

Nestle Action Plan on Labour Rights in Palm Oil Supply Chains

Background

Focus	Country: Indonesia, with lessons learned applied globally Ingredient: Palm Oil Issue Area: Labour Rights Supply Chain Tier: Upstream, with focus on independent producers
Relevant Nestle Policies	Nestle Supplier Code Nestle Responsible Sourcing Guidelines Nestle Commitment on Child Labour in Agricultural Supply Chains Nestle Commitment on Labour Rights in Agricultural Supply Chains
Objective	<ul style="list-style-type: none"> • Improve current responsible sourcing systems and approaches to better address labour risks • More effectively address specific labour risks through targeted activities and new partnerships
Context	<p>There is increasing global awareness of labour rights risks in palm oil supply chains. Amnesty International released a report, for example, in November 2016 about child labour and forced labour in palm oil supply chains in Indonesia, focusing on the role of global brands and palm oil trader Wilmar. Several Nestle suppliers have since assessed their own operations and undertaken activities to address specific labour abuses identified.</p> <p>In July 2017, Nestle worked with supplier, Golden-Agri Resources (GAR), the Danish Institute for Human Rights (DIHR), and The Forest Trust (TFT) to systematically assess labour risks in the upstream of our supply chains in Indonesia, with a focus on independent producers, complementing existing analyses of our suppliers' operations. From the assessment, Nestlé identified priority areas to address, including health and safety risks, child labour and unpaid labour, wages below the minimum wage, and community environmental impacts. Conditions that enable these risks included: informality at site and worker level, approaches used in risk assessment and monitoring of our supply chains that are insufficiently adapted to identifying labour risks, low level of influence over operations of independent mills and producers, enforcement of government regulations, and low awareness of responsible sourcing requirements among the upstream.</p>

Approach

Rationale	Identified labour issues and their enablers are industry-wide challenges in the Indonesian palm oil sector and more broadly. To address these challenges, it is necessary to partner with a variety of stakeholders and use different tools at different cross sections of the supply chain to systematically address the challenges faced with the most effective remedial processes.
Approach	<ol style="list-style-type: none"> 1. Work with our direct suppliers to cascade labour rights requirements through the supply chain 2. Work with our implementation partners to improve assessment and monitoring procedures 3. Work with our implementation partners and strategic suppliers to address specific labour issues and co-create innovative solutions in our shared upstream supply chain 4. Work with civil society and industry to collaborate on expectations and engage government

2018 Action Plan

	Objective	Enabling Factor Addressed	Area of Focus	Action
1	Cascade Nestle Supplier Code & RSG requirements throughout the supply chain to points of origin	Awareness of responsible sourcing requirements upstream	Nestle tier 1 suppliers and shared upstream supply chains	<ul style="list-style-type: none"> • Issue communication to all tier 1 suppliers about the findings of the Labour Rights Assessment, reiterating the Nestle Supplier Code, RSG, and relevant policies • In commercial discussions, responsible sourcing assessments, and monitoring visits, confirm cascading of Supplier Code or equivalent, and assess awareness of labour requirements • Via a new partnership with Verité, conduct ground verification and launch a Supplier Performance Improvement Program in key sourcing regions
2	Improve current assessment and	Approaches used in risk assessment and monitoring of our supply chains are insufficiently adapted	Refinery-based supply shed assessment	<p>Work with our implementation partner (TFT) to:</p> <ul style="list-style-type: none"> • Ensure interview techniques (workers, stakeholders, and management) represent best practice • Ensure each assessment specifically reviews: legality of the site and workers, employment contracts, OHS SOPs and

	monitoring procedures	to identifying labour risks Informality at site and worker level Health and safety risks, child labour and unpaid labour, wages below the minimum wage, and community environmental impacts		trainings, use of PPE, payment systems, child labour monitoring mechanisms, EIAs, and grievance mechanisms for communities and workers <ul style="list-style-type: none"> • Ensure monitoring visits apply social impact assessment best practice and assess priority labour risk areas
3	Increase visibility into upstream supply chains	Informality at site and worker level Awareness of responsible sourcing requirements upstream	Nestle tier 1 suppliers and upstream	Increase visibility into upstream supply chain in order to identify potential high labour risk sites via: <ul style="list-style-type: none"> • Annual supply chain mapping and analysis of high labour risk sites • Systemic supplier engagement to monitor annual progress against action plans to address labour risks • Based on supply chain mapping and progress reporting, target upstream interventions (Obj. 4) to these sites and remove where not open to change
4	Collaborate to transform the upstream supply chain	Awareness of responsible sourcing requirements upstream Low influence in independent sites Health and safety risks, child labour and unpaid labour, wages below the minimum wage, and community environmental impacts	Upstream supply chains	Conduct issues specific trainings and transformation activities with industry partners that directly reach beyond Tier 1 suppliers to the upstream supply chain: <ul style="list-style-type: none"> • Partner with other palm oil buyers to conduct workshops in major palm oil producing regions in Indonesia, focusing on core issues of wages, employment contracts and grievance mechanisms, as well as issues that are identified in other regions such as forced labour and working hours • Partner with governmental donors or intergovernmental agencies with labour subject matter expertise to address industry issues at scale on specific issues, such as via the ILO Decent Work in Palm Oil Program • Apply findings of the Children in Plantations consultations funded in 2017 to prioritize 2018 initiatives to address child labour • Support TFT Centre for Social Excellence which will conduct trainings with Nestle supply chains • Support transformation initiatives with upstream suppliers to address specific issues identified in Labour Rights Assessment • Demonstrate initiatives to mitigate community environmental impacts with one country, supplier, and issue and share lessons learned with other suppliers • Via partnership with Verité, strengthen risk management among suppliers through capacity building and action planning • Map stakeholders and potential partners for further upstream collaboration
5	Address risks at smallholder sites	Health and safety risks, child labour Low awareness of requirements among the upstream	Smallholders	<ul style="list-style-type: none"> • Improve on current direct engagement with smallholders in partnership with Tier 1 suppliers that builds smallholder resiliency, builds linkages between smallholders and mills, and implements Good Agricultural Practices, to additionally incorporate health and safety and child labour elements into a holistic smallholder resilience model

				<ul style="list-style-type: none"> • Review the Nestle Responsible Sourcing Guidelines and establish an interpretation with and for smallholders that drives best practice on labour and environmental risks while also building smallholder inclusion
6	Engage industry and government	Low influence in independent sites, enforcement of government regulations, and general awareness of requirements among the upstream	Palm oil industry Consumer Goods Industry	<p>Via engagement with the Consumer Goods Forum (CGF), AimProgress, the Roundtable for Responsible Palm Oil (RSPO), the Responsible Labor Initiative (RLI), and the International Labour Organization (ILO) advocate for:</p> <ul style="list-style-type: none"> • Strengthening of the legal framework and regulatory enforcement in producing countries • Stronger inclusion of labour rights in the RSPO Principles and Criteria revision • Inclusion of labour rights findings in the Indonesian National Action Plan for Sustainable Palm Oil • Industry collaboration in developing and deploying tools for labour best practices