencies to their Code of Conduct.



In 2019, Nestlé also initiated a partnership with the Fair Hiring Initiative, Inc. (TFHI), to conduct capacity building for ethical and fair recruitment for agencies and employers who are enrolled in TFHI’s ‘On The Level’ certification program pilot. The aim of this partnership is to increase the number of responsible recruitment agents and therefore responsibly recruited workers in the industry.

Multi-stakeholder collaboration

In order to drive industry-wide change, Nestlé participates in several platforms and supports several multi-stakeholder initiatives in this area.

Nestlé is a member of the [Seafood Task Force](#). We actively participate in their Responsible Recruitment sub-group, working to develop and deploy industry-wide tools and principles.

As a member of the **Consumer Goods Forum**, the **Responsible Business Alliance’s Responsible Labor Initiative**, and the **Institute for Human Rights in Business Leadership Group for Responsible Recruitment**, we participated in a series of regional stakeholder roundtables and government engagements in Myanmar and Thailand organized by these groups and Humanity United on driving responsible recruitment.

For additional information

For inquiries about responsible sourcing of seafood at Nestlé, please contact us at publicaffairs@nestle.com