



NESTLÉ S.A.

Ms Seema Joshi
Head of Business and Human Rights
Amnesty International
International Secretariat
1 Easton Street WC1X 0DW
United Kingdom

Vevey, March 23, 2018

Dear Ms Joshi,

Thank you for your letter of March 6th regarding human and labour rights in the palm oil industry, further to our previous dialogue.

We share concerns about ongoing labour and human rights issues endemic in the palm oil sector. No one company or organisation can solve these challenges on their own, however Nestlé is undertaking a series of initiatives to better understand the impact on our own supply chain and to develop and implement systemic measures to tackle abuses.

For example, last year we conducted a Labour Rights Assessment with the Danish Institute for Human Rights (DIHR), The Forest Trust (TFT), and Golden Agri-Resources (GAR), a Nestlé supplier, to better understand labour rights issues and whether our current approach to responsible sourcing sufficiently addresses them. The assessment focused on our upstream supply chain in Indonesia.

Findings from the assessment and an Action Plan to address them will be shared later this year, including details on a new partnership between Nestlé and Verité. The findings from our investigation included labour rights issues connected to wages and contracts, freedom of association, child labour, violence and intimidation, occupational health and safety, gender discrimination and working hours, confirming the endemic and widespread nature of these issues across the entire sector.

Regarding the issue of child labour in particular, Nestlé recently co-funded a Wilmar-led Strengthening Child Protection workshop, a multi-stakeholder consultation to gain insights from palm oil businesses and [document challenges](#) encountered to ensure the well-being of children of plantation workers. This year, we are planning to integrate the findings from these pieces of work into our way of doing business and our engagements with our suppliers.

We have initiated a series of other initiatives, drawing on our understanding of labour issues in our supply chain. As part of a group of palm oil buyers including Colgate-Palmolive, Kellogg's, Unilever and Wilmar, and in collaboration with Business for Social Responsibility (BSR), we are conducting a series of supplier



- 2 -

workshops in major palm oil producing regions in Sumatra and Kalimantan, Indonesia. Tailored for medium and small suppliers, these workshops are designed to improve awareness about wages, employment contracts and grievance mechanisms. Representatives from government and civil society organisations have also been invited to participate so that every actor in the supply chain has a voice. We recommend that you approach Wilmar for further detail about these workshops, further to the recent dialogue you had with the company.

Given the focus in your report and letter on Wilmar, I wanted to highlight that Nestlé remains in frequent dialogue with Wilmar regarding its remediation efforts. This includes the work it is undertaking with Verité in Indonesia to develop a systemic approach to address the root causes of human and labour rights issues. We look forward to further updates on the local roll out of this approach in affected areas and are again pleased to note that Amnesty International has established a level of dialogue with Wilmar regarding these efforts.

With regard to transparency, we have recently made available for download a [list disclosing our Tier 1 Supplier's names](#) and a [list of Mills](#) further upstream (with their country of origin), representing 91% of the total volume of palm oil we source annually. As with any traceability efforts, these lists reflect our supply chain-mapping refresh of November 2017, which is a mix of self-declaration and paper based verification, and should be taken as an evolving snapshot as supply chain flows evolve on a daily basis. You will, I am sure, have seen Greenpeace's recently published report on transparency efforts in the palm oil sector, which included reference to our disclosure.

Regarding the question of premiums, we believe that upholding human and labour rights should be a basic expectation of our suppliers and therefore palm oil producers that respect these rights should not necessarily receive a special premium. However, we recognise that current market prices do not reflect the full cost of responsible production. We are working with our suppliers to help make the investment and improvements required for them to meet the requirements of our Responsible Sourcing Guideline.

Regarding RSPO certification, please note that we do not rely on this certification nor do we make public claims about assurances provided by it. Our own standard goes beyond RSPO.

Our efforts extend beyond Indonesia as we face similar issues in other countries where we source palm oil. We are supporting the TFT Centre for Social Excellence in providing training to staff at one of our West African-based suppliers focused on improving labour conditions and human rights, community conflict resolution, and social impact mitigation related to land use change and a new workforce. We are also working on a project in Papua New Guinea to address safe and reliable access to drinking water for communities where workers in our palm oil supply chain reside and we are funding development of water infrastructure in dozens of villages where access to drinking water is scarce.



- 3 -

As I have set out, Nestlé is committed to tackling issues prevalent in the palm oil industry in Indonesia and elsewhere, but our efforts will not solve labour and human rights challenges on their own. To work more closely with other actors, last year we joined the [Responsible Labor Initiative](#), a multi-industry, multi-stakeholder effort focused on ensuring that the rights of workers vulnerable to forced labour in global supply chains are consistently respected and promoted. Nestlé will use this platform to develop and deploy tools collaboratively in the palm oil industry. We will also continue to provide feedback to strengthen the current RSPO standard, and to support the work of the Consumer Goods Forum in developing industry wide solutions.

I trust this addresses the issues highlighted in your letter. We welcome further dialogue to help drive systemic improvements in the palm oil industry.

Yours sincerely,

A handwritten signature in black ink, appearing to read "M. Batato", enclosed within a hand-drawn rectangular box.

Magdi Batato
Executive Vice President, Operations
Nestlé SA