



[2017]

## FAIR LABOR ASSOCIATION INDEPENDENT EXTERNAL MONITORING AGRICULTURAL REPORT

**Company:** Nestle

**Country:** Ivory Coast

**Crop:** Cocoa

**Production Process:** Harvesting

**Cooperative:** Socaet

**Assessment Locations:** District du Bas-Sassandra, Région de la NAWA,  
Département de Méagui, Sous-préfecture de Méagui.

**Monitors:** Societal Compliance Initiative (SCI)

**Assessment Dates:** 26 September – 05 October 2017

**Number of assessed farms:** 60

**Total area covered:** 232 ha

**Number of farmers interviewed:** 60

**Total number of workers:** 157

**Number of workers interviewed:** 63

To view more about the FLA's work with Nestle, please visit the FLA website [here](#).

To access the FLA Agriculture Monitoring Benchmarks, please visit [this page](#).

## Employment Relationship

### Compliance Status

| Section                          | Benchmark    | Compliance status     | Farms     |
|----------------------------------|--------------|-----------------------|-----------|
| Human Resource Management System | ER.1.1       | In compliance         |           |
|                                  | ER.2.1 (PR)  | IN Progress           | All Farms |
|                                  | ER.2.1.1(PR) | IN Progress           | All Farms |
| Recruitment and Hiring           | ER.3.1       | Risk of Noncompliance | All Farms |
|                                  | ER.3.1.1     | Risk of Noncompliance | All Farms |
|                                  | ER.3.1.2     | In compliance         |           |
|                                  | ER.4         | In compliance         |           |
|                                  | ER.5.1       | N/A                   |           |
|                                  | ER.5.2       | N/A                   |           |
|                                  | ER.5.3       | N/A                   |           |
|                                  | ER.6 (PR)    | Not Initiated         | All Farms |
|                                  | ER.7.1       | In compliance         |           |
|                                  | ER.7.2       | In compliance         |           |
|                                  | ER.7.3       | In compliance         |           |
|                                  | ER.7.4       | In compliance         |           |
|                                  | ER.7.5       | In compliance         |           |
|                                  | ER.7.6       | In compliance         |           |
|                                  | ER.7.7       | In compliance         |           |
|                                  | ER.7.8       | In compliance         |           |
| Terms and Conditions             | ER.9.1       | In compliance         |           |
|                                  | ER.9.2       |                       |           |
|                                  | ER.9.2.1     | In compliance         |           |
|                                  | ER.9.2.2     | In compliance         |           |
|                                  | ER.9.2.3     | In compliance         |           |
|                                  | ER.9.3       |                       |           |
|                                  | ER.9.3.1     | In compliance         |           |
|                                  | ER.9.3.2     | In compliance         |           |
|                                  | ER.9.3.3     | In compliance         |           |
|                                  | ER.10        | In compliance         |           |
|                                  | ER.11        | In compliance         |           |
|                                  | ER.12.1      | In compliance         |           |
|                                  | ER.12.1.1    | In compliance         |           |
|                                  | ER.12.2      | N/A                   |           |
| Administration                   | ER.13.1      | In compliance         |           |
|                                  | ER.13.2 (PR) | N/A                   |           |
|                                  | ER.13.3 (PR) | N/A                   |           |
|                                  | ER.15.1      | In compliance         |           |
|                                  | ER.15.2      | N/A                   |           |
|                                  | ER.15.2.1    | N/A                   |           |
|                                  | ER.16.1      | In compliance         |           |
|                                  | ER.16.2      | In compliance         |           |
| Worker Involvement               | ER.17.2 (PR) | N/A                   |           |
|                                  | ER.17.3 (PR) | N/A                   |           |
|                                  | ER.17.4 (PR) | In compliance         |           |
| Right to Organize and Bargain    | ER.18.1      | In compliance         |           |
|                                  | ER.18.2 (PR) | In compliance         |           |
| Work Rules and Discipline        | ER.19        | In compliance         |           |
|                                  | ER.20.1      | In compliance         |           |
|                                  | ER.20.2      | In compliance         |           |
|                                  | ER.20.3 (PR) | In compliance         |           |
|                                  | ER.20.4      | In compliance         |           |
|                                  | ER.20.6      | In compliance         |           |

|                       |                |               |           |
|-----------------------|----------------|---------------|-----------|
|                       | ER.20.7        | In compliance |           |
|                       | ER.20.8        | In compliance |           |
|                       | ER.20.9 (PR)   | N/A           |           |
|                       | ER.20.11       | In compliance |           |
| Training              | ER.21          | In compliance |           |
| HSE Management System | ER.24.1.       | In compliance |           |
|                       | ER.24.2 (PR)   | In compliance |           |
|                       | ER.24.3        | In compliance |           |
|                       | ER.24.4 (PR)   |               |           |
|                       | ER.24.4.1 (PR) | In compliance |           |
|                       | ER.24.4.2 (PR) | In compliance |           |
|                       | ER.24.4.3 (PR) | In compliance |           |
|                       | ER.24.4.4 (PR) | In compliance |           |
|                       | ER.24.4.5 (PR) | Not Initiated | All Farms |
|                       | ER.24.4.6 (PR) | In compliance |           |
|                       | ER.24.5 (PR)   | In compliance |           |
| Grievance Procedures  | ER.25.1 (PR)   | In compliance |           |
|                       | ER.25.2 (PR)   | In compliance |           |
|                       | ER.25.3        | Noncompliance | All Farms |
|                       | ER.25.4        | In compliance |           |

### Employment Relationship Assessment Summary

#### Proof of Age Documentation

##### Benchmarks:

**ER.3.1:** Employers shall verify proof of age documentation for all young workers in the farm at the time of their employment and work towards collecting and maintaining all documentation necessary to confirm and verify date of birth of all workers, including long term and casual workers.

**ER.3.1.1:** Employers shall take reasonable measures to ensure such documentation is complete and accurate.

**Risk of  
Noncompliance  
in all farms**

##### Findings/Noncompliance Explanation

109

At the end of their assessment, the monitors noted that no young hired workers have been identified on the farms. Nevertheless, according to the farmers interviewed, they do not check the age of the workers they recruit. Criteria for hiring a worker are physical appearance and ability to perform the works. Therefore, none of the farmers interviewed by the monitors are working on maintaining the documents necessary to verify and confirm the date of birth of workers, including long-term workers or casual workers. No mechanism is tested by the cooperative to fill this gap of farmers who operate in the informal sector.

Source: interviews, observation

##### Company Action Plans:

128 words

1. Cooperatives have a register of certified farmers that also list their workers. Together with the suppliers, Nestlé will continue to raise awareness among cooperatives on these important factors:
2. Annually updating the register of farmers, by including the ages of the workers,
3. Keeping a copy of workers' identity documents on file to maintain age verification documentation.
4. Having the farmers involve the delegates and the producer relays (PR) in the recruitment of their permanent or temporary workers.
5. For workers with no identity documents, and who are from the same village, two people from the community (i.e., branch delegate and village chief) should certify the worker's age orally or in writing.

|   |   |
|---|---|
|   | 6. Raising farmer's awareness on workers' age verification and keeping of a copy of age documentation.  |
| <b>Deadline Date:</b>   | August 2018   |
| <b>ER.25: Grievance Procedures</b>  |   |
| <p><b>Benchmarks:</b></p> <p><b>ER.25.3:</b> FLA-affiliated companies shall make sure that a confidential non-compliance reporting mechanism is available for farmers and workers in the supply chain (such as members of cooperatives or suppliers of seed organizers). Through this channel, any code violation can be communicated to the company if the local and farm level grievance redress mechanisms fail to sufficiently address the issue.</p> |   |
| <b>Noncompliance in all farms</b>   |   |
| <b>Findings/Noncompliance Explanation</b><br>129  | <p>Nestlé has published a confidential number to allow anyone to contact them directly in order to report any grievance or non-compliance in their supply chain. But currently, this number remains inaccessible to farmers and workers in the assessed rural areas. Indeed, to reach the final recipient, the call must pass through at least three levels of interlocutors. In addition, the language of communication is English, which is not understood by farmers or workers. Also, the phone number is accessible only by landline which is rarely available in rural areas. According to the head of the Nestlé Internal Monitoring System, actions are underway to address this issue. But for the time being, no operational mechanism is available for the use of farmers and workers.</p> <p><u>Source:</u> interviews, phone test, record review</p> |
| <b>Company Action Plans:</b><br>94 words  | <ol style="list-style-type: none"> <li>1. Nestlé will ask eight more cooperatives to establish suggestion boxes in all branches and warehouses and to explain the awareness of farmers and workers.</li> <li>2. In order to test an alternative grievance mechanism, Nestlé cooperatives will involve the RCs in the anonymous collection of complaints.</li> <li>3. These complaints will be analyzed at cooperative level and an action plan will then be developed to respond. Currently we have this alternative in two cooperatives. The action plans are monitored with Nestlé's support.</li> <li>4. Depending on the results, Nestlé will ask suppliers to extend the model to other cooperatives.</li> </ol>   |
| <b>Deadline Date:</b>   | December 2019   |

## Child Labor

### Compliance Status

| Section                  | Benchmark   | Compliance status | Farms           |
|--------------------------|-------------|-------------------|-----------------|
| General Compliance       | CL.1        | Noncompliance     | Farm 2, 29      |
| Minimum Age              | CL.2        | In compliance     |                 |
| Immediate Family Members | CL.3        | Noncompliance     | Farms 2,8,21,29 |
| Right to Education       | CL.4.1 (PR) | In Progress       | All Farms       |

|  |              |                       |            |
|--|--------------|-----------------------|------------|
| Young Workers                                | CL.5         | In compliance         |            |
|  | CL.6.1       | In compliance         |            |
|  | CL.6.2       | Risk of Noncompliance | All Farms  |
|  | CL.7         | Risk of Noncompliance | Farm 2, 21 |
| Apprenticeships and Vocational Training      | CL.8.1 (PR)  | In compliance         |            |
|  | CL.8.2 (PR)  | In compliance         |            |
| Children on Premises                         | CL.9         | In compliance         |            |
| Removal and Rehabilitation of Child Laborers | CL.10.1      | In compliance         |            |
|  | CL.10.2 (PR) | In compliance         |            |

## Child Labor Assessment Summary

### General Compliance / Immediate Family Members

#### Benchmarks:

**CL.1:** Employers shall comply with all national laws, ratified international conventions, fundamental labor rights, regulations and procedures concerning the prohibition of child labor.

**CL.3:** In accordance with national laws and ILO Convention 138, children of producers not younger than 12 years may be involved in light work on their parents' farm provided that:

- The work is not dangerous and not harmful to their health or development;
- The work does not prejudice their attendance at school and is done within reasonable time limits after school or during holidays
- The work is appropriate to the child's age and physical condition and does not jeopardize the child's social, moral or physical development;
- The child's parents provide supervision and guidance.

**Noncompliance  
in two farms**

#### Findings/Noncompliance Explanation

176

During the assessment, monitors identified violations of child labor requirements on two farms. On one of the visited farms, a 10-year-old schoolboy participated in the opening of cocoa pods with a machete. This activity is recognized by the Ivorian Order No. 2017-017 MEPS / CAB of June 2, 2017 as being dangerous for children under 18 years of age. On another farm, the monitors met a nine-year-old girl who did not attend school. According to the testimony of the farmer who was presented as her senior brother, she would be involved in collecting and transporting cocoa pods at the time of harvest. These two children under the age of 13 should not be involved in any production work on the farms, even in the family context, according to the national legislation and ILO Convention 138.

In addition, other farmers, particularly on two other farms, testified that some of their children, under 18 years of age, participate in all kinds of work on the farms, including some that is deemed dangerous by national and international laws.

Source: interviews, observation

#### Company Action Plans: 203 rds

1. The cooperative joined the CLMRS in November 2016 with 15 active RCs who cover farmers located in 34 villages. Data collection has led to the identification of 680 children aged from five to 17, of which 500 are enrolled in school (73.3%).
2. Visits to farms and households have identified 63 child workers. To address this number of child workers, the following remediation actions have been initiated:
  - Over 75 community and outreach awareness sessions among farmers and community members.
  - 63 school kits distributed to child workers.
3. Since 2017, there have been two new law decrees on hazardous work and light work. Faced with these changes, producer training and awareness tools are being modified. Through the CLMRS:

|   |   |
|---|---|
|   | <ul style="list-style-type: none"> <li>○ ASR and RC have been trained on two new law decrees and new awareness tools.</li> <li>○ We will continue the refreshing and training of all Nestlé partners on the new law on child labor.</li> <li>○ We will continue to raise awareness of child labor among farmers and their workers.</li> </ul> <p>4. The identified 10-year-old schoolchild will be added to the CLMRS database as a child worker for a better follow up.</p> <p>Regarding the other identified children, in cooperation with the cooperative, we continue to monitor their conditions.</p>  |
| <b>Deadline Date:</b>   | August 2019   |
| <b>Young Workers</b>  |   |
| <b>Benchmarks:</b>  | <b>Risk of Noncompliance In All Farms</b>   |
| <i>CL.6.2: Employers shall maintain a list of all young workers, their entry dates, proof of age and description of their assignment.</i>   |   |
| <i>CL.7: No person under the age of 18 shall undertake hazardous work, i.e., work which, by its nature or the circumstances in which it is carried out, is likely to harm the health, safety or morals of persons under the age of 18. Such work includes, but is not limited to, the application of agricultural chemicals, pesticides, and fertilizers, use of farm equipment tools and machinery, lifting or moving of heavy materials or goods, or carrying out hazardous tasks such as underground or underwater or at dangerous heights. Every activity performed by a young worker must be supervised by an adult.</i> | <b>In two farms</b>   |
| <b>Findings/Noncompliance Explanation</b><br><b>96</b>  | <p>During the assessment, monitors did not meet any young hired workers on the visited farms. Farmers, therefore, do not keep any list of young workers. However, they reported to monitors that they had never received a specific recommendation to keep a list of young workers, with proof of their age. In addition, according to the testimony of some farmers, teenagers aged between 13 and 18 participate in their production activities that involve the use of cutting tools such as machetes and sickles.</p> <p><u>Source:</u> interviews, record review, observation</p>  |
| <b>Company Action Plans:</b><br><b>315 words</b>  | <ol style="list-style-type: none"> <li>Nestlé has developed, with the ADG of cooperatives, a template for an employment contract between farmers and workers, which includes disciplinary measures that each cooperative may adapt to its specific environment. <ul style="list-style-type: none"> <li>• We will encourage all the cooperatives to ask their members to use this contract template and to assist them.</li> <li>• Considering local practices in recruitment, Nestlé and one of the suppliers will support technically the drafting of recruitment procedures and policies with two cooperatives.</li> <li>• These policies and procedures will be widely disseminated and will be part of the training schedule in farmers' field schools.</li> </ul> </li> <li>The cooperative joined the CLMRS in November 2016 with 15 active RCs who cover farmers located in 34 villages. Data collection has led to the identification of 680 children aged between five and 17, of which 500 are enrolled in school (73.3%).</li> <li>Visits to farms and households have identified 63 child workers. To address this number of child workers, the following remediation actions have been initiated: <ul style="list-style-type: none"> <li>○ Over 75 community and outreach awareness sessions among farmers and community members.</li> </ul> </li> </ol> |

|                       |  |
|-----------------------|--|
|                       | <ul style="list-style-type: none"> <li>○ 63 school kits distributed to child workers</li> </ul> <ol style="list-style-type: none"> <li>4. Since 2017, there have been two new law decrees on hazardous work and light work. With these changes, producer training and awareness tools are being modified. Through the CLMRS: <ul style="list-style-type: none"> <li>- ASR and RC have been trained on two new law decrees and new awareness tools,</li> <li>- We will continue the refreshing and training of all Nestlé partners on the new law on child labor,</li> <li>- We will continue to raise awareness of child labor among farmers and their workers.</li> </ul> </li> <li>5. We continue to work with the cooperative to monitor the children.</li> <li>6. Through the TRECC (Transforming Education in Cocoa Communities) project, Nestlé has started literacy classes in high prevalence areas. Currently 20 children out of school are involved in vocational learning. In 2018, this project will be expanded to 34 new communities.</li> </ol> |
| <b>Deadline Date:</b> | August 2019  |

## Health, Safety and Environment

### Compliance Status

| Section                               | Benchmark     | Compliance status | Farms                                |
|---------------------------------------|---------------|-------------------|--------------------------------------|
| General Compliance                    | HSE.1.        | Noncompliance     | Farms 1,2,11,19,20,29,36,37,41,45,60 |
| Documents, Permits and Certificates   | HSE.2 (PR)    | In compliance     |                                      |
|                                       | HSE.3.1       | N/A               |                                      |
|                                       | HSE.4 (PR)    | N/A               |                                      |
| Evacuation Requirements and Procedure | HSE.5.1 (PR)  | N/A               |                                      |
|                                       | HSE.5.2       | Noncompliance     | All Farms                            |
| Safety Equipment and First Aid        | HSE.6.1 (PR)  | In Progress       | All Farms                            |
|                                       | HSE.6.2 (PR)  | In compliance     |                                      |
|                                       | HSE.16.3 (PR) | In Progress       | All Farms                            |
| Personal Protective Equipment         | HSE.7 (PR)    | In Progress       | Farm 1,36,17,60                      |
|                                       | HSE.8         | In compliance     |                                      |
| Chemical Management                   | HSE.9.1       | In compliance     |                                      |
|                                       | HSE.9.2       | In compliance     |                                      |
|                                       | HSE.9.2.1     | In compliance     |                                      |
|                                       | HSE.10        | Noncompliance     | Farms 11,36,37,60                    |
|                                       | HSE.11.1      | In compliance     |                                      |
|                                       | HSE.11.2      | In compliance     |                                      |
| Protection Reproductive Health        | HSE.12.1      | In compliance     |                                      |



|                                   |               |               |                   |
|-----------------------------------|---------------|---------------|-------------------|
|                                   | HSE.12.2 (PR) | In compliance |                   |
|                                   | HSE.13 (PR)   | N/A           |                   |
| Infrastructure                    | HSE.17.1      | Noncompliance | Farms 1 to 35     |
|                                   | HSE.17.2 (PR) | N/A           |                   |
|                                   | HSE.19 (PR)   | In compliance |                   |
|                                   | HSE.21 (PR)   | In compliance |                   |
|                                   | HSE.22 (PR)   | N/A           |                   |
| Machinery Safety                  | HSE.14.1      | In compliance |                   |
|                                   | HSE.14.2      | Noncompliance | Farms 11,36,37,60 |
|                                   | HSE.14.3      | N/A           |                   |
|                                   | HSE.14.4      | In compliance |                   |
| Ergonomics and Medical Facilities | HSE.15.2 (PR) | Not initiated | All Farms         |
|                                   | HSE.16.2      | In compliance |                   |

### HSE Assessment Summary

#### Health, Safety and Environment - Notable Feature

Nestlé and its partner provided the visited communities with first aid kits and appointed trained officers for their maintenance. In addition, based on the training received during Farmers Farm School, some farmers make their own first aid kit, to face emergencies, on their farms and household. This is an example of good practice that is found for the first time during the assessments.

#### General Compliance / Chemical Training / Machinery Safety

##### Benchmarks:

**HSE.1:** Employers shall comply with all national laws, regulations and procedures concerning health, safety, and the environment.

**HSE.10:** Workers shall receive training, appropriate to their job responsibilities, concerning the hazards, risks and the safe use of chemicals and other hazardous substances.

**HSE.14.2:** Where appropriate, workers shall receive training in the proper use and safe operation of machinery, tractors, equipment and tools they use.

**Noncompliance  
in Nine farms**

##### Findings/Noncompliance Explanation 77

The cooperative trains applicators who are responsible for agrochemical treatment of farms. However, some farmers and workers, particularly in four visited farms, treat their farms themselves, despite the cooperative's ban. They are neither trained nor equipped for this purpose and have no formal skills for the safe handling of agrochemical product treatment machines.

In addition, monitors discovered empty boxes of agrochemical products disseminated on five of the visited farms.

Source: interviews and observation

##### Company Action Plans: 276 words

1. As part of the CLMRS, the farmers/workers and their families have been trained by the RCs on a module of risks associated with the use of phytosanitary and pharmaceutical products. These awareness-raising actions will continue within communities and families.
2. The flyers and posters on the Nestlé Code of Conduct contain images on the use of phytosanitary products and proper equipment.



|   |   |
|---|---|
|   | <ol style="list-style-type: none"> <li>The cooperative has a team of 10 applicators with personal protective equipment who are trained on the rational use of agrochemicals and farm treatment. This number will be increased to 14.</li> <li>Awareness-raising sessions will be conducted by the lead farmers and the RCs to educate farmers and their laborers on: <ul style="list-style-type: none"> <li>The use of the applicators of the cooperative for the agrochemical treatment of farms.</li> <li>The importance of the proper storage of chemical sprayers and the proper management of empty chemical containers.</li> </ul> </li> <li>The code of conduct emphasizes the safe use of chemicals and collection of empty containers. These recommendations are reported against when a non-conformity is identified. The cooperative has to put in place proper measures in cases of non-compliance.</li> <li>In addition, Nestlé has developed a video related to the use of agro chemicals. These videos will be shown in the villages and will serve as a basis for raising the awareness of the farmers.</li> <li>Nestlé will ask for two cooperatives to be trained with the digital material to implement a process to report on the presence of empty containers during internal inspection.</li> <li>In addition to certification audits, we will also pilot the monitoring aspect in two cooperatives that are involved in the video training.</li> </ol> |
| <b>Deadline Date:</b>   | August 2019   |
| <b>Evacuation Requirements and Procedure</b>  |   |
| <b>Benchmarks:</b><br>HSE.5.2: Where appropriate, workers shall be trained in evacuation procedures at least once per year. |   |
| <b>Noncompliance in all farms</b>   |   |
| <b>Findings/Noncompliance Explanation</b><br>69   | <p>Although the assessed farms are not closed areas that require an evacuation procedure, the fact remains that bushfires are common and can surprise farmers, workers and members of their families, on the farms or even in the camps at any time. Despite this fact, the monitors noted that no worker or farmer is able to demonstrate knowledge of any evacuation procedure appropriate to this specific context.</p> <p><u>Source:</u> interviews, observation</p>  |
| <b>Company Action Plans:</b><br>127 words   | <ol style="list-style-type: none"> <li>Nestlé and the suppliers will emphasize the evacuation procedure during farmer field schools, which should also consider risk of bushfires. Farmers will be tasked to convey the message to workers and family members</li> <li>As part of the CLMRS, the module on bushfire, provided by the RCs to the farmers/workers and their families, takes into account this issue. These awareness-raising actions will continue within the communities and families.</li> <li>In addition, Nestlé will develop a series of videos, one of which will focus on bushfire. This video will be shown in some sections as a test and will serve as a basis for raising farmers' awareness of the issue. Depending on the video's success we will extend it to other communities and cooperatives.</li> </ol>  |
| <b>Deadline Date:</b>   | August 2019   |

## Access to Water

### Benchmarks:

**HSE.17.1:** Safe and clean potable water for drinking shall be freely available at all times, within reasonable distance of the workplace. For farm settings in water-stressed regions where access to potable water is not always guaranteed, employers shall work with local authorities and other partners to provide clean water in sufficient volume and quality to guarantee the wellbeing of hired and family workers.

**Noncompliance  
in thirty-five  
farms**

### Findings/Noncompliance Explanation

**92**

Infrastructures for potable drinking water exist in the visited communities. The monitors observed in the various visited sections that they have village hydraulic pumps. However, these pumps are sometimes not sufficient to serve all the population according to the size of the village. On farms that are far from the places of residence, the farmers and workers source water in poorly-maintained hollows or wells. This situation constitutes a threat to their health. No awareness program is implemented to educate them on how to purify water before consumption.

Source: interviews and observations

### Company Action Plans: 66 words

Nestlé will send an email to the cooperatives to continue raising awareness among farmers, workers, and their families of water purification techniques, including boiling water before drinking it.

In addition, Nestlé will develop a series of videos, one of which will relate to water treatment. These videos will be shown in the sections and will serve as a basis for raising farmers' awareness of the issue.

### Deadline Date:

August 2019

## Compensation

### Compliance Status

| Section                        | Benchmark  | Compliance status     | Farms                             |
|--------------------------------|------------|-----------------------|-----------------------------------|
| General Compliance             | C.1.1      | In compliance         |                                   |
|                                | C.1.2      | In compliance         |                                   |
|                                | C.1.3      | In compliance         |                                   |
|                                | C.1.4 (PR) | In compliance         |                                   |
| Minimum Wage/Fair Compensation | C.2.1      | Risk of Noncompliance | Farms 4,7,21,24,34,35,36,43,48,50 |
|                                | C.2.2      | In compliance         |                                   |
|                                | C.2.3      | In compliance         |                                   |
|                                | C.2.5 (PR) | Not Initiated         | All Farms                         |
|                                | C.2.6 (PR) | Not Initiated         | All Farms                         |
|                                | C.3        | In compliance         |                                   |
| Farmer/Producer Income         | C.4 (PR)   | In Progress           | All Farms                         |
| Wage Payment and Calculation   | C.6        | In compliance         |                                   |

|                   |             |               |           |
|-------------------|-------------|---------------|-----------|
|                   | C.7.1       | In compliance |           |
|                   | C.7.2       | Noncompliance | Farm 27   |
|                   | C.7.3 (PR)  | Not Initiated | All Farms |
|                   | C.7.4 (PR)  | In compliance |           |
|                   | C.7.5       | In compliance |           |
|                   | C.8.1       | In compliance |           |
|                   | C.8.2       | In compliance |           |
|                   | C.8.3       | In compliance |           |
|                   | C.8.4 (PR)  | In compliance |           |
|                   | C.9 (PR)    | In compliance |           |
|                   | C.10.1      | In compliance |           |
|                   | C.10.1.1    | In compliance |           |
|                   | C.10.2      | In compliance |           |
|                   | C.10.3      | In compliance |           |
| Workers Awareness | C.11.1.1    | In compliance |           |
|                   | C.11.1.2    | In compliance |           |
|                   | C.11.1.3    | In compliance |           |
|                   | C.11.1.4    | In compliance |           |
|                   | C.11.1.5    | In compliance |           |
|                   | C.13 (PR)   | In compliance |           |
| Fringe Benefits   | C.12.1      | In compliance |           |
|                   | C.12.2 (PR) | In compliance |           |
|                   | C.12.3      | In compliance |           |
|                   | C.12.4      | In compliance |           |
|                   | C.12.5      | In compliance |           |

### Assessment Summary

| Minimum Wage/Fair Compensation  |   |  |
|---|---|--|
| <p><b>Benchmarks:</b></p> <p><b>C.2.1:</b> Employers shall pay workers at least the legal minimum wage, the prevailing industry sector wage, or the wage pursuant to Collective Bargaining Agreements that are in force, whichever is higher, for regular working hours (not including overtime). Hourly or daily compensation shall be calculated based on the basis of the legal minimal wage, the prevailing industry sector wage, or the wage pursuant to Collective Bargaining Agreements that are in force, whichever is higher. Workers should also be informed by the employer about the legal minimum wage applicable to them.</p> |   | <p><b>Risk of Noncompliance in ten farms</b></p> |
| <p><b>Findings/Noncompliance Explanation</b></p> <p><b>111</b></p>  | <p>On the visited farms, farmers pay their contract workers at least the prevailing wage which is practiced in the region for their sector of activity. However, these wages may be lower than the legal minimum wage for workers in the agricultural sector if farmers are not providing in-kind benefits such as housing, food, and support in cases of illness. It would be difficult for farmers to pay higher wages to their hired workers given the low level of their own income and the high fluctuation of cocoa price. Solutions to improve farmers' income should be sought before workers' compensation can be increased.</p> <p><u>Source:</u> interviews, record review</p> |  |
| <p><b>Company Action Plans:</b></p> <p><b>153 words</b></p>   | <p>1. Since 2009, Nestlé has implemented projects through the better farming pillar to increase the productivity of farmers. Currently in this pillar we have:</p> <ul style="list-style-type: none"> <li>The cocoa nurseries project: more than 10.5 million cocoa plantlets have been</li> </ul>  |  |

|  |   |
|--|---|
|  | <p>high-yield are distributed to farmers since 2009 to improve their incomes.</p> <ul style="list-style-type: none"> <li>• The demo plots project: we have currently 12 demonstration farms operating at good agricultural practices.</li> <li>• The establishment of 10 professional pruning gangs in cooperatives trained by our agronomists to help farmers implementing pruning techniques.</li> <li>• The Elite Farmer Project: 70 elite farmers are being trained in good agricultural practices and entrepreneurial skills. They serve as examples of good agriculture practices for their peers.</li> </ul> <p>2. Nestlé will:</p> <ul style="list-style-type: none"> <li>• Continue to train them in good agricultural practices.</li> <li>• Increase awareness during farm workers' training.</li> </ul> <p>3. In addition, Nestlé is developing a series of videos, some of which focus on good agriculture practices. These videos are to be shown in the sections.</p> |
| <b>Deadline Date:</b>  | August 2019   |
| <b>Wage Payment and Calculation</b>  |   |
| <p><b>Benchmarks:</b></p> <p><i>C.7.2: FLA-affiliates shall ensure that farmers/producers receive payments and certification premiums through a traceable and reliable payment system.</i></p> |   |
| <b>Noncompliance in one farm</b>   |   |
| <p><b>Findings/Noncompliance Explanation</b></p> <p><b>143</b></p>   | <p>In the visited cooperative, registers and payment receipts are initiated to trace the premiums paid to farmers. During their visit, the monitors noted the testimony of a farmer who said that he did not receive his certification premium. The head of the cooperative's internal monitoring system explained that the farmer no longer delivers his cocoa beans to the cooperative. Nevertheless, the monitors crosschecked the documents made available to them by the cooperative, which showed that the farmer is regularly registered in the cooperative's farmers' database and continues to provide cocoa beans to the cooperative. The past year (2016-2017), this farmer has delivered certified cocoa beans to the cooperative, as mentioned in the register. However, the farmer himself did not have any document to prove the payments received for his deliveries.</p> <p><u>Source:</u> interviews, record review</p>   |
| <p><b>Company Action Plans:</b></p> <p><b>32 words</b></p>   | <p>Nestlé will initiate with the cooperative the implementation of a purchase receipt that mentions the payment made to the worker and the farmer. A receipt copy will be kept at the cooperative level.</p>  |
| <b>Deadline Date:</b>  | December 2019   |

## Overview - Farms vs. Non-compliances

Total number of Farms: 60

|  | Employment Relationship | Non-discrimination | Harassment or Abuse | Forced Labor | Child Labor | Freedom of Association and Collective Bargaining | Health, Safety and Environment | Hours of Work | Compensation | Total |
|--|-------------------------|--------------------|---------------------|--------------|-------------|--|--------------------------------|---------------|--------------|-------|
| % of farms with non-compliances or risk of non-compliances | 100%                    | 0%                 | 0%                  | 0%           | 100%        | 0%   | 100%                           | 0%            | 16%          |       |
| Farm 1   | 3                       | 0                  | 0                   | 0            | 2           | 0  | 5                              | 0             | 0            | 10    |
| Farm 2   | 3                       | 0                  | 0                   | 0            | 3           | 0  | 2                              | 0             | 0            | 8     |
| Farm 3   | 3                       | 0                  | 0                   | 0            | 1           | 0  | 1                              | 0             | 0            | 5     |
| Farm 4   | 3                       | 0                  | 0                   | 0            | 1           | 0  | 1                              | 0             | 1            | 6     |
| Farm 5   | 3                       | 0                  | 0                   | 0            | 1           | 0  | 1                              | 0             | 0            | 5     |
| Farm 6   | 3                       | 0                  | 0                   | 0            | 1           | 0  | 1                              | 0             | 0            | 5     |
| Farm 7   | 3                       | 0                  | 0                   | 0            | 1           | 0  | 1                              | 0             | 1            | 6     |
| Farm 8   | 3                       | 0                  | 0                   | 0            | 2           | 0  | 1                              | 0             | 0            | 6     |
| Farm 9   | 3                       | 0                  | 0                   | 0            | 1           | 0  | 1                              | 0             | 0            | 5     |
| Farm 10  | 3                       | 0                  | 0                   | 0            | 1           | 0  | 1                              | 0             | 0            | 5     |
| Farm 11  | 3                       | 0                  | 0                   | 0            | 1           | 0  | 2                              | 0             | 0            | 6     |
| Farm 12  | 3                       | 0                  | 0                   | 0            | 1           | 0  | 1                              | 0             | 0            | 5     |
| Farm 13  | 3                       | 0                  | 0                   | 0            | 1           | 0  | 1                              | 0             | 0            | 5     |
| Farm 14  | 3                       | 0                  | 0                   | 0            | 1           | 0  | 1                              | 0             | 0            | 5     |
| Farm 15  | 3                       | 0                  | 0                   | 0            | 1           | 0  | 1                              | 0             | 0            | 5     |
| Farm 16  | 3                       | 0                  | 0                   | 0            | 1           | 0  | 1                              | 0             | 0            | 5     |
| Farm 17  | 3                       | 0                  | 0                   | 0            | 1           | 0  | 1                              | 0             | 0            | 5     |
| Farm 18  | 3                       | 0                  | 0                   | 0            | 1           | 0  | 1                              | 0             | 0            | 5     |
| Farm 19  | 3                       | 0                  | 0                   | 0            | 1           | 0  | 2                              | 0             | 0            | 6     |
| Farm 20  | 3                       | 0                  | 0                   | 0            | 1           | 0  | 2                              | 0             | 0            | 6     |
| Farm 21  | 3                       | 0                  | 0                   | 0            | 3           | 0  | 1                              | 0             | 1            | 8     |
| Farm 22  | 3                       | 0                  | 0                   | 0            | 1           | 0  | 1                              | 0             | 0            | 5     |
| Farm 23  | 3                       | 0                  | 0                   | 0            | 1           | 0  | 1                              | 0             | 0            | 5     |
| Farm 24  | 3                       | 0                  | 0                   | 0            | 1           | 0  | 1                              | 0             | 0            | 5     |
| Farm 25  | 3                       | 0                  | 0                   | 0            | 1           | 0  | 1                              | 0             | 0            | 5     |
| Farm 26  | 3                       | 0                  | 0                   | 0            | 1           | 0  | 1                              | 0             | 0            | 5     |
| Farm 27  | 3                       | 0                  | 0                   | 0            | 1           | 0  | 1                              | 0             | 1            | 6     |
| Farm 28  | 3                       | 0                  | 0                   | 0            | 1           | 0  | 1                              | 0             | 0            | 5     |
| Farm 29  | 3                       | 0                  | 0                   | 0            | 3           | 0  | 2                              | 0             | 0            | 8     |
| Farm 30  | 3                       | 0                  | 0                   | 0            | 1           | 0  | 1                              | 0             | 0            | 5     |
| Farm 31  | 3                       | 0                  | 0                   | 0            | 1           | 0  | 1                              | 0             | 0            | 5     |
| Farm 32  | 3                       | 0                  | 0                   | 0            | 1           | 0  | 1                              | 0             | 0            | 5     |
| Farm 33  | 3                       | 0                  | 0                   | 0            | 1           | 0  | 1                              | 0             | 0            | 5     |
| Farm 34  | 3                       | 0                  | 0                   | 0            | 1           | 0  | 1                              | 0             | 1            | 6     |

|         |     |   |   |   |    |   |    |   |    |     |
|---------|-----|---|---|---|----|---|----|---|----|-----|
| Farm 35 | 3   | 0 | 0 | 0 | 1  | 0 | 2  | 0 | 1  | 7   |
| Farm 36 | 3   | 0 | 0 | 0 | 1  | 0 | 4  | 0 | 1  | 9   |
| Farm 37 | 3   | 0 | 0 | 0 | 1  | 0 | 4  | 0 | 0  | 8   |
| Farm 38 | 3   | 0 | 0 | 0 | 1  | 0 | 1  | 0 | 0  | 5   |
| Farm 39 | 3   | 0 | 0 | 0 | 1  | 0 | 1  | 0 | 0  | 5   |
| Farm 40 | 3   | 0 | 0 | 0 | 1  | 0 | 1  | 0 | 0  | 5   |
| Farm 41 | 3   | 0 | 0 | 0 | 1  | 0 | 2  | 0 | 0  | 6   |
| Farm 42 | 3   | 0 | 0 | 0 | 1  | 0 | 1  | 0 | 0  | 5   |
| Farm 43 | 3   | 0 | 0 | 0 | 1  | 0 | 1  | 0 | 1  | 6   |
| Farm 44 | 3   | 0 | 0 | 0 | 1  | 0 | 1  | 0 | 0  | 5   |
| Farm 45 | 3   | 0 | 0 | 0 | 1  | 0 | 2  | 0 | 0  | 6   |
| Farm 46 | 3   | 0 | 0 | 0 | 1  | 0 | 1  | 0 | 0  | 5   |
| Farm 47 | 3   | 0 | 0 | 0 | 1  | 0 | 1  | 0 | 0  | 5   |
| Farm 48 | 3   | 0 | 0 | 0 | 1  | 0 | 1  | 0 | 1  | 6   |
| Farm 49 | 3   | 0 | 0 | 0 | 1  | 0 | 1  | 0 | 0  | 5   |
| Farm 50 | 3   | 0 | 0 | 0 | 1  | 0 | 1  | 0 | 1  | 6   |
| Farm 51 | 3   | 0 | 0 | 0 | 1  | 0 | 1  | 0 | 0  | 5   |
| Farm 52 | 3   | 0 | 0 | 0 | 1  | 0 | 1  | 0 | 0  | 5   |
| Farm 53 | 3   | 0 | 0 | 0 | 1  | 0 | 1  | 0 | 0  | 5   |
| Farm 54 | 3   | 0 | 0 | 0 | 1  | 0 | 1  | 0 | 0  | 5   |
| Farm 55 | 3   | 0 | 0 | 0 | 1  | 0 | 1  | 0 | 0  | 5   |
| Farm 56 | 3   | 0 | 0 | 0 | 1  | 0 | 1  | 0 | 0  | 5   |
| Farm 57 | 3   | 0 | 0 | 0 | 1  | 0 | 1  | 0 | 0  | 5   |
| Farm 58 | 3   | 0 | 0 | 0 | 1  | 0 | 1  | 0 | 0  | 5   |
| Farm 59 | 3   | 0 | 0 | 0 | 1  | 0 | 1  | 0 | 0  | 5   |
| Farm 60 | 3   | 0 | 0 | 0 | 1  | 0 | 4  | 0 | 0  | 8   |
| TOTAL   | 180 | 0 | 0 | 0 | 66 | 0 | 81 | 0 | 10 | 339 |