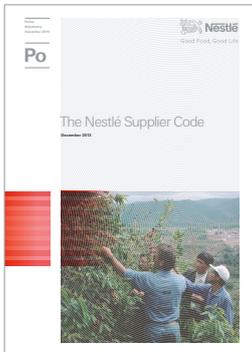


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## Appendix to The Nestlé Supplier Code

# Nestlé Commitment on Labour Rights in Agricultural Supply Chains

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 improving human rights, including labour rights in our entire supply chain, and we require our suppliers to operate accordingly and similarly respect and improve all human rights, including labour rights, throughout their supply chains.

Agricultural supply chains<sup>1</sup> present a number of human rights risks that are addressed in specific Nestlé policies and commitments<sup>2</sup>. This commitment summarizes and clarifies how we address labour related risks in agricultural supply chains in particular. It builds upon the existing work of our human rights impact assessments, our responsible sourcing programme and our Farmer Connect activities.

- 1 Agricultural supply chains include forestry and seafood
- 2 Nestlé Corporate Business Principles, the Nestlé Supplier Code, our Responsible Sourcing Guidelines, the Nestlé Policy on Environmental Sustainability, the Nestlé Commitment on Child Labour in Agricultural Supply Chains, and the Nestlé Commitment on Rural Development
- 3 ILO Convention Nos: 29 on Forced Labour; 87 and 98 on the rights of workers to Freedom of Association and Collective Bargaining; 100 on Equal Remuneration; 105 on Abolition of Forced Labour; 111 on Discrimination; 138 on the Minimum Age; 182 on the Elimination of the Worst Forms of Child Labour
- 4 See separate Nestlé Commitment on Child Labour in Agricultural Supply Chains
- 5 Palm Oil, Sugar, Coffee, Cocoa, Dairy, Cereals, Soya, Seafood, Meat/Poultry/Eggs, Hazelnuts, Vanilla, Paper Packaging

Nestlé fully supports the United Nations Framework and Guiding Principles on Business and Human Rights and the eight International Labour Organisation (ILO) fundamental conventions<sup>3</sup>. Regarding Labour Rights in Agricultural Supply Chains the ILO Convention No. 181 on Private Employment Agencies and ILO recommendation 115 on Workers Housing are of particular relevance.

Nestlé uses a wide range of agricultural, seafood and forest products as ingredients and we are committed to improve the often poor working conditions in these supply chains. Based upon our own experience, and consultations with our partners and external stakeholders, we have identified the following labour practices as requiring particular attention: freedom of association and collective bargaining, forced and bonded labour, child labour<sup>4</sup>, safety and health of workers, worker accommodation and access to basic services (water, medical care etc), working time and living wages.

Our efforts and resources to address these issues will be mainly focused on the commodities<sup>5</sup> that have been identified as a priority for our work on Responsible Sourcing. Nestlé is committed to working with suppliers to ensure that working conditions throughout their supply chains (both their direct labour force, as well as third party contractors) comply with applicable laws and industry norms, and that suppliers adopt a continuous improvement approach to labour standards.

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 the worker 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.

We further also recognize the unique position and needs of women, and that women are often impacted differently to men by working conditions and that interventions will therefore need to be designed and operated appropriately.

Specifically Nestlé commits to the following:

### **1. Legal Compliance and International Framework**

Nestlé complies with all applicable national laws and respects internationally recognized human rights standards, including labour rights as defined by the ILO. Nestlé requires that its suppliers along the value chain meet the same standards and work toward them through credible and measurable continuous improvement.

### **2. Continuous Improvement**

Nestlé will promote and implement measures to manage and address labour rights in its agricultural supply chains by:

- Ensuring that there is functional responsibility within Nestlé for the delivery and monitoring of this commitment
- Integrating labour rights into our annual corporate wide human rights risk assessment process
- Undertaking human rights impacts assessments in close collaboration with relevant third party experts
- Undertaking assessments of suppliers as part of our Tier 1 audit programme and Responsible Sourcing and Traceability Programme
- Operating an external confidential company grievance mechanism and responding in a timely manner to all cases brought to our attention
- Taking action to address labour rights infringements across our supply chains, identified through our impact assessments, supplier assessments and grievance mechanism

- Working with our suppliers of priority commodities to improve labour rights wherever infringements are identified. In this regard we will focus upon the following priorities:
  - Freedom of association and collective bargaining
  - Forced and bonded labour
  - Child labour
  - Safety and health of workers
  - Worker accommodation and basic service needs
  - Working time
  - Living wages

### **3. Stakeholder Engagement and Advocacy**

Nestlé will work directly with recognized experts, and will engage with governments, industry platforms and associations, suppliers, communities, farmers, unions, workers organisations, civil society organisations and other relevant stakeholders to seek to improve labour standards, practices and the effectiveness of its continuous improvement measures by:

- Raising the visibility of labour rights at a national and international level
- Strengthening the development and implementation of regulatory frameworks, and addressing systemic labour rights issues within supply chains
- Encouraging the continued development of widely accessible public information, and early warning systems on areas of high risk, infringements and other non-compliances

### **4. Report on Progress**

We will report publicly on labour rights in agricultural supply chains on a regular basis and as part of our annual Nestlé in Society report, including:

- The roadmap to deliver upon this Commitment and on the progress made
- The material risks within our agricultural supply chains relating to labour rights, and our strategic responses
- Actions to improve the effectiveness of our continuous improvement measures in respecting labour rights in our agricultural supply chains
- Our contribution through advocacy work towards more effective implementation of human rights and improved labour practices in global agricultural supply chains