



Labour Rights in Agricultural Supply Chains: A Roadmap

Summary of the Roadmap

Ambition, Priority Practices & Locations

- Continue our work to identify labour rights issues in our agricultural supply chains. We will focus upon 12 priority commodities identified as part of our Responsible Sourcing Programme and 11 countries that present known higher levels of labour risks.
- Orientate our efforts more towards remediation efforts on labour rights where we have known and identified issues. We will regularly re-prioritise the focus of our remediation efforts by synthesizing the relevant information gleaned from our Responsible Sourcing and Farmer Connect programme, Human Rights Impact Assessments, certification and verification schemes and engagement with NGOs and civil society.
- Address gaps in our knowledge, improve our analysis and identify remediation activities regarding labour rights in high-risk commodities and countries, through:
 - Improving the capability and resources of partners and auditors to conduct assessments of human rights performance and full Human Rights Impact Assessments (HRIA)
 - Carrying out HRIAs in identified high-risk countries that present several high-risk commodities and labour risks
 - Engaging with NGOs and civil society organizations to gather relevant information (including investigating potential issues in our supply chains)
 - Hosting expert meetings on specific commodities or issues to further define our strategy
- We will commence reporting on the implementation of this roadmap in 2018.

Cross-cutting Action: Engagement & Advocacy

1. Supplier and Farmers:
 - As part of our Responsible Sourcing programme, leverage our commercial relationship with larger supplier companies, and work through them to enact change with their workforce and at the small-holder level
 - As part of our Farmer Connect programme, continue to work with small-holders from whom we are buying directly
2. Unions
 - We will work with suppliers to build relations with unions in high risk countries and crops
3. Certification and Verification Bodies:
 - Work with certification bodies and roundtable processes, to improve how they verify labour issues, with a particular focus on freedom of association and collective bargaining, working time, forced labour, child labour and minimum wage.

4. Governments, International Organisations:
 - Step up our engagement with host governments authorities and other stakeholder on this issue, as Nestlé or as part of a group of stakeholders
 - Continue our dialogue with the ILO to identify opportunities for further collaboration in priority countries and on priority labour issues. We will also continue our engagement with the UN Global Compact
5. Civil Society, Multi-stakeholder and Technical Expert Partners:
 - We will continue to engage with external partners
 - We will train our partners that are not specialized in labour issues
 - We will organize meetings among our human rights and responsible sourcing partners to compare notes and share approaches and tools to improve data gathering and competences
6. Industry Associations:
 - We will continue to actively participate in Consumer Goods Forum's collective efforts on the issue of forced labour.
 - We will continue to actively participate in AIM Progress, and IDH platforms to tackle labour rights in a non-competitive manner.
 - We will engage with investors who are increasingly interested in addressing systemic issues on human rights

Issue-specific Action: Targeting the Most Salient Labour Rights Issues

Health & Safety

- 2017 & 2018: Gather further data to understand what are the material risks in our supply chains; Work with key suppliers to establish suitable measurable KPIs to measure progress on health & safety that is comparable to our reporting upon Health & Safety in our own (direct) Nestlé operations.
- 2019: Progressively roll out this system to our major Tier 1 suppliers (based upon a material risk analysis); Annually report upon progress (KPIs)
- 2020 onwards: progressively roll out this system to Tier n suppliers, farmer cooperatives and farmers and farm workers; Annually report upon progress (KPIs)

Worker accommodation and basic service needs

- 2017: Create a minimum standard for worker accommodation (both permanent and temporary) and measurable KPIs; Work with partners and suppliers to gather relevant data and address the gaps.
- 2018: Progressively roll out this system to our major Tier 1 suppliers (based upon a material risk analysis); Annually report upon progress (KPIs)
- 2020 onwards: progressively roll out this system to Tier n suppliers, farmer cooperatives and farmers and farm workers; Annually report upon progress (KPIs)

Working time

- 2017: We will work with suppliers to identify how to gather relevant data.
- 2018: Progressively roll out this system to our major Tier 1 suppliers (based upon a material risk analysis); Annually report upon progress (KPIs)

- 2020 onwards: progressively roll out this system to Tier n suppliers, farmer cooperatives and farmers and farm workers; Annually report upon progress (KPIs)

Grievance mechanisms and access to remedy

- Ongoing: Continue to roll out and promote our Tell Us system for external stakeholders
- By 2020: Pilot different grievance mechanism models to the upstream supply chain in priority countries identified in this roadmap
- Annually report upon progress (KPIs)

Freedom of association and collective bargaining

- 2017: We will work with suppliers to promote the right for their workers to establish and join organisations of their choosing and engage in constructive negotiations
- In 2017, we will engage a discussion with the ILO and the FLA to better understand what freedom of association and collective bargaining means in the context of small holder farming.

Forced labour and bonded labour

- 2017: Continue to address forced labour in fish & seafood in Thailand, as well as palm oil in Indonesia and Malaysia, including through collective action like CGF. Identify measurable KPIs, and work with suppliers to gather relevant data. The immediate priority is that: no worker should pay for a job; every worker should have freedom of movement; no worker should be indebted or coerced to work.
- 2018: Progressively roll out this system to our major suppliers (based upon a material risk analysis); Annually report upon progress (KPIs)

Child labour

- 2017: Continue to tackle child labour in cocoa in Côte d'Ivoire and hazelnuts in Turkey where child labour is endemic, as well as projects in Madagascar;
- 2017: Extend this work to other commodities by identifying remediation efforts for other commodities. We will continue to focus efforts in other commodities on vulnerable groups, especially the children of migrant workers and girls.
- 2018: Progressively roll out this system to our major suppliers (based upon a material risk analysis); Annually report upon progress (KPIs)

Living wages

- 2017 & 2018: Engage externally to develop a better understanding of the identification and methods that can be applied to promote and deliver living wages & incomes; undertake pilot projects in four countries and commodities to understand better both living wages and incomes; gather further data to understand where we have vulnerable workers and farmers in our supply chains; work internally and with partners and key suppliers to establish suitable measurable KPIs to measure progress to address wages and income levels.
- 2019: Progressively roll out this system to our major suppliers and Farmer Connect farmers (based upon a material risk analysis); Report annually upon progress (KPIs)

Detailed Roadmap

Context & Policy Commitment

In 2015 Nestlé identified 11 salient issues - those human rights at risk of the most severe negative impact on stakeholders through the company's activities and business relationships, and therefore the material issues we most need to address (see Annex I). Seven of these issues are most closely associated with agricultural supply chains, and led to the preparation in late 2015 of a [Nestlé Commitment on Labour Rights in Agricultural Supply Chains](#) to provide more detail on the ambition of the company regarding these seven practices as they relate to our Responsible Sourcing programme and Farmer Connect activities.

Since the publication of the commitment Nestlé has been compiling data on the incidence of these labour rights issues in its supplier base and is now in a position to set out a more detailed roadmap for how it will deliver upon the Commitment. This document sets out details of the roadmap, providing priorities with dates and some details of how Nestlé will address the issues, engage externally with stakeholders and report upon progress. It does not however provide full details on remediation activities as these will be the subject of operationalizing the roadmap with our suppliers and partners. It does however provide more details on our overall ambition.

The 12 priority commodities identified as part of our Responsible Sourcing programme are:

1. Cereals
2. Coffee
3. Cocoa
4. Dairy
5. Fish & seafood
6. Hazelnuts
7. Meat, poultry and eggs
8. Palm oil
9. Pulp & paper
10. Sugar
11. Soya
12. Vanilla

The seven priority labour rights issues identified as part of our human rights salient issues are:

1. Accommodation & basic service needs
2. Child labour
3. Freedom of association & collective bargaining
4. Forced labour
5. Living wage
6. Health & safety
7. Working time

This roadmap also includes the cross-cutting issue, grievance mechanism and access to remedy. This is one of the salient human rights issues prioritized by Nestlé, and is integral to the approach needed to address the seven labour rights issues. It is included therefore within this roadmap for completeness.

In implementing this roadmap Nestlé recognizes that there are several important preconditions which can have a severe impact upon labour rights and will therefore will form a part of the approach to implementation:

- Non-discrimination (based upon race, creed, ethnic origin, sexual orientation etc)
- Women are often impacted differently to men by working conditions
- The widespread use of casual workers, which give rise to precarious work and conditions

Whilst these topics cut across virtually all the priority areas, this document mentions where specific attention is required to address these points in operationalizing the roadmap. It is our ambition to address these topics in parallel to and as a part of addressing the priority labour rights issues.

Delivery of this roadmap will contribute directly to Nestlé’s rearticulated corporate purpose, and particular its ambition to improve the livelihoods of people connected to our operations. The Sustainable Development Goals provide measures by which we can track progress of this roadmap in terms of livelihoods improved.

Top-down Analysis of Commodities and Countries

External data sources have been used to compile a picture of the likely incidence of unacceptable practices across the 12 priority commodities and seven labour rights issues. We used three main sources of information and data:

- [Social Hotspot Database](#) that we already use as part of the Life-Cycle Assessments we perform for new or reformulated product and that builds upon ILO, World Bank, ITUC, UNICEF, US Department of Labour, US Department of State, UNHCHR, UNDESA, Eurostat, IMF, OECD, WHO, UNDP, FAO, Transparency International, and other relevant sources.
- For child labour and forced labour indicators we relied on:
 - US Department of Labour, Bureau of International Affairs (ILAB): [“Sweat & Toil: Child Labor, Forced Labor and Human Trafficking Around the World”](#). Data and research in this app are taken from ILAB’s three flagship reports: Findings on the Worst Forms of Child Labor; List of Goods Produced by Child Labor or Forced Labor; and List of Products Produced by Forced or Indentured Child Labor.
 - Verite’s [Responsible Sourcing Tool](#)

The results of this this top-down analysis show that:

- All priority commodities present significant labour risks.
- The most exposed commodities in terms of number of high-risk issues by countries from where they are sourced are (by order of importance): **coffee, sugar, dairy, pulp & paper, cocoa, meat/poultry/eggs and palm oil.**
- For commodities like **soya** and **cereals** (no intensive use of workforce) on one hand and **hazelnuts** and **vanilla** (limited number of countries of origin) on the other, risks are less widespread.
- No labour rights issue seem to be less important than the others in terms of exposure to high-risk country. But living wage is, by far, the issue presenting the higher level of exposure.

The details of the analysis are presented by risk issue, commodity and country in Annex II and III.

Learnings to Date from Work on the Ground

During 2015 Nestlé has been gathering information during assessments that were part of the responsible sourcing programme. To this we have also developed a strong picture in some Farmer Connect markets, based upon our Rural Development Framework baselines and the experiences of our agronomists. However, we do have some gaps in commodities where we rely upon certification schemes (see below).

The current (November 2016) status of our understanding is as follows:

Commodity	Status
Palm Oil	Working with TFT to compile a comprehensive picture across Malaysia & Indonesia
Paper	Low level risk (working with TFT). Assessments carried out across all major pulp producing countries and packaging manufacturers
Sugar	Working with ProForest to compile a comprehensive picture across all cane geographies (Brazil, India, Mexico, Australia, Thailand etc). India: High Risk
Soya	Low level risk (working with ProForest). Assessments carried out across Brazil, Argentina and USA
Coffee	Farmer Connect. Compiling picture across Côte d'Ivoire, Indonesia, & Mexico. Some info on Brazil & Ethiopia Trade: no visibility We are largely relying upon 4C and our partner Rainforest Alliance
Cocoa	Côte d'Ivoire Good. Working with ICI and Fair Labor Association Other countries (key ones: Indonesia, Ghana, Ecuador): no visibility. Reliant upon UTZ certification
Dairy	Compiling a comprehensive picture across multiple countries based upon Responsible Sourcing Programme (with SGS and World Animal Protection) and Farmer Connect (in house agronomists)
Meat, Poultry, Eggs	Compiling a comprehensive picture across Europe, North America, China and Thailand based upon Responsible Sourcing Programme (with SGS and World Animal Protection)
Cereals	Risk country specific eg Russia Work addressed via the Responsible Sourcing Programme. This commenced only in 2016
Hazelnuts	Specific to child labour Turkey. Working with Fair Labor Association
Vanilla	Focus on child labour in Madagascar (We have not investigated other issues). Working with trade suppliers and ECOCERT
Fish & Seafood	Thailand underway. Working with Verité We have not yet investigated other countries we source from.

Whilst the work on the ground with partners and through our responsible sourcing programme has to date not provided a complete geographic picture, the following are some broad findings of gaps against acceptable standards. In listing these we recognize that this might not be a definitive picture, only what we have so far uncovered.

We have found a **High Incidence** of the following risks:

- Palm Oil: Forced labour, employment contracts, health & safety, accommodation & basic services
- Sugar: accommodation & basic services, working time, safety & health
- Coffee: basic services (WASH), living wage (workers)
- Dairy: safety & health
- Meat/Poultry/Eggs: safety & health
- Cocoa: child labour and other labour rights related risks in Côte d'Ivoire
- Hazelnuts: child labour and other labour rights related risks in Turkey
- Fish & seafood: forced labour in Thailand
- Grievance mechanisms across all commodities

We have found a **Low/No incidence** of the problems in:

- Paper packaging (virgin fibre sourcing) and soya
- Palm Oil: child labour, freedom of association, working time
- Sugar: forced labour, freedom of association, child labour
- Dairy: Freedom of association and collective bargaining, forced labour and bonded labour, child labour, worker accommodation and basic service needs, working time, and living wages.
- Meat/Poultry/Eggs: Freedom of association and collective bargaining, forced labour and bonded labour, child labour, worker accommodation and basic service needs, working time, and living wages.

We have discovered that we **need more data/insights** on:

- Cereals: This is due to the recent addition of this category to our responsible sourcing programme. However, we do expect that labour issues are likely to be of low significance in cereals.
- Living wages across all commodities.
- The use of casual labour across all commodities.
- Coffee: We have some insights from the Nescafé Plan M&E work, plus that of partners such as Technoserve in Ethiopia, and campaigning NGOs. The reliance on 4C/SAN is however a weakness as the incidence of labour issues is not recorded (see below)
- Dairy: Some of our HRIAs have uncovered problems on health & safety, forced labour and worker accommodation and basic services on industrial farms in Asia. The top down assessment also highlighted dairy as a relatively high risk commodity.
- Cocoa & Seafood: We have good information on child labour in Côte d'Ivoire and labour issues in the Thailand seafood supply chains, though the reliance on certification in other countries is a weakness as the incidence of labour issues is not recorded
- Vanilla: whilst we work on child labour, we have less insights on other labour rights issues

Ambition, Priority Practices & Locations

Nestlé is against all forms of human rights violations, including labour rights violations, and is committed to developing and conducting its business in a way that complies with all applicable national laws and international human rights standards. We are committed to respecting and promoting human rights, including labour rights in our entire supply chain, and we require our suppliers to operate accordingly and similarly respect and promote all human rights, including labour rights, throughout their supply chains.

Based on our experience, we understand that different engagement and remediation strategies will be needed according to the characteristics of the supplier:

- Large companies with their own policies
- Medium sized companies
- Smaller (absentee) landowners
- Small-holders with permanent labourers
- Small-holders using migrant (itinerant)/seasonal labour

In general we believe that progress is mostly likely to be initially possible by leveraging our commercial relationship with, and working through larger supplier companies, and through them to small-holders from whom they are buying. We can in parallel work with small-holders from whom we are buying directly. The risks are likely to be higher, though remediation more difficult with smaller scale farmers and where seasonal labour is used.

Due to the sourcing of multiple commodities from some countries and the level of labour risks that they present, a more country specific focus might be required in the following cases (see Annex III for more details):

- Indonesia
- Brazil
- Mexico
- Thailand
- India
- China
- Malaysia
- Colombia
- Argentina
- Côte d'Ivoire
- Dominican Republic

All commodities have issues, so we are not prioritizing any one commodity over others. Some issues (eg accommodation, health & safety) are however more straightforward than others to address and implement remediation actions – indeed in some cases it is still not clear how to tackle the topic (eg living wage). We will continue to engage with our business partners and external stakeholders on these topics. Nestlé has however set its ambitions and specific commitments on the seven issues, together with a series of timelines to guide its remediation work to eliminate unacceptable practices from its sourcing activities. This ambition is presented below.

Cross-cutting Action: Engagement & Advocacy

Whilst Nestlé will continue to take actions in its own supply chains, it recognises that the scale of the challenge regarding labour rights in agriculture means that collective action is required both to define appropriate interventions and to align approaches and expectations with suppliers, governments, other companies and civil society. Engagement and Advocacy work by Nestlé will cover six key audience groups:

1. *Suppliers & Farmers:* Suppliers and farmers in our supply chains are the main stakeholder for Nestlé to engage with to address labour practices. We will engage through our Tier 1 Auditing Programme, Responsible Sourcing and Farmer Connect operations. These programmes work closely with suppliers and farmers to assess performance, raise awareness of a wide range of topics, provide training and develop remediation plans to close gaps, often supported by Nestlé.

We will favour of suppliers who are making continual improvements in labour standards, and reduce business with those that are not making progress. We will stop buying from suppliers who are not willing to respond to labour rights issues in their supply chain or operations.

We will strengthen the work of the Responsible Sourcing Programme and Farmer Connect in the priority countries (see above), by extending the Human Rights Impact Assessments to focus upon our commodity supply chains in these countries and from that develop remediation plans.

2. *Unions:* Trade unions on the ground can be an important resource both to help to identify issues and potential solutions. We will therefore work with suppliers to build relations with unions in high risk countries and crops.
3. *Certification and Verification Bodies:* In general, certification lowers the risk but is not suitable for adequately identifying or addressing labour issues. It is most relevant for the addressing safety & health of workers, though it is not adequate for driving a sustainable change in the working conditions of workers and for questioning the fundamental work practices. It does provide some potential to monitor & remediate the following issues:
 - Freedom of association and collective bargaining
 - Working time
 - Forced & bonded labour
 - Child labour
 - Minimum wage (not living wage)

Despite work by certification standards over the last few years to align criteria there is still a significant variation across schemes. A recent analysis by the Nescafé Plan compared different certification/verification schemes across 43 different labour and social topics. Of the 23 criteria considered key, 4C adequately addressed 6, Rainforest Alliance (SAN Standard) addressed 10 and UTZ 18. 4C covers 30% of the world coffee crop, whilst RA 5% and UTZ 8%.

Roundtable processes, especially RSPO, BonSucro, the Shrimp Sustainable Supply Chain Task Force, and RTRS all offer opportunities to raise issues and drive alignment on responses to labour rights. Certification schemes enjoy broad consumer support and therefore do need to evolve to provide better insights of labour rights issues and remediation activities. We will continue to work together with our certification partners. UTZ has already made substantial progress at the

policy level by integrating the concept of child labour monitoring and remediation as part of its cocoa code of conduct. A special mention here is for Fairtrade which potentially has the opportunity to contribute on living wage/income as this is part of its mission.

It is clear that for those commodities where we are largely relying upon certification or verification standards, namely coffee, cocoa and seafood, our approach will need to be adjusted to gather more information on these topics. Where we have a Farmer Connect programme, we are in a better position to gather such information. For example the Nescafé Plan monitoring and evaluation programme and FARMS software is allowing us to gather some relevant data and can be adapted to gather more.

4. *Governments and International Organisations:* We will engage with host government authorities and other stakeholders to ensure that labour laws adequately cover the agriculture sector and that they are adequately implemented. The topics to engage upon will depend upon the topics of focus at a country level and where we need regulatory and government support. Already we are engaged with the Government of Thailand on forced labour in seafood, the Government of Côte d'Ivoire on child labour and the Government of Turkey on child labour and good employment practices (USDOL project).

We will continue our dialogue with the ILO in order to identify opportunities for further collaboration in priority countries and on priority labour issues. We will also continue our engagement with the UN Global Compact.

5. *Civil Society, Multi-stakeholder and Technical Expert Partners:* We will engage specialist partners to provide recommendations for action and to independently audit performance. We will also engage with specialists and specialist collaborative platforms, to improve our understanding of the issues and solutions. The specialists and platforms we are currently engaged with include:

- Fair Labor Association. A platform bringing together companies, academics and civil society technical experts.
- Danish Institute for Human Rights
- Verité
- Global Coffee Platform. Recently formed, this brings together all actors in the coffee sector and is starting to tackle issues in a pre-competitive manner.
- International Cocoa Initiative
- CocoaAction
- IDH – an established pre-competitive platform covering various commodities, and providing the potential for addressing labour rights topics.
- Living Income Working Group (ISEAL, Sustainable Food Lab & GiZ). This multi-sectoral group is working to share best practices and align different organisations on living income.

6. *Industry Associations:* We will develop collaborative actions with industry associations including: the Consumer Goods Forum which already has a commitment to tackle forced labour and will be developing more specific guidance during 2017; AIM Progress which is aligning industry actions and developing collaborative actions on human rights in general, including sharing of audit results (SMETA); and IDH which also provides an opportunity to collaborate in individual commodities.

We will engage with investors who are increasingly interested in addressing human rights issues.

Issue-specific Action: Targeting the Most Salient Labour Rights Issues

Health & Safety:

Through existing programmes (responsible sourcing and certification) we already have activity on health & safety. This is an important “entry point” with suppliers to discussing all labour practices and building trust to tackle more difficult issues (below).

During 2017 & 2018 we will gather further data to understand where we have material risks in our supply chains on health and safety. We will work with key suppliers to establish suitable measurable KPIs to measure progress on health & safety that is comparable to our efforts on health & safety in our own (direct) Nestlé operations. As from 2019 we will progressively roll out this system to our major Tier 1 suppliers (based upon a material risk analysis), and thereafter to Tier n, farmer cooperatives and farmers & farm workers.

Special emphasis will be put on the safety and health issues faced by women, and we will also investigate access to healthcare for workers.

Worker Accommodation & Basic Service Needs:

We already have remediation actions underway on worker accommodation, and in 2017 we will specifically focus upon worker accommodation in sugar sourcing in Latin America.

As is the case with H&S this is an important “entry point” with suppliers to discussing all labour practices and building trust to tackle more difficult issues (below). During 2017 we will create a minimum standard for worker accommodation, both permanent and temporary and measurable KPIs, and work with partners and suppliers to gather relevant data. We will then progressively roll this out across Tier 1 suppliers and then Tier n, farmer cooperatives and farmers & farm workers.

Working time:

As is the case with H&S this is an important “entry point” with suppliers to discussing all labour practices and building trust to tackle more difficult issues (below). One important challenge in this area is to better understand what the impact of seasonality on working time is, and how this could be addressed.

During 2017 we will work with suppliers on how to gather relevant data (recognizing the difficulties associated with seasonal working and often illiterate work forces. We will then progressively roll out a reporting and remediation scheme to Tier 1 and then Tier n suppliers.

Grievance Mechanisms & Access to Remedy

In 2017 and 2018, we will continue to extend our Tell Us system to external stakeholders to allow them to report non-conformities in an anonymous way. We will investigate what issues are being reported and are being resolved through this system in order to guide its roll-out and strengthen the process.

By 2020, we will pilot different grievance mechanism models to the upstream supply chain (suppliers and supplier workers) as it comes with specific technical and cultural barriers that need to be carefully addressed.

Freedom of Association and Collective Bargaining:

In vertically-integrated plantations that very often use waged workers with formal contracts, certification and verification schemes and our own assessment programmes with partners should be able to identify any negative impact on workers' right to freedom of association and collective bargaining. We will continue to work with our verification and certification partners on that front and train them when necessary.

We will work with suppliers to promote the right for their workers to establish and join organisations of their choosing and engage in constructive negotiations.

For small-holder farmers who tend to rely either on mutual help mechanisms (non-waged workers) and very often don't use oral or written contracts, this is much more difficult. One element to explore might be the farmers' cooperatives structures where they exist. In 2017, we will engage a discussion with the ILO and the FLA to better understand what freedom of association and collective bargaining means in the context of small holder farming.

Forced Labour and Bonded Labour:

We already have activities underway in Thailand on seafood, and palm oil in Indonesia and Malaysia, and have been working with the Consumer Goods Forum which has prioritized the elimination of forced labour as one of its priorities for collective action.

The immediate priority is that: no worker should pay for a job; every worker should have freedom of movement; no worker should be indebted or coerced to work. Allied to transparency of wages, these measures will be a focus of efforts across commodities. In parallel we will collaborate with specialist partners to identify and remediate other manifestations of forced labour.

During 2017 we will identify measurable KPIs, work with suppliers to gather more comprehensive relevant data, and extend remediation efforts.

Child Labour:

We already have well embedded and mature programmes to tackle child labour in cocoa in Côte d'Ivoire and hazelnuts in Turkey where child labour is endemic, as well as projects on vanilla in Madagascar. During 2017 we will extend this work to other commodities by identifying remediation efforts for other commodities. We will continue to focus efforts in other commodities on vulnerable groups, especially the children of migrant workers and girls.

During 2018 we will progressively roll out this system to our major suppliers and commence reporting upon progress.

Living Wage:

We believe that workers' pay and benefits must not only comply with applicable laws and industry standards, including any binding collective agreements, but also that wages should always be enough to meet basic needs for workers and their dependents, and to provide some discretionary income. Nestlé is

committed to raise low wages and we understand the challenges posed by closing gaps to achieve living wages, nonetheless we believe that continuous improvement is needed in this direction.

For small holder farmers the more relevant measure is living income¹. This is a more difficult concept to address, in that the commodity that we buy is usually only a part of the income of farmers. Income for any one commodity is also influenced by volumes produced and quality of the crop, production costs, payment of premiums for quality or sustainability performance, and pricing. Volumes produced itself is dependent upon yield per area and the area cultivated. For many of our key commodities world market prices determine the price paid and these are dependent upon a variety of factors from weather to the role of traders/speculators. What is a living income is also affected by personal circumstances (number of children & dependents, degree of food self-sufficiency etc.).

Our current approach with small holders (through Farmer Connect) is therefore focused upon “farm economics” which comprises the factors where we can directly intervene – crop yield, quality, costs and the payment of quality/sustainability premiums. Farmer field schools are our main mechanism by which we provide training to farmers to increase the productivity and quality of their crops, improve the way they manage the farm, including input costs, and grow other crops to provide different income sources. We also work on supporting farmer organisations and professionalizing the supply chain to provide better visibility on prices, improve payment systems and reduce waste.

We are members of the Fair Labor Association where living wages are an area of focus, and also participating in the Living Income Working Group (led by ISEAL, Sustainable Food Lab and GiZ) and will continue to participate in order to continue to further the agenda, learn and align on methodologies. In particular innovations and new thinking is required on:

- how to support farmers who do not have a critical land area to develop a farm able to provide a living income.
- “fair compensation” (ie wage and other benefits, plus personal situation)
- Understanding the wage ladder (minimum wage, prevailing wage, wage for adequate nutrition living wage), and measuring if there is progress along the wage ladder
- Understanding if the procurement price allow minimum needs to be met

During 2017 & 2018 we will: continue to engage externally to develop a better understanding of the identification and methods that can be applied to promote and deliver living wages & incomes; undertake pilot projects in four countries and commodities to understand better both living wages and incomes; gather further data to understand where we have vulnerable workers and farmers in our supply chains; work internally and with partners and key suppliers to establish suitable measurable KPIs to measure progress to address wages and income levels.

As from 2019 we will progressively roll out this system to our major suppliers and Farmer Connect farmers (based upon a material risk analysis); Report annually upon progress (KPIs)

¹ Living income is the net income a household would need to earn to enable all members of the household to afford a decent standard of living. Elements of a decent standard of living thereby include: food, water, housing, education, healthcare, transport, clothing, and other essential needs including provision for unexpected events. Source ISEAL

Functional Responsibility for delivery & monitoring of progress

1. **Setting Strategy** for addressing Labour Rights Issues for each commodity: Strategic Business Units.
For addressing Labour Rights at a country level: Zone Management
2. **Implement Strategy** (drive traceability, assess performance and implement remediation actions):
Procurement and Agriculture
3. **Monitoring of Progress on Strategy and Implementation:** “Communities” Leadership Committee²,
Supply Committees, Issue Round Table (IRT)³.
4. **Monitor regulatory development** and engage with international bodies and other stakeholders:
Public Affairs
5. **Technical Guidance and Recommendations** regarding strategy, implementation, issues management, monitoring of public and expert opinion, and communications is provided by the Human Rights Working Group, composed of functions and technical experts.
6. **Specialist leadership** within Nestlé on the eight issues is provided as follows:
 - Health & Safety: CO-Safety & Health
 - Worker Accommodation & Basic Service Needs: Human Resources
 - Working Time: Human Resources
 - Grievance Mechanisms & Access to Remedy: Group Compliance
 - Freedom of Association & Collective Bargaining: Human Resources
 - Forced Labour: CO-Procurement
 - Child Labour: CO-Procurement
 - Living Wage: Human Resources
7. **Staff Training & Awareness** the provision of staff training on the contents of this Commitment and guidelines to tackle labour rights issues: Procurement, Agriculture, Public Affairs and Human Resourced

² Exact name to be defined as part of company’s new purpose governance structure

³ The IRT specifically tracks progress upon: Forced & Bonded Labour, Child labour, accommodation & basic service needs, living wage and freedom of association & collective bargaining. The IRT is also used for the escalation of issues requiring senior management attention.

Reporting on this Roadmap

The principle reporting upon progress to achieve this Roadmap will be carried out through the Nestlé in Society Report produced annually in March/April. This will cover:

- an assessment of the material risks and the responses that the company is taking
- remediation - the actions and progress made against all unacceptable practices
- the advocacy work undertaken
- communication to key audiences including consumers

We will begin reporting upon progress made in 2018. In addition to reporting on the above actions on due diligence and remediation we will also measure the number of livelihoods that we are impacting. In most cases the Sustainable Development Goals provide suitable KPIs. Note that the SDGs provide a KPI⁴ to allow us to track progress on women's empowerment, (highlighted as a precondition for success).

Labour Right	SDG KPI with #	Notes
Accommodation & basic service needs	# of workers with access to basic services 1.4.1	Need to define acceptable standards for accommodation
Child labour	# of children no longer engaged in child labour 8.7.1 # of children under 5yrs with a birth certificate 16.9.1	No double count
Freedom of association & collective bargaining	# of people with labour rights in compliance with ILO & national legislation 8.8.2	We will need to assess the current baseline
Forced labour	# of people with labour rights in compliance with ILO & national legislation 8.8.2	We will need to assess the current baseline
Living wage	#workers living above poverty line 1.2.1	We will need to assess the current baseline
Health & safety	# of people with fatal & non-fatal injuries 8.8.1	Measure is actually likely to be the improvement in our performance vs industry baseline - ie livelihoods improved
Working time	# of people with labour rights in compliance with ILO & national legislation 8.8.2	We will need to assess the current baseline

⁴ # of women in managerial positions 5.5.2

ANNEX I: Nestlé's Human Rights Salient Issues

	Nestlé employees	Suppliers employees	Farmers and farm workers	Communities	Consumers
FoA & collective bargaining	X	X	X		
Working time	X	X	X		
Accommodation & basic needs	X	X	X		
Safety & health at work	X	X	X	X	
Living wage	X	X	X		
Data protection and privacy	X		X		X
Child labour		X	X		
Forced labour		X	X		
Land acquisition			X	X	
Access to water & sanitation	X	X	X	X	
Access to grievance mechanisms	X	X	X	X	X

ANNEX II: Top-down Analysis of High-Risk Commodities and Countries

*: direct sourcing

(): risk unknown but due diligence advised (Vérité)

1. Accommodation & basic service needs ⁵	
Cococa	Côte d'Ivoire*, Ecuador*, Ghana* Mexico, Nigeria
Coffee	China*, Colombia*, Costa Rica Côte d'Ivoire*, Guatemala, India* Mexico*
Dairy	China*, Colombia*, Ecuador*, India* Mexico*, Morocco*, Nigeria*, Pakistan*
Palm oil	China, Malaysia, Mexico
Fish & seafood	Malaysia
Sugar	Australia, Colombia, Costa Rica, Ecuador Guatemala, India, Malaysia, Mexico Pakistan, United States
Pulp & paper	China, India, Malaysia, Mexico
Soya	China, United States
Meat, poultry and eggs	China (pork) Mexico (beef, chicken, pork)
Cereals	France, Russia, United Kingdom

⁵ Proxies used :

- Risk that migrant workers are treated unfairly (qualitative)
- Characteristics of population that are migrants (%)

2. Child labour ⁶	
Cocoa	(Brazil)*, Cameroon, Côte d'Ivoire* Ghana*, (Indonesia)*, (Mexico)* Nigeria
Coffee	(Brazil)*, Colombia*, Côte d'Ivoire* El Salvador, (Ethiopia), Guatemala Guinea, Honduras, (India)*, (Indonesia)* Kenya, Mexico*, Nicaragua, (Peru) Tanzania, Uganda
Dairy	Brazil*
Palm oil	Indonesia, Malaysia
Fish & seafood	Indonesia
Sugar	Colombia, Dominican Republic El Salvador, Guatemala, India, Mexico Panama, Thailand, Turkey
Vanilla	Madagascar
Hazelnuts	Turkey
Meat, poultry and eggs	Brazil (beef), Philippines (pork)

3. Freedom of association & collective bargaining ⁷	
Cocoa	Cameroon
Coffee	Cameroon, China*, Colombia*, Laos Myanmar, Vietnam*
Dairy	China*, Colombia*
Palm oil	China, Malaysia
Fish & seafood	Malaysia, Myanmar
Sugar	Colombia, Malaysia, Cuba United States
Pulp & paper	China, Malaysia, Vietnam
Soya	China, United States
Meat, poultry and eggs	China (pork), Vietnam (pork)
Cereals	Russia

⁶ Indicators used: US Department of Labour, Bureau of International Affairs (ILAB): [“Sweat & Toil: Child Labor, Forced Labor and Human Trafficking Around the World”](#); Verite’s [Responsible Sourcing Tool](#)

⁷ Indicators used :

- Risk that the country lacks or does not enforce the right to freedom of association
- Risk that the country lacks or does not enforce the right to collective bargaining

4. Forced labour ⁸	
Cocoa	(Brazil)*, Côte d'Ivoire*, (Indonesia)* (Mexico), Nigeria
Coffee	(Brazil)*, Côte d'Ivoire*, El Salvador (India)*, (Indonesia)*, (Peru)*
Dairy	Brazil*
Palm oil	Malaysia
Fish & seafood	Myanmar, Thailand
Sugar	Brazil, Dominican Republic, Pakistan
Pulp & Paper	Brazil
Meat, poultry and eggs	Brazil (beef)

5. Living wage ⁹	
Cocoa	Brazil*, Colombia, Côte d'Ivoire* Dominican Republic, Ecuador*, Ghana* Indonesia*, Mexico, Venezuela*
Coffee	Brazil*, Colombia*, Costa Rica Côte d'Ivoire*, El Salvador, Ethiopia Guatemala, Honduras, India*, Indonesia* Jamaica, Laos, Malawi, Mexico* Nicaragua, Philippines*, Thailand* Uganda, Vietnam*
Dairy	Argentina*, Brazil*, Colombia* Dominican Republic*, Ecuador*, India* Indonesia, Jamaica*, Mexico* Pakistan*, Panama*, South Africa* Sri Lanka*, Thailand, Trinidad & Tobago*
Palm oil	China, Indonesia, Thailand
Fish & seafood	Indonesia, Malaysia, Thailand

⁸ Indicators used: US Department of Labour, Bureau of International Affairs (ILAB): [“Sweat & Toil: Child Labor, Forced Labor and Human Trafficking Around the World”](#); Verite’s [Responsible Sourcing Tool](#)

⁹ Proxy used : Risk of sector average wage lower than country’s minimum wage

Sugar	Brazil, Colombia, Costa Rica, Cuba Dominican Republic, Ecuador El Salvador, Guatemala, Honduras India, Indonesia, Malaysia, Mexico (Mozambique), Nicaragua, Pakistan Panama, Philippines, Thailand
Pulp & paper	Argentina, Brazil, India, Indonesia Malaysia, Mexico, South Africa Taiwan, Thailand, Vietnam
Soya	Argentina, Brazil
Vanilla	Madagascar
Meat, poultry and eggs	Argentina (beef, chicken) Brazil (beef, pork, chicken, eggs) Indonesia (chicken, eggs) Mexico (beef, pork, chicken, eggs) Philippines (pork) Taiwan (pork) Thailand (pork, chicken) Vietnam (pork)
Cereals	Argentina, Brazil, Mexico, Russia

6. Health & safety¹⁰	
Cocoa	Dominican Republic
Coffee	Costa Rica, Ethiopia, Guinea Honduras, India*, Nicaragua
Dairy	Argentina*, Dominican Republic* India*
Sugar	Costa Rica, Dominican Republic Honduras, India, Nicaragua
Pulp & paper	Argentina, India
Soya	Argentina
Meat, poultry and eggs	Argentina (beef, chicken)
Cereals	Argentina, France

¹⁰ Proxy used : Risk of non-fatal injuries by sector

7. Working time¹¹	
Cocoa	Indonesia*
Coffee	Guinea, Indonesia*, Tanzania Thailand*, Zimbabwe
Dairy	Indonesia*, Thailand*, Zimbabwe*
Palm oil	China, Indonesia, Thailand
Fish & seafood	Indonesia, Thailand
Sugar	Indonesia, Thailand
Pulp & paper	Indonesia, Thailand
Meat, poultry and eggs	Thailand (pork, chicken) Indonesia (chicken)
Eggs	Indonesia

¹¹ Indicator used : Risk of excessive working time by sector

ANNEX III: Summary of Results From Top-down Analysis

High-risk points by commodity category:

Coffee	65
Sugar	52
Dairy	33
P&P	32
Cocoa	24
Meat	16
Palm Oil	14
Fish & Seafood	11
Cereals	10
Soya	7
Vanilla	2
Hazelnuts	1

High-risk points by country:

Indonesia	23
Brazil	18
Mexico	18
Thailand	16
India	15
China	14
Malaysia	13
Colombia	12
Argentina	10
Côte d'Ivoire	8
Dominican Rep.	8
Guatemala, Ecuador, Costa Rica, Vietnam	6
El Salvador, Honduras, Nicaragua, Pakistan	5
Nigeria, Philippines, United States	4
Cameroon, Ghana, Ethiopia, Guinea, Panama, Russia, Myanmar	3
Peru, Tanzania, Uganda, Turkey, Madagascar, Jamaica, Laos, South Africa, Cuba, France, Zimbabwe	2
Kenya, Venezuela, Malawi, Sri Lanka, Trinidad & Tobago, Mozambique, United Kingdom, Australia	1