



Milestone 1 Report

The Fair Labor Association's Agriculture Accreditation Program



March 2025

Nestlé Nespresso S.A.

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MILESTONES AND ACCREDITATION FOR THE FAIR LABOR ASSOCIATION'S AGRICULTURE PROGRAM



The Fair Labor Association's (FLA) [Agriculture Program](#) represents a rigorous evaluation of a member company's human rights due diligence (HRDD) systems for compliance with [the Principles of Fair Labor and Responsible Sourcing for Agricultural Supply Chains](#) and the FLA [Workplace Code of Conduct \(CoC\) for the Agriculture Sector](#).

These standards are designed to protect workers in member companies' global supply chains and are based on international practices and norms, including guidance from the International Labour Organisation (ILO), the United Nations Guiding Principles on Business and Human Rights (UNGPs), the OECD Due Diligence Guidance for Responsible Business Conduct, and the Corporate Human Rights Benchmark (CHRB). Each principle is supported by a set of benchmarks and key performance indicators (KPIs) that define what companies must do to successfully implement our standards.

Effective HRDD program implementation is a process of continuous improvement. FLA evaluates agriculture companies on the alignment of their social compliance systems with FLA standards, and the company's performance in executing those systems to support and protect workers.

Each FLA company pursuing Fair Labor Accreditation in agriculture moves through a series of milestones prior to achieving accreditation for the in-scope commodity program. Following accreditation, the in-scope commodity is on a maintenance track where FLA verifies the company's adherence to FLA accreditation standards every three years.

This Milestone 1 report recognizes a company's achievements, acknowledges areas in which the company has gone above and beyond baseline requirements, and makes specific recommendations for future growth.

MILESTONES FOR THE FLA AGRICULTURE PROGRAM

Milestone 1: Governance and Internal Alignment

Based on a commitment to human rights, a risk assessment, and consultation with international civil society organizations (CSOs), the company has developed an HRDD system to oversee the implementation of labor standards for commodities in scope. The company has aligned its standards to FLA standards, developed a time-bound plan for achieving full supply chain traceability, and started publicly disclosing its sourcing profile for in-scope commodities.

Milestone 2: Implementation & Monitoring

The company implements FLA standards (FLA Principles and the CoC) in sourcing countries with support from its headquarters. The company has expanded its traceability efforts for in-scope commodities, in sourcing countries. With support from FLA and in consultation with local CSOs, the company has developed farm-level monitoring tools, sampling, and monitoring methodology; and initiated farm-level assessments. The company has established functioning grievance mechanisms and additional safety nets for the farmworkers.

Milestone 3: Review and Improvement

The company continues to implement FLA standards and expand traceability in high-risk sourcing countries with support from its headquarters. With support from FLA and in consultation with local CSOs, the company is implementing corrective action plans including considering gender-disaggregated data collected via monitoring mechanisms developed in Milestone 2. Each country is recognized for implementing all 10 FLA Principles. For companies sourcing from one country, their program is accredited at this stage provided they meet FLA traceability requirements.

Milestone 4: Full Implementation and Integration

The company is implementing all 10 FLA Principles pertaining to governance, monitoring, and remediation in all high-risk countries for the commodity in scope.

Milestone 5: Accreditation & Maintenance

The company has achieved FLA traceability requirements for the in-scope commodity and is implementing all FLA standards and in all the countries, including high- and low-risk countries. For low-risk countries, the company implements a subset of FLA standards. The company's global commodity program is accredited, and it moves to an ongoing maintenance phase where FLA will verify adherence to FLA standards and principles every three years.

COMPANY OVERVIEW

NAME	Nestlé Nespresso S.A.	CATEGORY	Participating Company - Agriculture Program
HEADQUARTERS (HQ) LOCATION	Vevey, Switzerland	COMMODITY	Coffee
ABOUT THE COMPANY	<p>Formed in 1985, Nespresso is an independently operating business unit of Nestlé. It produces coffee in capsules, coffee makers, and other accessories. It has over 14,000 employees in 93 countries and operates 791 boutique outlets that retail its coffee pods and machines in 76 countries. In addition, Nespresso has e-retail and B2B operations. Nespresso sources 94% of its green coffee from farms in the Nespresso AAA Sustainable Quality™ Program (the AAA Program). Additionally, the Nespresso Reviving Origins initiative was established with the ambition to revive coffee cultivation in regions threatened by instability or natural disasters, supporting farmers in rebuilding their farms, livelihoods, and communities.</p>		
FLA MEMBERSHIP	2022	SUPPLY CHAIN OVERVIEW AND SOURCING PROFILE DISCLOSURE	<p>Nestlé Nespresso S.A. sources green coffee beans from over 150,000 farmers across 18 countries for its permanent coffee: Colombia, Peru, Brazil, Costa Rica, Nicaragua, El Salvador, Guatemala, Honduras, Mexico, Ethiopia, Kenya, Uganda, DRC, Zimbabwe, Indonesia, Vietnam, India, and China.</p> <p>These coffee beans are processed into coffee capsules in three roasting facilities in Switzerland. Its sourcing profile is disclosed in its annual report, the Positive Cup 2023 Progress.</p>
RECOGNITION	FLA Milestone 1 Report Published: March 2025		

NOTE: Throughout the report, the reader will find references to Nestlé’s global policies and documents. These policies and standards are defined at the parent company level and applied to business units, including Nespresso.

HIGHLIGHTS OF NESPRESSO'S AAA SUSTAINABLE QUALITY™ PROGRAM MILESTONE 1 RECOGNITION

Nestlé Nespresso S.A. (Nespresso) was included in the FLA Agriculture Program in June 2022. Since then, Nespresso has been improving its social compliance program, which was co-developed with a certification partner in 2003 and is embedded into the 'inclusive' pillar of its Nespresso AAA Sustainable Quality™ Program. It supports quality, productivity, and sustainability, implemented in 18 sourcing countries. Nespresso has kept pace with the updates to FLA standards in the agriculture sector that have been enacted over the intervening years. This report details FLA's evaluation of Nespresso governance at the headquarters level (Milestone 1).

Highlights of Nespresso for Milestone 1 – Governance and Alignment include:

Strong Senior Management Commitment: Nespresso has a strong top-management commitment to the FLA Agriculture Program. The Nespresso headquarters and regional sustainability staff coordinate well to deliver on their commitments. The sustainability teams in all regions (Central America, Latin America, Africa, and Asia) have prioritized the FLA accreditation work and are fully engaged in the activities with FLA staff.

Responsible Procurement Practices: Nespresso fosters strong cross-departmental collaboration to ensure responsible procurement and sourcing. Suppliers receive comprehensive guidance on the key operational aspects of the AAA Program, including payment processes and terms and premium payment requirements. Farmers are encouraged and provided opportunities to share their thoughts and concerns regarding the impacts of the AAA Program and coffee prices, although coffee prices are dictated by the market fluctuations and not under the control of Nespresso. Additionally, Nespresso works closely with its partners to enhance income diversification and insurance schemes designed to improve farmers' living income.

Standards and Monitoring: Nespresso has a centralized approach to its coffee supply chain management. The labor standards are embedded into the AAA Program, a coffee sourcing program designed to procure high-quality coffee while improving the livelihoods of farmers and their communities and protecting the environment. The [Nespresso Tool for the Assessment of Sustainable Quality \(TASQ\)](#), which is used to monitor coffee farmers, includes detailed labor standards that are aligned with the FLA Workplace Code of Conduct for Agriculture.

Supplier Engagement: Nespresso collaborates closely with its suppliers to implement the AAA Program in 18 countries. Nespresso provides field investments in its suppliers to hire and develop agronomists and social workers to operationalize the program. These agronomists and social workers function as an extension of Nespresso staff to implement the AAA Program standards at the local level. They drive continuous improvement by staying in regular communication with the farmers, providing technical assistance, deploying interventions and capacity building, and conducting annual TASQ assessments.

Traceability and Risk Assessments: Nespresso has a high level of traceability to farms in all AAA Program countries. Nespresso works with various third-party entities on risk assessments and monitoring, certification, training, and remediation.

Capacity-Building for Suppliers: Nespresso understands and takes an approach that allows all stakeholders – the company, suppliers, and workers – to play a role in promoting workers' rights. Nespresso has built supplier training program covering all elements of the FLA Workplace Code of Conduct. Nespresso has also financially invested in supporting its suppliers to hire social workers and female agronomists to support the implementation of the social aspects of the AAA Program. The headquarter-level team supports the tools and information sharing across regional teams. The company is now strategizing and supporting country-level operations to cascade the labor standards to thousands of small coffee farmers and workers across the sourcing countries.

Stakeholder Engagement: Nespresso demonstrates strong stakeholder engagement. In 2013, Nespresso established an external and independent multi-stakeholder governance body, [the Nespresso Sustainability Advisory Board \(NSAB\)](#), that advises Nespresso's sustainability strategy and efforts. It meets annually.

FLA DUE DILIGENCE ACTIVITIES

ACTIVITIES	PURPOSE	STATUS
Headquarters-Level Assessment	<ul style="list-style-type: none"> Verify headquarters and country-level policies and procedures. Review documentation, processes, and farm-level data demonstrating the company's compliance with the Principles of Fair Labor and Responsible Sourcing for Agriculture Supply Chains. 	<ul style="list-style-type: none"> Conducted desk-based review of all related documents. Interviewed four headquarters staff members on multiple occasions between 2022 – 2024. Interviewed nine staff members based in the sourcing regions (countries) on multiple occasions between 2021-2024.
Country Level Internal Management Systems (IMS) Assessment	<ul style="list-style-type: none"> Evaluate the company's internal management systems. Verify the company's timebound improvement plans. 	<ul style="list-style-type: none"> Started Milestone 2 (M2) and Milestone 3 (M3) review for Costa Rica. Started Milestone 2 (M2) for Colombia.
Farm-Level Assessments <ul style="list-style-type: none"> Baseline Assessment Independent External Assessments (IEM) Independent External Verifications (IEV) Focused Assessment Social Impact Assessment (SIA) 	<ul style="list-style-type: none"> Identify labor violations and assess root causes. Track remediation efforts over time at the farm level. Publish the findings and the corrective action plans. 	<ul style="list-style-type: none"> Completed total number of assessments (2022 – 2024): 39 <ul style="list-style-type: none"> Baseline assessments: 14 IEMs: 25 Number of farms visited: 661* Number of workers interviewed: 629* <p><i>*This is interim data as all the data points have not been reported yet.</i></p>
Innovation	<ul style="list-style-type: none"> Verify the company's commitment to work in a collaborative manner to address systemic issues. Verify engagement in multi-stakeholder projects and initiatives for the commodity in scope. Verify that the company has shared best practices. 	<ul style="list-style-type: none"> Supported the pilot of FLA's worker engagement tool, WISE (Worker Insights, Smart Engagement) to ensure the availability of effective functioning grievance mechanisms (2021 – 2024).

ACTIVITIES	PURPOSE	STATUS
Training and Capacity Building	<ul style="list-style-type: none"> ▪ Verify the company's capacity building practices. ▪ Verify supplier, farmer, and worker engagement. ▪ Evaluate the effectiveness of internal and external capacity building activities. 	<ul style="list-style-type: none"> ▪ Reviewed Nestlé's new hire onboarding training, including sustainability topics and Nestlé's CEO message. ▪ Confirmed through interviews that there is an annual workshop for staff working on sustainability and human rights. ▪ Confirmed through engagement staff that there is a high level of interest and knowledge on human rights issues.
Fair Labor Investigations	<ul style="list-style-type: none"> ▪ Verify that the company investigates suppliers for alleged non-compliances, reports its follow-up on remediation, and engages with unions. 	<ul style="list-style-type: none"> ▪ Not applicable
Stakeholder Engagement	<ul style="list-style-type: none"> ▪ Verify the company's integration of perspectives from CSOs and other relevant organizations, on the company's social compliance program. 	<ul style="list-style-type: none"> ▪ Participated in Nespresso Sustainability Advisory Board (NSAB) annual meetings and observed the senior management discussions on sustainability topics.
FLA Governance and Standards	<ul style="list-style-type: none"> ▪ Verify company participation in FLA activities (e.g., farm assessments and board meetings), standards-setting discussions, piloting of new tools and methodologies, and the development of innovative approaches). 	<ul style="list-style-type: none"> ▪ Observed a Nestlé representative's participation in the FLA Agriculture Committee as a co-chair and with the FLA Board of Directors as a business caucus representative.

MILESTONE 1 ASSESSMENT SUMMARY



PRINCIPLE 1A: TOP MANAGEMENT COMMITMENT AND WORKPLACE STANDARDS

Company Member is committed to accountability and transparency through established workplace standards.

WHY: Respect for human rights and a commitment to workplace standards must be driven by a company's most senior employees. Workers' rights are more likely to be effectively integrated into all business decisions when a company's board of directors and/or top management sets clear expectations. Commitment from a company's upper management is an essential component of an effective social compliance program.

BASELINE REQUIREMENTS FOR MILESTONE 1




CHART KEY: ● Met baseline requirements ● In process of implementing baseline requirements within the disclosed timeline

DESCRIPTION AND KPI	FLA STANDARD	NESPRESSO SYSTEM & PERFORMANCE	NESPRESSO PROGRESS
Internal Commitment (1A.1a) HQ Level	The company has a demonstrated internal commitment from top management (e.g., CEO/owner/business unit lead), as well as resource allocation from top management, to uphold and integrate workplace labor standards into business practices and ensure that lobbying and advocacy activities align with and support the standards in the FLA Workplace Code of Conduct.	<p>Nestlé's CEO and chairman have publicly committed to human and labor rights in their annual Creating Shared Value reports. All public commitments made by Nestlé go through an internal approval and validation process, that confirms the internal commitment of executive staff and various operational heads internally and then externally.</p> <p>Additionally, Nespresso's CEO has published an open letter about the company's commitment to sustainability. Top management regularly engages on sustainability topics (including labor) through the NSAB. The CEO and its senior management team have communicated the goal and intention of achieving Fair Labor Accreditation to all members of Nespresso's sustainability team.</p> <p>Nestlé defined its advocacy approach, which informs staff and external parties of their actions at its headquarters and in its markets (countries of operation). This approach details the company's position on advocacy and lobbying, on issues such as packaging, human rights, climate change, etc, where Nestlé should support, and how Nestlé should align itself in existing policy discussions.</p> <p>Nestlé's Advocacy Coordination Group (ACG) coordinates and provides strategic guidance on all of Nestlé's advocacy efforts, which are aligned with the company's ambition to advance regenerative food systems at scale and its long-term strategy of creating shared value. It ensures that the company's global advocacy efforts are focused, consistent, informed, aligned, and mutually supportive among the different subject matter experts, serves as a platform between functions to interact with zones, markets, and businesses for more effective strategy and execution of global advocacy efforts, and convenes quarterly meetings (where minutes are recorded).</p>	●

MILESTONE 1 ASSESSMENT SUMMARY

DESCRIPTION AND KPI	FLA STANDARD	NESPRESSO SYSTEM & PERFORMANCE	NESPRESSO PROGRESS
Public Commitment (1A.1b) HQ Level	The company has demonstrated public commitment and transparency in implementing workplace labor standards.	<p>Nestlé's chairman and CEO have publicly committed to upholding labor rights in this Nestlé Sustainability Report 2021. Nestlé published its Human Rights Framework and Roadmap, which articulates its "commitment to respecting and promoting human rights." The roadmap also includes labor standards as part of its salient issues to address.</p> <p>Nestlé's public commitment to human rights is expressed in the Nestlé Human Rights Policy, which is operationalized through its Human Rights Framework and Roadmap, and associated Salient Issue Action Plans. These plans articulate Nestlé's strategy for assessing, addressing, monitoring and reporting on each human rights-related issue identified as salient in Nestlé's value chain, including labor rights.</p> <p>Nespresso's AAA Sustainable Quality™ Program (which includes its standards and TASQ criteria) is available online. Additional resources and training (required for agronomists who support the program's implementation) are also provided for those who are interested in Nespresso's approach.</p> <p>Nespresso also publishes public communications about labor issues.</p> <p>Nespresso has been a member of FLA since 2022, underscoring its public commitment to workplace labor standards and transparency.</p>	
Engage with CSOs (1A.1c) HQ Level	The company has demonstrated commitment to engage with CSOs, which includes organizations representing workers.	<p>Nestlé's Salient Issues Action Plan lists ongoing industry and multi-stakeholder collaborations. This document recognizes the importance of consulting workers and local communities and supports their access to grievance mechanisms, including Speak Up (Nestlé's grievance mechanism).</p> <p>In addition to the internal ESG and Sustainability Council, Nestlé has a standing external advisory group called the Creating Shared Value (CSV) Council that represents various organizations that advise Nestlé on sustainability issues. Similarly, Nespresso holds an annual NSAB meeting focusing on issues in its coffee supply chain. Nespresso has developed a CSO engagement strategy, identifying the organizations representing workers and prioritizing sourcing countries.</p>	

MILESTONE 1 ASSESSMENT SUMMARY

DESCRIPTION AND KPI	FLA STANDARD	NESPRESSO SYSTEM & PERFORMANCE	NESPRESSO PROGRESS
Governance Responsibility and Accountability (1A.1d) HQ Level	The upmost levels of the governance structure have clear roles and responsibilities for ensuring that the company is implementing and upholding workplace labor standards.	<p>Since 2021, the ESG and Sustainability Council has been a part of the executive board at Nestlé. It provides strategic leadership and execution support, with a special focus on ensuring human rights in upstream supply chains.</p> <p>The Nestlé Board is responsible for the company's strategy and organization and provides oversight over its financial and non-financial performance and reporting. The board approves the company's ESG and sustainability strategy and approves its Creating Shared Value and Sustainability Report for submission to the annual general meeting. The board sustainability committee has oversight over the structure and content of the company's ESG and sustainability reporting and validates that the overall approach is in line with the company's strategy.</p> <p>In February 2023, the Human Rights Steering Committee was created. It oversees the implementation of the salient issue action plans. This committee is chaired by the EVP, legal, and head of corporate governance with the participation of the head of ESG, the head of public affairs and ESG engagement, the head of employee relations, the general counsel of corporate operations and sustainability, and the head of social impact and human rights. This committee meets every quarter.</p> <p>More information on the various committees is published in the Positive Cup - 2023 Progress report.</p> <p>Within Nespresso, the sustainability team regularly reports to the Nespresso CEO and Nestlé's deputy executive vice president and head of Nestlé coffee brands on progress in upholding workplace standards. The Nespresso CEO updates the Nestlé executive board on its social compliance program through quarterly board meetings.</p>	
Code of Conduct and Compliance Benchmarks (1.2 a) HQ Level	The company has written workplace labor standards.	<p>The sourcing of Nespresso coffee is governed by four standards:</p> <ul style="list-style-type: none"> ▪ Nestlé Responsible Sourcing Core Requirements; ▪ Nestlé Human Rights Policy; ▪ Nestlé Corporate Business Principle; and ▪ Nestlé Code of Business Conduct. <p>In addition, Nespresso has an internal TASQ audit criterion.</p>	
Code of Conduct and Compliance Benchmarks (1.2 b) HQ Level	The company's labor standards meet the requirements in the FLA Workplace Code of Conduct.	<p>Nestlé's code (the Responsible Sourcing Core Requirements) is aligned with Fair Labor Code. Nespresso's TASQ is also aligned with the Fair Labor Code.</p>	

MILESTONE 1 ASSESSMENT SUMMARY



PRINCIPLE 1B: RISK ASSESSMENT AND TRACEABILITY

Company Member uses risk assessment to prioritize its workplace labor compliance program implementation and progressively increase supply chain traceability.



WHY: A risk assessment should help guide a company's actions in high-risk countries and an implementation plan. A plan to improve supply chain traceability overtime will help the company put a social compliance program in place.

BASELINE REQUIREMENTS FOR MILESTONE 1

CHART KEY: ● Met baseline requirements ● In process of implementing baseline requirements within the disclosed timeline

DESCRIPTION AND KPI	FLA STANDARD	NESPRESSO SYSTEM & PERFORMANCE	NESPRESSO PROGRESS
Risk Assessment (1B.1a) HQ Level	The company has evidence that it conducts risk assessments to prioritize key commodities, countries per commodity, and salient labor rights issues.	<p>Nestlé conducted a risk assessment using Maplecroft data and prioritized high-risk commodities and geographies. In addition, several human rights risk impact assessments (HRIA) were carried out with the help of the Danish Institute of Human Rights. Nestlé developed a Human Rights Risk Assessment (HRRRA) methodology in 2020-2021. The process is co-managed by the public affairs and responsible sourcing teams.</p> <p>In addition, Nespresso has conducted a child labor specific risk assessment, which is the priority issue in the company's coffee producing countries. FLA's risk assessment was overlaid to confirm the risk countries, which include all Nespresso AAA Program sourcing countries.</p>	●
Supply Chain Traceability (1B.2a) HQ Level	The company has evidence that establishes a progressive, timebound commitment to reach full supply chain traceability and reports on the progress.	Nespresso has 100% traceability to the farms in all Nespresso AAA Program countries.	●
Sourcing Profile Disclosure (1B.2b) HQ Level	The company has evidence that it discloses its sourcing profile publicly for in-scope commodities.	Nespresso disclosed all FLA required sourcing profile disclosure information in the 2022 Positive Cup report (its sustainability report). In its 2023 Positive Cup Report , it lists all the sourcing countries, the number of farms (all traced), and the land size of each sourcing country covered.	●

MILESTONE 1 ASSESSMENT SUMMARY

DESCRIPTION AND KPI	FLA STANDARD	NESPRESSO SYSTEM & PERFORMANCE	NESPRESSO PROGRESS
Commodity Implementation Plan (1B.3a) HQ Level	The company has evidence that it has a progressive implementation plan in accordance with risk assessments, salient labor rights issues, and evolving supply chain traceability.	<p>Nespresso has a plan for supplier capacity building to strengthen its labor standards implementation, supported by a third-party implementing partners.</p> <p>In addition, all suppliers have a “field investment” in which Nespresso financially supports the implementation of the sustainability program and related activities, including its labor standards.</p>	
Resource Allocation (1B.3b) HQ Level	The company has evidence that it has allocated resources to support its workplace labor compliance program implementation.	<p>Nespresso has over 650 AAA Program agronomists and sustainability staff globally. Based on FLA's recommendations, Nespresso prioritized the hiring of social workers and females in their field teams. Per Nespresso's 2023 Positive Cup Report, Nespresso has invested 1 billion CHF in its Positive Cup initiatives (e.g., AAA Program and farmer premiums, climate actions, recycling and stakeholder engagement) since 2014. All suppliers are supported with Nespresso's “field investment” that financially supports the implementation of the sustainability program and interventions.</p>	

MILESTONE 1 ASSESSMENT SUMMARY



PRINCIPLE 2: RESPONSIBLE SOURCING AND PROCUREMENT

Company Member aligns its sourcing/procurement practices with commitment to workplace labor standards.



WHY: The sourcing practices of buyers and the sales and planning practices of suppliers affect workplace conditions and worker well-being. Without consistent and systematic attention to responsible purchasing and production practices, companies can undermine their efforts toward ethical working conditions in factories. This principle evaluates how headquarters' business practices (such as design, costing, and sourcing) are managed to support workers and address any negative impacts on working conditions.

BASELINE REQUIREMENTS FOR MILESTONE 1

CHART KEY: ● Met baseline requirements ● In process of implementing baseline requirements within the disclosed timeline


DESCRIPTION AND KPI	FLA STANDARD	NESPRESSO SYSTEM & PERFORMANCE	NESPRESSO PROGRESS
Policies and Procedures (2.1a, b) HQ Level	<p>a. The company has evidence of a written responsible sourcing/ procurement policy that considers supply chain models and characteristics, risk assessment, and traceability. The policy should include aspects such as:</p> <ul style="list-style-type: none">▪ Payment terms and conditions;▪ A payment schedule;▪ Any incentives or premiums offered;▪ Support for farmer income and fair compensation for workers; and▪ Engagement with business partners to understand the impact of procurement practices on farmers and workers. <p>b. The company has evidence of written procedures that stipulate implementation of the policy.</p>	<p>Nespresso has a guidance document for suppliers that describes the process of selling coffee to Nespresso. It describes premium payments, payment terms, including how the total price is calculated, invoice processing, and more. It names specific contacts at Nespresso.</p> <p>Suppliers receive comprehensive guidance documents, such as the AAA Implementation Guide, on the key operational aspects of the AAA Program, including payment processes and terms and premium payment requirements.</p> <p>Farmers are encouraged to share their thoughts and concerns regarding the AAA Program and coffee prices, which are influenced by market fluctuations but not caused by Nespresso. Additionally, Nespresso works closely with its partners to enhance income diversification and insurance schemes designed to improve farmers' living income.</p>	●
Implementation (2.2a, b) HQ Level	<p>a. The company has evidence that staff members from relevant departments are periodically trained on the procurement/sourcing policies and procedures.</p>	<p>Nespresso has a responsible sourcing and procurement policy and practice in place. Senior management reviews the policy quarterly. The company also implements a supplier evaluation system.</p>	●

MILESTONE 1 ASSESSMENT SUMMARY

DESCRIPTION AND KPI	FLA STANDARD	NESPRESSO SYSTEM & PERFORMANCE	NESPRESSO PROGRESS
Implementation (continued) (2.2a, b) HQ Level	a. The company has evidence that staff upholds the responsible sourcing/procurement policies and procedures through all terms and conditions defined in its sourcing/procurement agreements.	Cross-departmental collaboration has been taking place between the quality, procurement, and sustainability departments. These departments also provide input into supplier engagement, including annual supplier meetings and individual performance reviews for suppliers.	
Accountability (2.3a, b, c) HQ / Country Level	a. The company has written records that senior management reviews and assesses the impacts of its sourcing/procurement practices and the performance of staff responsible for implementing responsible sourcing/procurement practices. b. The company has evidence that it periodically seeks feedback through dialogue with business partners, without fear of retaliation, to understand the impact (positive or negative) of its sourcing/procurement practices on farmers and workers. c. The company has evidence of improvements in its sourcing/procurement practices based on senior management review of internal, cross-discipline, and business partner dialogue and engagement; and on-the-ground impact of company practices.	Nespresso staff internally escalate instances in which premiums are not paid and ensures they are resolved. A supplier meeting is held annually for both procurement and sustainability staff. Nespresso goes over each supplier's performance individually, which currently includes the traceability progress. Labor standards are currently being implemented. The regional teams work with every supplier to determine the level of investments required to support annual labor standards implementation activities. Nespresso has an audit and remediation process to ensure company compliance with the procurement practices and premium payments. Further evidence will be collected in the regions/sourcing countries during M2 and M3 evaluations. ¹	

1 This benchmark (P2.3) requires "In Progress" as the minimum to achieve Milestone 1. Further evidence will be verified at the country-level to confirm "Implementation" during Milestones 2 and 3.

MILESTONE 1 ASSESSMENT SUMMARY

DESCRIPTION AND KPI	FLA STANDARD	NESPRESSO SYSTEM & PERFORMANCE	NESPRESSO PROGRESS
Supplier Evaluation and Incentives (2.4a, b) HQ / Country Level	<p>a. The company has evidence of a pre-sourcing and ongoing supplier evaluation system, which includes assessment of a business partner's commitment to workplace labor standards and cascading the requirements upstream.</p> <p>b. The company has evidence of steps taken to motivate its business partners to implement responsible sourcing/ procurement practices.</p>	<p>Nespresso implements both pre-sourcing and ongoing monitoring at the farm level as part of the Nespresso AAA Program.</p> <p>Nespresso evaluates suppliers every year to review compliance with its procurement, quality, and sustainability KPIs. Nespresso's procurement department manages this data.</p> <p>Nespresso has taken steps to motivate business partners. In most countries where the market structures and applicable laws allow, Nespresso offers:</p> <ul style="list-style-type: none"> ▪ Premiums: Nespresso AAA Program premiums as well as other certification premiums; ▪ Funding for Nespresso AAA Program implementation (e.g., hiring AAA ambassadors/AAA agronomists and social workers); and ▪ The AAA Farmers' Award, an annual recognition program given by Nespresso's CEO. 	

MILESTONE 1 ASSESSMENT SUMMARY



PRINCIPLE 3: COMPANY STAFF TRAINING

Company identifies and trains specific staff responsible for implementing workplace standards and responsible purchasing practices and provides training to all head office and regional staff.

WHY: Effective implementation of social compliance standards depends on having staff at headquarters who are well-trained and tasked with clear responsibilities around human rights and workplace standards. Additionally, all headquarters staff must be aware of the company's commitment so that workplace standards are embedded throughout the business.

BASELINE REQUIREMENTS FOR MILESTONE 1

CHART KEY: ● Met baseline requirements ● In process of implementing baseline requirements within the disclosed timeline

DESCRIPTION AND KPI	FLA STANDARD	NESPRESSO SYSTEM & PERFORMANCE	NESPRESSO PROGRESS
Responsible Staff (3.1a, b, c) HQ and Country Level	a. The company has an organizational chart designating title, name, and contact information of responsible individual(s). b. The company has job description(s) or other equivalent to demonstrate relevant responsibilities for implementing labor standards. c. The company has evidence of a process in place to determine the ongoing personnel needs of the labor compliance program.	Nespresso has a dedicated sustainability team at its headquarters, including the human rights manager. The Nespresso AAA Program implementation and FLA work is supported by the head of sustainability, the sustainability program manager, and social impact manager at headquarters; it's also supported by sustainability staff in all four regions (Central America, Latin America, Africa, and Asia), ranging from 1-5 team members and the supplier's agronomists and social workers who are financed by Nespresso.	●
Staff Training (3.2a, b, c) HQ or Country Level	a. The company has evidence that it provides appropriate training or other professional development covering all areas of the FLA Workplace Code of Conduct and Principles, the integration of standards into business practices, and awareness on the consequences of planning and sourcing/procurement practices on working conditions. b. The company has evidence that its training program encompasses training evaluation, feedback incorporation, and training improvements. c. The company has evidence that it measures awareness and knowledge gained.	Nespresso has mandatory training established on human rights for all staff. Sustainability staff participate in internal Nespresso AAA Program updates and supplier onboarding. Sustainability staff also have an annual workshop to maintain their knowledge and interest in the relevant topics. Online training modules are also developed for agronomists and social workers deploying the Nespresso AAA Program to strengthen their knowledge on labor standards. These training modules includes the evaluation and tests.	●

MILESTONE 1 ASSESSMENT SUMMARY



PRINCIPLE 9: CONSULTATION WITH CIVIL SOCIETY

Company Member identifies, researches, and engages with relevant labor non-governmental organizations, trade unions and other civil society institutions.

WHY: Labor-focused CSOs help companies better understand local conditions and issues that most acutely impact workers, which enables companies to make their supply chains more responsive to workers’ needs.

BASELINE REQUIREMENTS FOR MILESTONE 1

CHART KEY: ● Met baseline requirements ● In process of implementing baseline requirements within the disclosed timeline

DESCRIPTION AND KPI	FLA STANDARD	NESPRESSO SYSTEM & PERFORMANCE	NESPRESSO PROGRESS
CSO Engagement Strategy and Mapping (9.1a)	The company has a map of stakeholders and a strategic plan for local and international CSO outreach engagement, taking into account the high-risk areas and salient human rights issues. This includes trade unions active in the supply chains (at the farm level) where the company operates.	Nespresso has mapped the CSOs at the headquarters level. It conducted research on local organizations that represent workers and completed an exercise to prioritize the sourcing countries for engagement. The company also continues engagements and projects with international CSOs to prioritize countries and remediation work.	●

MILESTONE 1 ASSESSMENT SUMMARY



PRINCIPLE 10: VERIFICATION REQUIREMENTS FOR FLA MEMBERSHIP

Company Member meets FLA verification and program requirements.

WHY: FLA requires that companies maintain SOPs related to FLA membership to ensure that they are upholding FLA requirements regardless of employee turnover, changes in ownership, changes in supply chain, etc. FLA’s Agriculture Program Milestone 1 requirements state that companies must have their SOPs in place before achieving Fair Labor Accreditation.

BASELINE REQUIREMENTS FOR MILESTONE 1

CHART KEY: ● Met baseline requirements ● In process of implementing baseline requirements within the disclosed timeline

DESCRIPTION AND KPI	FLA STANDARD	NESPRESSO SYSTEM & PERFORMANCE	NESPRESSO PROGRESS
FLA Membership (10.2.a, 10.3.a, 10.4.a, and 10.6.a)	<p>a. The company participates in FLA due diligence activities, including assessments at facilities and company headquarters, as applicable.</p> <p>b. The company completes a standardized annual report on its fulfillment of the Principles of Fair Labor and Responsible Sourcing; the company provides information regarding its internal management systems tools, protocols, and other documents required for verification.</p> <p>c. The company maintains a complete and accurate profile and list of facilities with FLA and publicly; the company has updated this profile within the last year.</p> <p>d. The company pays annual FLA dues and applicable fees on schedule.</p>	<p>Nespresso has been actively participating in FLA commissioned farm assessments, sharing the supply chain data and providing access to FLA accredited assessors. The company pays its membership and assessment fees in advance.</p> <p>Nespresso actively collaborates with its suppliers and supports suppliers’ capacity building in HRDD. To cover the large number of sourcing countries and farms, the publication of a Corrective Action Plan has taken time; however, there are plans to publish in 2025.</p>	●