



Independent External Monitoring Agriculture Report, 2022

The Fair Labor Association (FLA) conducts an Independent External Monitoring (IEM) assessment when a company has begun implementation of its internal monitoring and remediation program. An IEM allows the assessment of labor conditions at the farm level and first level processing if it overlaps with the farms based on the [FLA Agriculture Workplace Code of Conduct and Monitoring Benchmarks for the Agriculture Sector](#). FLA gathers further data through community stakeholder interviews with civil society organizations, government officials, community leaders, and supply chain actors. FLA examines internal monitoring systems at the country level against [FLA's Principles of Fair Labor and Responsible Sourcing for Agricultural Supply Chains](#).

Company	<u>Nespresso</u>
Country	Brazil
Crop	Coffee
Production process	Harvesting
Assessment location	Minas Gerais
Monitor	Beat Grüninger and Gabrielle Assef - Elevate (Brazil)
Assessment dates	July 25 to July 29, 2022
Number of assessed farms	3
Total area covered	433 ha
Number of farmers interviewed	3
Total number of workers	91
Number of workers interviewed	19

Employment Relationship			
Compliance Status			
Section	Benchmark	Compliance status	Farms
Human Resource Management System	ER.1.1	Risk of noncompliance	Farm 2 and Farm 3
	ER.1.2 (PR)	In progress	Farm 2
	ER.1.3 (PR)	Not initiated	Farm 1, Farm 2, and Farm 3
	ER.2.1	Risk of noncompliance	Farm 2 and Farm 3
	ER.2.1.1	Risk of noncompliance	Farm 2 and Farm 3
Recruitment and Hiring	ER.3.1	Risk of noncompliance	Farm 2 and Farm 3
	ER.3.1.1	Risk of noncompliance	Farm 2 and Farm 3
	ER.3.1.2	Risk of noncompliance	Farm 2 and Farm 3
	ER.4	Not Applicable	
	ER.5.1	Not Applicable	
	ER.5.2	Not Applicable	
	ER.5.3	Not Applicable	
	ER.6 (PR)	Not initiated	Farm 2 and Farm 3
	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	Risk of noncompliance	Farm 2
	ER.7.8	Risk of noncompliance	Farm 2
	ER.8.1	Risk of noncompliance	Farm 2
	ER.8.2	Risk of noncompliance	Farm 2
	ER.8.3	Risk of noncompliance	Farm 2
Terms and Conditions	ER.9.1	Risk of noncompliance	Farm 2
	ER.9.2.1	Risk of noncompliance	Farm 2
	ER.9.2.2	Noncompliance	Farm 2
	ER.9.2.3	Risk of noncompliance	Farm 1 and Farm 2
	ER.9.3.1	Risk of noncompliance	Farm 2
	ER.9.3.2	Risk of noncompliance	Farm 2
	ER.9.3.3	Risk of noncompliance	Farm 2
	ER.10	Not Applicable	
	ER.11	Risk of noncompliance	Farm 2
	ER.12.1	Risk of noncompliance	Farm 2
	ER.12.1.1	Risk of noncompliance	Farm 2

	ER.12.2	Noncompliance	Farm 1, Farm 2, and Farm 3
	ER.13.1	Risk of noncompliance	Farm 2
	ER.13.2	Risk of noncompliance	Farm 1, Farm 2, and Farm 3
	ER.13.3	Risk of noncompliance	Farm 2
	ER.13.4 (PR)	Not initiated	Farm 2 and Farm 3
Administration	ER.14.1	Risk of noncompliance	Farm 2
	ER.14.2	Risk of noncompliance	Farm 2
	ER.15.1	In compliance	
	ER.15.2	In compliance	
	ER.15.2.1	In compliance	
	ER.16.1	In compliance	
	ER.16.2	In compliance	
	ER.17.1	Risk of noncompliance	Farm 2
	ER.17.2	Noncompliance	Farm 2
	ER.17.3	Risk of noncompliance	Farm 2
Worker Involvement	ER.17.4	Not Applicable	
	ER.18.1	In compliance	
	ER.18.2	Noncompliance	Farm 2
Right to Organize and Bargain	ER.18.3 (PR)	Not Applicable	
	ER.19	Noncompliance	Farm 1
Work Rules and Discipline	ER.20.1	Risk of noncompliance	Farm 2 and Farm 3
	ER.20.2	Risk of noncompliance	Farm 2 and Farm 3
	ER.20.3	Risk of noncompliance	Farm 2 and Farm 3
	ER.20.4	Risk of noncompliance	Farm 2 and Farm 3
	ER.20.5 (PR)	Not initiated	Farm 2 and Farm 3
	ER.20.6	Risk of noncompliance	Farm 2 and Farm 3
	ER.20.7	Risk of noncompliance	Farm 2 and Farm 3
	ER.20.8	Risk of noncompliance	Farm 2 and Farm 3
	ER.20.9	Risk of noncompliance	Farm 2 and Farm 3
	ER.20.10 (PR)	Not initiated	Farm 2 and Farm 3
	ER.20.11	Risk of noncompliance	Farm 2 and Farm 3
Training	ER.21	In compliance	
	ER.22.1 (PR)	Not initiated	Farm 2 and Farm 3
	ER.22.1.1 (PR)	Not initiated	Farm 2 and Farm 3
	ER.22.2 (PR)	Not initiated	Farm 2 and Farm 3
	ER.23.1 (PR)	Not initiated	Farm 2 and Farm 3
	ER.23.2 (PR)	Not initiated	Farm 2 and Farm 3
HSE Management System	ER.24.1.	Risk of noncompliance	Farm 2
	ER.24.2	Risk of noncompliance	Farm 2
	ER.24.3	Risk of noncompliance	Farm 2

	ER.24.4	Risk of noncompliance	Farm 2 and Farm 3
	ER.24.4.1	Risk of noncompliance	Farm 2 and Farm 3
	ER.24.4.2	Risk of noncompliance	Farm 2 and Farm 3
	ER.24.4.3	Risk of noncompliance	Farm 2 and Farm 3
	ER.24.4.4	Risk of noncompliance	Farm 2 and Farm 3
	ER.24.4.5	Risk of noncompliance	Farm 1, Farm 2, and Farm 3
	ER.24.4.6	Risk of noncompliance	Farm 1, Farm 2, and Farm 3
	ER.24.5 (PR)	In progress	Farm 2 and Farm 3
Grievance Procedures	ER.25.1	Risk of noncompliance	Farm 1, Farm 2, and Farm 3
	ER.25.2	Risk of noncompliance	Farm 1, Farm 2, and Farm 3
	ER.25.3	Risk of noncompliance	Farm 1, Farm 2, and Farm 3
	ER.25.4	Risk of noncompliance	Farm 1, Farm 2, and Farm 3

Employment Relationship Assessment Summary

Human Resource Management System			
Benchmarks		Compliance Status	
ER.1.1: Employer shall have written terms and conditions of employment, job descriptions, rules of compensation, and working hours for all positions. In the case of workplaces with informal labor structures, employers should be able to describe verbally all of the above terms and conditions and clearly communicate them to workers.		Risk of Noncompliance in Farm 2 and Farm 3	
ER.2.1: Employers shall maintain on file all documentation needed to demonstrate compliance with the FLA Workplace Code and required laws, at the farm itself or externally with the sourcing company, intermediary, cooperative or an accountant or administrator.	ER.2.1.1: Employers shall make these documents available to third-party assessors commissioned by the FLA and shall submit to unannounced inspections.		
Findings/Noncompliance Explanation <p>On farm 2 and farm 3, there was an excessive delay in the availability of documentation for different reasons. On farm 3, a single person centralized documents, and this person was not available to provide the necessary documents. On farm 2, the assessor requested documentation from two regular and seven seasonal/harvest workers. No work contracts were presented for seven harvest workers. The office administration informed the assessor that there is no contract for these workers because the harvest end date has not been determined (thus there is no specific period for work), but they claim that the employer follows Brazilian Labor Law. Other unsubmitted documents include payslips for specific months from four of the nine workers, PPE receipts from two of the nine workers, and timecards from one of the nine sampled workers.</p> <p>On farm 3, it was possible to analyze employee work documentation, but further evidence (payslips and time records) was not submitted. Also, the farm used a contact template for grape harvesting without sufficient adaptation (the office of the employer union corrected it immediately after the assessment).</p> <p>Source: interviews.</p>			
Company Action Plan			
Activity	<ul style="list-style-type: none"> Activity 1: Develop a booklet based on local legislation to be distributed to all farms with content that helps them to know and understand how hiring should 		

	<p>be conducted, and farmer responsibility such as workers' rights, health and safety, applicable to all workers (permanent and temporary), including migrants, adolescents, pregnant and breastfeeding women. This action, together with implementing the Code of Conduct described in activity 13 of the "Work Rules and Discipline" section of this chapter, will allow farmers to improve control and access to workers' work records.</p> <ul style="list-style-type: none"> Activity 2: Deliver the booklet mentioned in activity 1 to the farmers and conduct training with the farmers and people responsible for the farm contracting process. Activity 3: Conduct annual internal TASQ assessment on all the farms a part of the Nespresso AAA Program, carried out by Nespresso AAA fieldstaff assigned to each cluster, and an external audit by the partner Imaflora on a predefined sample, to verify that all the points required by the Nespresso AAA Program and those agreed in this Corrective Action Plan are met. The purpose of the evaluation is to assess the effectiveness of actions, recognize progress, identify remaining challenges, and take corrective action on any risks.
Output indicators (targeted results)	<ul style="list-style-type: none"> Activity 1: Develop and print the booklet. Activity 2: Number of farms that received the booklet Activity 3: Report of internal assessments Activity 3: External Audit Report
Timeline and Deadline Date	<ul style="list-style-type: none"> Activities 1 and 2: December 2026 Activity 3: Continuous
Input (budget/resources)	<ul style="list-style-type: none"> AAA Field Investment
Responsible staff (title/department)	<ul style="list-style-type: none"> Activity 1: The supplier's social consultant in collaboration with Nespresso's external partner (Imaflora) Activity 2: Nespresso AAA fieldstaff Activity 3: Internal Audits - Nespresso and AAA fieldstaff / External Audits contracted by Nespresso and executive manager green coffee of Nespresso.

Proof of Age Documentation	
Benchmarks	Compliance Status
<p>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.</p> <p>ER.3.1.1: Employers shall take reasonable measures to ensure such documentation is complete and accurate.</p> <p>ER.3.1.2: In those cases where proof of age documentation is not readily available or unreliable, employers shall take all necessary precautions which can reasonably be expected of them to ensure that all workers are at least the minimum legal working age, including requesting and maintaining medical or religious records of workers, or through other means considered reliable in the local context.</p>	Risk of Noncompliance in Farm 2 and Farm 3
<p>ER.7: Employers may hire temporary, casual, daily, seasonal or migrant workers only when:</p> <p>ER.7.7: farm rules and regulations apply to contract, temporary, casual, daily, seasonal or migrant workers the same as for permanent workers;</p> <p>ER.7.8: contract, temporary, casual, daily, seasonal or migrant workers are given priority when the farm is seeking 'new' permanent employees provided they have the relevant skills required. Contract, temporary, casual, daily, seasonal or migrant workers are given priority when the farm is seeking 'new' permanent employees provided they have the relevant skills required.</p> <p>ER.8: Employers shall not:</p> <p>ER.8.1: use contract, temporary, casual, daily, seasonal or migrant workers on a regular basis for the long-term or multiple short-terms;</p> <p>ER.8.2: hire contract, temporary, casual, daily, seasonal or migrant workers as a means to support normal business needs on a continuous basis or as regular employment practice; or</p> <p>ER.8.3: make excessive use of fixed-term contracts or schemes where there is no real intent to impart skills or provide regular employment.</p>	Risk of Noncompliance in Farm 2 and Farm 3

Findings/Noncompliance Explanation	<p>It is important to emphasize that no evidence of child labor was found on any of the three farms analyzed. No children or adolescents were encountered during the farm tour, it was possible to talk to all the workers sampled, and all were adults.</p> <p>Even though Farm 2 did not present labor contracts for all the requested harvesting workers (seven seasonal workers), the farm showed that other documentation (Work and Social Security Card - CTPS) was available as a labour registry. As there is no labor contract with the seven sampled harvesters on Farm 2, it is not possible to determine if any employment terms and conditions have been established and agreed upon.</p> <p>Farm 3 did not send documentation after the site visit, but the documentation was analyzed on-site. The harvesters' work contracts were based on a contract template by a local union for a "grape harvest 2022," but it was not modified sufficiently to match the activities of Farm 3. It cannot be determined if the contracts are applicable or relevant.</p> <p>The delay and/or lack of submission of important contract documentation significantly increases the risk of the appearance of non-conformities. There is a need for better management and recording of information at farms 2 and 3.</p> <p>Source: interviews and documentation reviews.</p>
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Company Action Plan	
Activity	<ul style="list-style-type: none"> The activities number 1, 2 and 3 described in the "Human Resource Management System" section applies.
Output indicators (targeted results)	<ul style="list-style-type: none"> The output indicators described in the "Human Resource Management System" section of this chapter apply.
Timeline and Deadline Date	<ul style="list-style-type: none"> Activities 1, 2: December 2026 Activity 3: Continuous
Input (budget/resources)	AAA Field Investment
Responsible staff (title/department)	<ul style="list-style-type: none"> Activity 1: The supplier's social Consultant in collaboration with Nespresso's external partner (Imaflora). Activity 2: Nespresso AAA fieldstaff Activity 3: Internal Audits - Nespresso and AAA Fieldstaff / External Audits contracted by Nespresso and the executive manager green coffee of Nespresso

Terms and Conditions	
Benchmarks	Compliance Status
<p>ER.9.1: Workers should be made aware of the employment terms under which they are engaged.</p> <p>ER.9.2: Employment terms shall be those to which the worker has voluntarily agreed, provided those terms do not fall below:</p> <p>ER.9.2.1: provisions of national laws;</p> <p>ER.9.2.3: the FLA Workplace Code.</p> <p>ER.9.3: There can be no employment terms (including in written or verbal contracts or any other instruments or in any formal or informal recruitment arrangements) which allow employers:</p> <p>ER.9.3.1: to hold wages already earned; or</p> <p>ER.9.3.2: use earned back wages as penalties; and</p> <p>ER.9.3.3: in any way punishes workers for terminating employment.</p> <p>ER.11: Employers shall ensure that all legally mandated requirements for the protection or management of special categories of workers, including migrant, juvenile, contract/contingent/temporary, casual, daily, home workers, pregnant or disabled workers, are implemented.</p> <p>ER.12.1: Employers shall regularly inform workers about workplace rules, health and safety information, and laws regarding workers' rights with respect to freedom of association, compensation, working hours, and any other legally required information, and the FLA Code through appropriate means, including posted in local language(s) throughout the workplace's common areas or in the surrounding community. In the case of workplaces</p>	Risk of Noncompliance in Farm 2

<p>with informal labor structures, these communication and awareness raising activities could be done with support from supply chain intermediaries such as cooperatives, organizers, tier one suppliers or the participating company.</p> <p>ER.12.1.1: Employers shall inform workers that any form of harassment or abuse in the workplace shall be subject to disciplinary measures.</p> <p>ER.13.1: Farmer, sharecropper or any kind of supervisor who is leading workers shall have knowledge of the local labor laws and the FLA Code.</p> <p>ER.13.2: Employers shall ensure that all supervisors are trained in national laws, regulations, and the FLA Code, and the appropriate practices to ensure compliance.</p> <p>ER.13.3: Employers shall inform supervisors that they should not use any form of harassment or abuse to maintain labor discipline.</p>	
ER.9.2.2: freely negotiated and valid collective bargaining agreements; or	Noncompliance in Farm 1 and Farm 2
ER.12.2: Where a union exists on the farm, employers shall make available a copy of the collective bargaining agreement to all workers and other interested parties.	Noncompliance in all farms

Right to Organize and Bargain	
Benchmarks	Compliance Status
ER.19: Employers shall respect all laws, rules and procedures protecting the rights of workers to organize, bargain collectively, and participate in strikes consistent with ILO principles and jurisprudence.	Noncompliance in Farm 1
Findings/Noncompliance Explanation <p>Farm 1: The collective agreement of the union "Trabalhadores Rurais, Assalariados e Agricultores Familiares do Município de Nepomuceno-MG CNPJ: 41.879.065-0001-36" was presented. It was evidenced that a monthly deduction of R\$25.24 from each of the sampled employees was made as the confederative contribution but without the employees' clear understanding or agreement.</p> <p>Workers reported not knowing representatives of the union and not signing documents to provide authorization for these monthly deductions. It is worth mentioning that Brazilian workers are, by law, automatically enrolled in existing unions in the different economic sectors, and these unions negotiate CBAs to be applicable at the different workplaces and geographical zones, in most cases, without workers' involvement or participation. For that reason, union fees are automatically implemented on workers' salaries, without workers' consent.</p> <p>Based on the local practice, the current valid CBAs applicable to the three farms were negotiated without workers' consultation and agreement. The workers have not been provided with a copy of the CBAs or explained their content.</p> <p>Source: interviews and documentation reviews.</p>	
Company Action Plan	
Activity <ul style="list-style-type: none"> Activity 4: Distribute a copy of the collective bargaining agreements and conduct training for each farm. The training will be based on the agreement itself and will cover the importance of the participation of workers and their representatives in collective bargaining to ensure that collective bargaining is conducted fairly, voluntarily, and in good faith. The training will be recorded in the Nespresso system registering the participants and photos of the training. Activity 5: Hold a meeting with the farms to read and interpret the collective bargaining agreement. The activity number 3 described in the "Human Resource Management System" section of this chapter applies. 	
Output indicators (targeted results) <ul style="list-style-type: none"> Activity 4: Number of farms with collective bargaining agreement delivered. Activity 5: Number reached with the collective bargaining agreement meeting. Activity 3: Report of internal assessments Activity 3: External Audit Report 	
Timeline and Deadline Date <ul style="list-style-type: none"> Activities 4 and 5: December 2026 Activity 3: Continuous 	

Input (budget/resources)	<ul style="list-style-type: none"> • AAA Field Investment
Responsible staff (title/department)	<ul style="list-style-type: none"> • Activities 3, 4 and 5: The supplier's social consultant in collaboration with Nespresso AAA fieldstaff

Administration	
Benchmarks	Compliance Status
ER.14.1: Employers shall handle termination payouts taking into account national legal requirements. ER.14.2: Employers shall not demand that workers sign any declaration of good health, waivers or releases of other rights as a condition of receiving severance pay or other legal benefits from the company and shall not threaten to withhold benefits if workers do not sign. ER.17.1: Employers shall have in place policies for managing all working hours, overtime, and leave records in normal and exceptional circumstances. ER.17.3: Employers shall not maintain multiple time-keeping systems and/or records.	Risk of Noncompliance in Farm 2
ER.17.2: Accurate time records shall be maintained by employers, including overtime, breaks, and leave. If time recording systems are not part of the local practices or if smallholders are illiterate, rudimentary manual record on working days and working hours for each worker is acceptable.	Noncompliance in Farm 2
Findings/Noncompliance Explanation	Farm 2: Harvest workers do not have labour contracts. And even though the farm management informs that they follow the Brazilian Labor Law (known as CLT), the laws do not require specifications and agreement of employment clauses with the workers. In addition, for 4 out of 9 sampled workers, no pay stubs or timecards were shared with the assessors, nor even after the onsite visit was completed. Source: interviews.

Company Action Plan	
Activity	
	<ul style="list-style-type: none"> • Activity 6: Provide a template to support all farms that have a legal obligation with a way to record (time sheet) the hours worked by each fixed or temporary worker. • Activity 7: Advise and raise awareness with the farms that to meet the legal requirements for hiring, each worker must have their respective work contracts signed. • Activity 8: Prepare a standard employment contract template to be distributed to farms that do not have it. • The activity number 3 described in the "Human Resource Management System" section of this chapter applies.
Output indicators (targeted results)	<ul style="list-style-type: none"> • Activity 6: Number of farms that have process to control working hours • Activity 7: Number of interactions with farms • Activity 8: Contract template developed • Activity 3: Report of internal assessments • Activity 3: External Audit Report
Timeline and Deadline Date	<ul style="list-style-type: none"> • Activities 6, 7 and 8: December 2026 • Activity 3: Continuous
Input (budget/resources)	<ul style="list-style-type: none"> • AAA Field Investment
Responsible staff (title/department)	<ul style="list-style-type: none"> • Activities 3, 6 and 7: The supplier's social consultant and AAA fieldstaff • Activity 8: The supplier's social consultant in collaboration with Nespresso's external partner

Worker Involvement	
Benchmarks	Compliance Status
ER.18.2: Workers shall be consulted regularly (verbally or in writing) on all matters concerning them.	Noncompliance in Farm 2

Findings/Noncompliance Explanation	Farm 2: Workers are not consulted regarding matters concerning working conditions, including the need for PPEs required at work. Moreover, PPEs are bought by the employees since the farmers are not providing such equipment. Source: interviews.
Company Action Plan	
Activity	<ul style="list-style-type: none"> Activity 9: Support farms to implement a mechanism for workers to share their demands and/or complaints, which can be a suggestion box or a conversation circle, depending on the farm set up. This mechanism can be informal, and demands should be registered in a simple way. Activity 10: Raise awareness with the farms on the importance of having a mechanism that favors this dialogue between farmers and workers. Activity number 3 described in the "Human Resource Management System" section of this chapter applies.
Output indicators (targeted results)	<ul style="list-style-type: none"> Activity 9: Number of farms that have some mechanism that facilitates this communication Activity 10: Number of farms that received this guidance. Activity 3: Report of internal audits. Activity 3: External Audit Report
Timeline and Deadline Date	<ul style="list-style-type: none"> Activities 9 and 10: December 2026 Activity 3: Continuous
Input (budget/resources)	<ul style="list-style-type: none"> AAA Field Investment
Responsible staff (title/department)	<ul style="list-style-type: none"> Activities 9 and 10: The supplier's social consultant and Nespresso AAA fieldstaff

Work Rules and Discipline	
Benchmarks	Compliance Status
ER.20.1: Employers shall have disciplinary rules and practices that embody a system of progressive discipline (e.g. a system of maintaining discipline through the application of escalating disciplinary action moving from verbal warnings to written warnings to suspension and finally to termination). ER.20.2: Any person supervising workers shall be aware of the disciplinary rules and practices. ER.20.3: Supervisors shall be trained on the proper handling of disciplinary rules and practices. ER.20.4: The disciplinary system shall be applied in a fair and non-discriminatory manner and include a management review of the actions by someone senior to the manager who imposed the disciplinary action. ER.20.6: Disciplinary rules and practices shall be clearly communicated to all workers. ER.20.7: Workers must be informed when a disciplinary procedure has been initiated against them. ER.20.8: Workers have the right to participate and be heard in any disciplinary procedure against them. ER.20.9: Workers must sign all written records of disciplinary action against them. ER.20.11: The disciplinary system shall include a third party witness during imposition, and an appeal process. In case of smallholder settings, existing appeal mechanism at community level is acceptable.	Risk of Noncompliance in Farm 2 and Farm 3
Findings/Noncompliance Explanation	At Farm 2, in addition to not having a labor contract for harvest workers, no rules for discipline were presented. For Farm 3 no disciplinary rules and training on the topic were presented. Source: interviews.
Company Action Plan	
Activity	<ul style="list-style-type: none"> Activity 11: Develop a standard protocol, based on national legislation, that guides farmers on the application of corrective measures in the work setting. Activity 12: Distribute the standard protocol and support farmers in its implementation and customization.

	<ul style="list-style-type: none"> Activity 13: Develop a code of conduct to be distributed to all farms so that it serves as a guide for the implementation of actions and monitoring. This code must contemplate the following topics: <ol style="list-style-type: none"> Criteria for registration of permanent and seasonal workers be carried out with reference to Brazilian labor law, involving seasonal workers, contract work and other forms of contracting, with a description of the service to be performed, salary, hours worked, overtime policy, benefits, etc. These records must be kept on the farms and refer to: controls of hours worked, overtime pay, compensation for hours worked, application of legal discounts, union contribution, medical examinations of workers, PPE delivery form, payslips or payslips, time card, control of overtime (as permitted by law), and training lists, among others. These criteria include training workers on the methodology for calculating remuneration and their other labor rights. Criteria for identification, storage, protection, retrieval, retention time and method of disposal of labor records in accordance with Brazilian labor legislation. Criteria for safe and healthy workplaces related to washing, changing and resting facilities, toilets, access to drinking water, a clean place to eat and drink during breaks. These criteria include transportation and road safety standards. The following policies will also be included: Disciplinary actions; discrimination; hiring; human Rights; child Labor; slave labor; freedom of association; wage setting and evaluation; harassment; and HSE and environmental. Definition of who is responsible for the execution and control of the activities described in the code. Based on these general guidelines and criteria, each supplier will make the necessary adaptations to its code Activity number 3 described in the "Human Resource Management System" section of this chapter applies.
Output indicators (targeted results)	<ul style="list-style-type: none"> Activity 11: Developed protocol Activity 12: Number of farms that received the protocol Activity 13: Developed code of conduct Activity 13: Number of farms received the code of conduct Activity 3: Report of internal audits Activity 3: External Audit Report
Timeline and Deadline Date	<ul style="list-style-type: none"> Activities 11 and 12: December 2026 Activity 13: December 2026 Activity 3: Continuous
Input (budget/resources)	<ul style="list-style-type: none"> AAA Field Investment
Responsible staff (title/department)	<ul style="list-style-type: none"> Activity 11 and 13: The supplier's social consultant in collaboration with Nespresso's external partner (Imaflora) Activity 12: The supplier's social consultant and supplier cluster managers The responsible staff mentioned in activity number 3 described in the "Human Resource Management System" section of this chapter applies.

HSE Management System		
Benchmarks		Compliance Status
<p>ER.24.1: Health, safety and environmental rules shall be communicated to all workers in the local language or language spoken by workers if different from the local language.</p> <p>ER.24.2: Employers shall have a clearly written policy with all relevant HSE procedures aimed, at a minimum, at compliance with legal minimum health, safety, and environmental standards, regulations and procedures. For small farms with informal labor structures, written policies can take the form of basic HSE documents or information.</p> <p>ER.24.3: Employers shall have a designated responsible person for HSE issues on the farm. For small farms, this could be the responsibility of the farmer directly.</p>		Risk of Noncompliance in Farm 2

<p>ER.24.4: The health, safety, and environmental policies shall contain the framework for a comprehensive health, safety, and environmental management system within which the following are clear and regularly tested and reviewed:</p> <p>ER.24.4.1: employers' responsibilities,</p> <p>ER.24.4.2: workers' rights and duties,</p> <p>ER.24.4.3: responsibilities of designated personnel,</p> <p>ER.24.4.4: procedures that enable workers to raise health, safety, and environmental concerns</p>	<p>Risk of Noncompliance in Farm 2 and Farm 3</p>
<p>ER.24.4.5: procedures for reporting death, injury, illness and other health and safety issues (for instance, near-miss accidents) and environmental emergencies, and,</p> <p>ER.24.4.6: protection to workers who allege health, safety, and environmental violations.</p>	<p>Risk of Noncompliance in all farms</p>
<p>Findings/Noncompliance Explanation</p> <p>Of the three farms assessed, only Farm 1 has a code of conduct that describes and addresses worker health and safety issues. Farm 2 and Farm 3 do not have a code of conduct that covers health and safety and other labor issues. Farm 1 needs to develop health and safety procedures that are consistent with the code of conduct in place.</p> <p>Farm 2 and Farm 3 need to develop codes of conduct that comply with buyer standards to follow the required health and safety practices.</p> <p>Source: interviews and documentation review.</p>	
<p>Company Action Plan</p>	
<p>Activity</p> <ul style="list-style-type: none"> Activity 14: Ensure that farms have a valid HSE Management System (HSE-MS) Activity 15: Support producers in the implementation of the HSE-MS Activity number 3 described in the "Human Resource Management System" section of this chapter applies. 	
<p>Output indicators (targeted results)</p> <ul style="list-style-type: none"> Activity 14: HSE-MS elaborated Activity 15: Number of farms with HSE-MS implemented Activity 3: Report of internal audits Activity 3: External Audit Report 	
<p>Timeline and Deadline Date</p> <ul style="list-style-type: none"> Activities 14 and 15: December 2026 Activity 3: Continuous 	
<p>Input (budget/resources)</p> <ul style="list-style-type: none"> AAA Field Investment 	
<p>Responsible staff (title/department)</p> <ul style="list-style-type: none"> Activity 14: Supplier cluster manager Activity 15: The supplier's social consultant and Nespresso AAA fieldstaff The responsible staff mentioned in activity number 3 described in the "Human Resource Management System" section of this chapter applies. 	

Grievance Procedures	
Benchmarks	Compliance Status
<p>ER.25.1: Employers shall have in place a procedure that allows a direct settlement of the grievance by the worker and the immediate supervisor. Where this is inappropriate or has failed, there should be additional options for the worker to have the grievance considered at one or more steps, depending on the nature of the grievance and the structure and size of the facility.</p> <p>ER.25.2: Employer shall ensure that grievance procedures and applicable rules are known to workers and that the grievance channel is easily accessible.</p> <p>ER.25.3: 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 in the event that the local and farm level grievance redress mechanisms fail to sufficiently address the issue.</p> <p>ER.25.4: The company shall create awareness of this communication and non-compliance reporting mechanism to its service providers and suppliers.</p>	<p>Risk of Noncompliance in all farms</p>
<p>Findings/Noncompliance Explanation</p> <p>All three farms reported that there are grievance systems on the farms, which were provided by the buyer or certification bodies (the buyer uses to refer to the governmental channels listed below). However, most workers reported not using</p>	

	<p>them or not knowing exactly how to access these reporting systems. Furthermore, the assessor found no posters with information about the grievance channels of Nespresso and the Brazilian federal bodies for grievances (e.g., the Ipê System, Disque 100, and the Labor Prosecutor's Office). Also, there was no evidence of these systems being used by the farms or workers sampled.</p> <p>The assessor reviewed Nespresso's grievance channels and found some gaps. The QR Code and the website designed for submitting grievances were not accessible. Also, on the website, the assessors noted that information on steps to submit grievances is in English, which is not the workers' local language.</p> <p>Source: interviews and documentation review.</p>
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Company Action Plan

Activity	<ul style="list-style-type: none"> Activity 16: Implement Nestlé's grievance channel on all farms in the cluster. The implementation consists of providing a poster with details and operation of the channel and training the farm team to use the channel correctly. Activity number 3 described in the "Human Resource Management System" section of this chapter applies.
Output indicators (targeted results)	<ul style="list-style-type: none"> Activity 16: Number of farms with the channel implemented Activity 3: Report of internal audits Activity 3: External Audit Report
Timeline and Deadline Date	<ul style="list-style-type: none"> Activity 16: December 2026 Activity 3: Continuous
Input (budget/resources)	<ul style="list-style-type: none"> AAA Field Investment
Responsible staff (title/department)	<ul style="list-style-type: none"> Activity 16: The supplier's social consultant in collaboration with Nespresso's external partner (Imaflora) & Nespresso AAA fieldstaff The responsible staff mentioned in activity number 3 described in the "Human Resource Management System" section of this chapter applies.

Non-discrimination

Compliance Status

Section	Benchmark	Compliance status	Farms
General Compliance	ND. 1	In compliance	
Recruitment and Employment Practices	ND.2.1	In compliance	
	ND.2.2	In compliance	
	ND.2.3	Risk of Noncompliance	Farm 2 and Farm 3
Compensation Discrimination	ND. 3	Risk of Noncompliance	Farm 2
Discrimination in Training and Communication	ND. 4	In compliance	
Marital or Pregnancy-Related Discrimination	ND.5.1	Risk of Noncompliance	Farm 2 and Farm 3
	ND.5.2	In compliance	
	ND.5.3	In compliance	
	ND.6.1	In compliance	
	ND.6.1.1	Not Applicable	
	ND.6.2 (PR)	Not Applicable	
Health-Related Discrimination	ND. 7	In compliance	
	ND.8	In compliance	
	ND. 9	In compliance	
	ND.10	In compliance	
Respect of Culture and Religion	ND.11	In compliance	

Non-Discrimination Assessment Summary

Recruitment and Employment Practices		
Benchmarks:	Compliance Status	
ND.2.3: If not provided by law, employers must provide protection to workers who allege any type of discrimination in recruitment and employment practices.	Risk of Noncompliance in Farms 2 and Farm 3	
Findings/Noncompliance Explanation	<p>Farm 2: There was no evidence of discrimination of any kind. However, despite the farm management verbally informing FLA that workers were hired according to Brazilian labor laws, the farm did not present the work contracts of seven harvesters. The Brazilian Labor Law establishes basic rules against discrimination of any nature, regardless workers have signed written employment contracts or not.</p> <p>Farm 2 and 3: There are a lack of policies and documents including job advertisements, job descriptions and job performance to evaluate the existence of discriminatory practices.</p> <p>Source: interviews.</p>	
Company Action Plan		
Activity	<ul style="list-style-type: none"> The Code of Conduct of activity number 13 described in the "Work Rules and Discipline" section of the "Employment Relationship" chapter applies. Activity number 13 described in the "Human Resource Management System" section of the "Employment Relationship" chapter applies. 	
Output indicators (targeted results)	<ul style="list-style-type: none"> Activity 13: Code elaborated Activity 13: Number of farms with an implemented code of conduct Activity 3: Report of internal audits Activity 3: External Audit Report 	
Timeline and Deadline Date	<ul style="list-style-type: none"> Activity 13: February to December 2026 Activity 3: Continuous 	
Input (budget/resources)	<ul style="list-style-type: none"> AAA Field Investment 	
Responsible staff (title/department)	<ul style="list-style-type: none"> Activity 13: The supplier's social consultant in collaboration with Nespresso's external partner The responsible staff mentioned in activity 3 described in the "Human Resource Management System" section of this chapter applies. 	

Compensation Discrimination		
Benchmarks	Compliance Status	
ND.3: There shall be no differences in compensation for workers performing equal work or work of equal value based on gender, race, religion, age, disability, sexual orientation, nationality, political opinion, social group, ethnic origin, employment status (e.g. local workers vs. migrant workers), or membership in unions or other workers' representative bodies.	Risk of Noncompliance in Farm 2	
Findings/Noncompliance Explanation	<p>Farm 2: Only the seasonal workers do not have employment contracts. In addition, the farm did not present payslips and working hour records of 4 seasonal workers. It is not possible to determine if such records consistently exist for all workers including seasonal workers and if there are differences in compensation or working hours between regular and seasonal workers.</p> <p>Source: interviews.</p>	
Company Action Plan		
Activity	<ul style="list-style-type: none"> The Code of Conduct of activity number 13 described in the "Work Rules and Discipline" section of the "Employment Relationship" chapter applies. The activity N°3 described in the "Human Resource Management System" section of the "Employment Relationship" chapter applies. 	
Output indicators (targeted results)	<ul style="list-style-type: none"> Activity 13: Code elaborated Activity 13: Number of farms with implemented code 	

	<ul style="list-style-type: none"> Activity 3: Report of internal audits Activity 3: External Audit Report
Timeline and Deadline Date	<ul style="list-style-type: none"> Activity 13: February to December 2026 Activity 3: By December 2026
Input (budget/resources)	<ul style="list-style-type: none"> AAA Field Investment
Responsible staff (title/department)	<ul style="list-style-type: none"> Activity 13: The supplier's social consultant in collaboration with Nespresso's external partner The responsible staff mentioned in activity number 3 described in the "Human Resource Management System" section of this chapter applies.

Marital or Pregnancy-Related Discrimination		
Benchmarks		Compliance Status
ND.5.1: Employers shall not require pregnancy testing of female workers, except as required by legal health and safety provisions. In cases that it is required by law, employers shall not use (the results of) such tests as a condition of hiring or continued employment.		Risk of noncompliance in Farm 2 and Farm 3
Findings/Noncompliance Explanation	Farm 2 and Farm 3: There is a lack of policy or specific practices for hiring and employing pregnant or nursing women. Source: interviews.	
Company Action Plan		
Activity	<ul style="list-style-type: none"> The Code of Conduct of activity 13 described in the "Work Rules and Discipline" section of the "Employment Relationship" chapter applies. The activity 3 described in the "Human Resource Management System" section of the "Employment Relationship" chapter applies. 	
Output indicators (targeted results)	<ul style="list-style-type: none"> Activity 13: Code elaborated Activity 13: Number of farms with implemented code Activity 3: Report of internal audits Activity 3: External Audit Report 	
Timeline and Deadline Date	<ul style="list-style-type: none"> Activity 13: December 2026 Activity 3: December 2026 	
Input (budget/resources)	<ul style="list-style-type: none"> AAA Field Investment 	
Responsible staff (title/department)	<ul style="list-style-type: none"> Activity 13: The supplier's social consultant in collaboration with Nespresso's external partner. The responsible staff mentioned in activity 3 described in the "Human Resource Management System" section of this chapter applies. 	

Harassment or Abuse

Compliance Status

Section	Benchmark	Compliance status	Farms
General Compliance	H/A.1.1	In compliance	
	H/A.1.2	In compliance	
Discipline	H/A.2	In compliance	
	H/A.3	In compliance	
	H/A.4	In compliance	
	H/A.5	In compliance	
	H/A.6	In compliance	
	H/A.7	In compliance	
	H/A.12	Risk of Noncompliance	Farm 2 and 3
Violence	H/A.8.1	In compliance	
	H/A.8.2	In compliance	
	H/A.8.3	Not Applicable	
Sexual Harassment	H/A.9.1	In compliance	
	H/A.9.2	In compliance	
	H/A.9.3	In compliance	
	H/A.9.4	In compliance	
	H/A.9.5 (PR)	In compliance	
Security Practices	H/A.10	In compliance	
	H/A.10.1	Not Applicable	
	H/A.10.2	Not Applicable	
	H/A.11	Not Applicable	

Harassment or Abuse Assessment Summary

Discipline		
Benchmarks		Compliance Status
H/A.12: Employers shall have a system to discipline supervisors, managers or workers who engage in any physical, sexual, psychological or verbal violence, harassment or abuse, through measures such as compulsory counseling, warnings, demotions, and terminations or a combination thereof regardless of whether such action was intended as a means to maintain labor discipline.		Risk of Noncompliance in Farm 2 and Farm 3
Findings/Noncompliance Explanation		Farm 2: Labor contracts for harvest workers were not presented that typically show the minimum legal requirements of the Brazilian labor laws such as lack of harassment and abuse. Farm 2 and Farm 3 are also missing a system to discipline supervisors. Source: interviews.
Company Action Plan		
Activity	<ul style="list-style-type: none"> The Code of Conduct of activity number 13 described in the "Work Rules and Discipline" section of the "Employment Relationship" chapter applies. The activity number 3 described in the "Human Resource Management System" section of the "Employment Relationship" chapter applies. 	
Output indicators (targeted results)	<ul style="list-style-type: none"> Activity 13: Code elaborated Activity 13: Number of farms with implemented code Activity 3: Report of internal audits Activity 3: External Audit Report 	
Timeline and Deadline Date	<ul style="list-style-type: none"> Activity 13: December 2026 Activity 3: Continuous 	

Input (budget/resources)	<ul style="list-style-type: none"> AAA Field Investment
Responsible staff (title/department)	<ul style="list-style-type: none"> Activity 13: The supplier's social consultant in collaboration with Nespresso's external partner The responsible staff mentioned in activity number 3 described in the "Human Resource Management System" section of this chapter applies.

Freedom of Association and Collective Bargaining

Compliance Status

Section	Benchmark	Compliance status	Farms
General Compliance	FOA.1	In compliance	
Right to Freely Associate	FOA.2	Risk of Noncompliance	Farm 1, Farm 2, and Farm 3
	FOA.3	In compliance	
	FOA.8	In compliance	
	FOA.20	Noncompliance	Farm 1
Anti-Union Behaviour	FOA.4	In compliance	
	FOA.5.1	In compliance	
	FOA.5.1.1	In compliance	
	FOA.6	In compliance	
Union Representatives	FOA.7	Not Applicable	
	FOA.11	Not Applicable	
Employer Interference	FOA.9.1	Not Applicable	
	FOA.9.2	Not Applicable	
	FOA.9.3	Not Applicable	
	FOA.9.4	Not Applicable	
	FOA.10	Not Applicable	
Collective Bargaining	FOA.12.1	In compliance	
	FOA.12.2	In compliance	
	FOA.13.1	In compliance	
	FOA.14	In compliance	
	FOA.15	In compliance	
	FOA.16.1	In compliance	
	FOA.16.2	In compliance	
Rights of Minority Unions	FOA.17	In compliance	
Right to Strike	FOA.18	In compliance	
	FOA.19	In compliance	

Freedom of Association and Collective Bargaining Assessment Summary

Right to Freely Associate	
Benchmarks	Compliance Status
FOA.2: Workers and smallholders, without distinction whatsoever, shall have the right to establish and to join organizations of their own choosing, subject only to the rules of the organization concerned, without previous authorization. The right to freedom of association begins at the time that workers seeks employment and continues through the course of employment, including eventual termination of employment and is applicable as well to unemployed and retired workers.	Risk of Noncompliance in all farms
FOA.20: Employers cannot deduct union membership fees or any other union fees from workers' wages without the express and written consent of individual workers, unless specified otherwise in freely negotiated and valid collective bargaining agreement.	Noncompliance in Farm 1

Findings/Noncompliance Explanation	<p>Brazilian workers are, by law, automatically enrolled to existing unions in different economic sectors. These unions also negotiate CBAs that will be applicable at the different workplaces and geographical zones, in most cases, without workers' involvement or participation. Workers do not freely associate.</p> <p>Farm 1: Although the collective agreement of the union "Trabalhadores Rurais, Assalariados e Agricultores Familiares do Município de Nepomuceno-MG CNPJ: 41.879.065-0001-36" was presented, it was evidenced that there is a monthly deduction in the amount of R\$25.24 from each of the sampled employees, referring to the confederative contribution without employees' clear understanding or agreement. Given the nature of unions in Brazil, union fees are automatically deducted from workers' salaries, with or without workers' consent.</p> <p>Source: interviews.</p>
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Company Action Plan	
Activity	<ul style="list-style-type: none"> Activity 13 described in the "Work Rules and Discipline" section of the "Employment Relationship" chapter applies. Activity 3 described in the "Human Resource Management System" section of the "Employment Relationship" chapter applies.
Output indicators (targeted results)	<ul style="list-style-type: none"> Activity 13: Code elaborated Activity 13: Number of farms with implemented code Activity 3: Report of internal audits Activity 3: External Audit Report
Timeline and Deadline Date	<ul style="list-style-type: none"> Activity 13: February to December 2026 Activity 3: Continuous
Input (budget/resources)	<ul style="list-style-type: none"> AAA Field Investment
Responsible staff (title/department)	<ul style="list-style-type: none"> Activity 13: The supplier's social consultant in collaboration with Nespresso's external partner The responsible staff mentioned in activity 3 described in the "Human Resource Management System" section of this chapter applies.

Health, Safety and Environment			
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Compliance Status			
Section	Benchmark	Compliance status	Farms
General Compliance	HSE.1	Noncompliance	Farm 1, Farm 2 and Farm 3
	HSE.2	Noncompliance	Farm 2
Document Maintenance, Permits and Certificates	HSE.3.1	In compliance	
	HSE.3.2	In compliance	
	HSE.4	Noncompliance	Farm 2 and Farm 3
Evacuation Requirements and Procedure	HSE.5.1	Noncompliance	Farm 2 and Farm 3
	HSE.5.2	Not Applicable	
	HSE.6.1	Noncompliance	Farm 3
Safety Equipment and First Aid	HSE.6.2	Risk of noncompliance	Farm 1, Farm 2 and Farm 3
	HSE.16.3	Risk of noncompliance	Farm 1, Farm 2 and Farm 3
Personal Protective Equipment	HSE.7	Noncompliance	Farm 2
	HSE.8	Risk of noncompliance	Farm 2
	HSE.9.1	Risk of noncompliance	Farm 1, Farm 2 and Farm 3
Chemical Management	HSE.9.2	Noncompliance	Farm 2 and 3
	HSE.9.2.1	Noncompliance	Farm 2
	HSE.10	Risk of noncompliance	Farm 2 and Farm 3

	HSE.11.1	In compliance	
	HSE.11.2	In compliance	
Protection Reproductive Health	HSE.12.1	In compliance	
	HSE.12.2	Not Applicable	
Infrastructure	HSE.13	Not Applicable	No evidence of indoor workplaces.
	HSE.17.1	Noncompliance	Farm 2
	HSE.17.2	Noncompliance	Farm 2 and Farm 3
	HSE.18	Not Applicable	
	HSE.19	In compliance	
	HSE.21	Risk of noncompliance	Farm 2 and Farm 3
	HSE.22	Noncompliance	Farm 1
Machinery Safety	HSE.14.1	Noncompliance	Farm 1, Farm 2, and Farm 3
	HSE.14.2	Noncompliance	Farm 2
	HSE.14.3	Noncompliance	Farm 2
	HSE.14.4	In compliance	
Ergonomics and Medical Facilities	HSE.15.1 (PR)	Not initiated	Farm 1, Farm 2, and Farm 3
	HSE.15.2	Risk of noncompliance	Farm 1, Farm 2, and Farm 3
	HSE.16.1	In compliance	
	HSE.16.2	Not Applicable	

Health Safety and Environment Assessment Summary

General Compliance		
Benchmarks	Compliance Status	
HSE.1: Employers shall comply with all national laws, regulations and procedures concerning health, safety, and the environment.		Noncompliance in all farms
Findings/Noncompliance Explanation <p>There is a number of legal noncompliance at all farms:</p> <p>Farm 1: Irregular maintenance of electrical panels in coffee processing areas was evidenced. The presence of a paper notebook and excessive dust inside the board was also observed. Additionally, the following gaps were observed:</p> <ul style="list-style-type: none"> • A shower (for employees after application of pesticide) with a leaking faucet; • The improper and irregular maintenance of the bus that transports employees in rural and urban areas; and • Based on the interviews, an employee who drives the farm's bus is not hired as a driver, but as a group leader, and did not have his driver's license. <p>Farm 2: The following gaps were identified:</p> <ul style="list-style-type: none"> • Significant areas of chemical leakage; • A few fire extinguishers (and the existing ones in the workplace are in poor condition for use and maintenance); • No PPE offered by the employer; • Rest areas for workers are in unsafe conditions of maintenance; and • Electrical panels are used to support bags and backpacks and accumulating dust. <p>Farm 3: The following gaps are identified:</p> <ul style="list-style-type: none"> • Expired and depressurized fire extinguishers; and • A lack of safety inspection documentation for equipment such as pressure vessels. <p>Source: interviews and observations.</p>		
Company Action Plan		
Activity	<ul style="list-style-type: none"> • Activities 14 and 15 described in the "HSE Management System" section of the "Employment Relationship" chapter apply. 	

Output indicators (targeted results)	<ul style="list-style-type: none"> The indicators of activities 14 and 15 described in the "HSE Management System" section of the "Labor Relationship" chapter apply.
Timeline and Deadline Date	<ul style="list-style-type: none"> Activities 14 and 15: December 2026
Input (budget/resources)	<ul style="list-style-type: none"> AAA Field Investment
Responsible staff (title/department)	<ul style="list-style-type: none"> Activity 14: Supplier cluster manager Activity 15: The supplier's social consultant and Nespresso AAA fieldstaff

Document Maintenance, Permits and Certificates		
Benchmarks		Compliance Status
HSE.2: All documents required to be available to workers and farmers by applicable laws (such as health and safety policies, MSDS, etc.) shall be made available in the prescribed manner and in the local language or language spoken by the workers if different from the local language. If the workers are illiterate, efforts shall be made to provide pictorials of the required documents that the workers can understand.		Noncompliance in Farm 2
HSE.4: Employers shall at all times be in possession of all legally required and valid permits and certificates related to health, safety, and environmental issues, such as those related to the purchase and storage of chemicals, fire safety inspections, inspection of machinery, and (chemical) waste disposal, where relevant.		Noncompliance in Farm 2 and Farm 3
Findings/Noncompliance Explanation	<p>Farm 2: There was a lack of driver's license of an employee driving the transportation bus, significant areas of chemical leakage, insufficient number of fire extinguishers, and poor conditions in the case of the existing ones.</p> <p>Farm 3: Fire extinguishers are expired and depressurized and safety documentation for equipment such as pressure vessels is not present.</p> <p>Source: interviews and observations.</p>	

Company Action Plan		
Activity		
	<ul style="list-style-type: none"> Activities 14 and 15 described in the "HSE Management System" section of the "Employment Relationship" chapter apply. The activity 3 described in the "Human Resource Management System" section of the "Employment Relationship" chapter applies. 	
Output indicators (targeted results)	<ul style="list-style-type: none"> The indicators of activities 14 and 15 described in the "HSE Management System" section of the "Labor Relationship" chapter apply. Activity 3: Report of internal audits issued Activity 3: External Audit Report 	
Timeline and Deadline Date	<ul style="list-style-type: none"> Activities 14 and 15: December 2026 Activity 3: Continuous 	
Input (budget/resources)	<ul style="list-style-type: none"> AAA Field Investment 	
Responsible staff (title/department)	<ul style="list-style-type: none"> Activity 14: Supplier cluster manager Activity 15: The supplier's social consultant / Nespresso AAA fieldstaff The responsible staff mentioned in activity 3 described in the "Human Resource Management System" section of this chapter applies. 	

Evacuation Requirements and Procedure		
Benchmarks		Compliance Status
HSE.5.1: All applicable, legally required elements of safe evacuation (e.g. posting of evacuation plans, installation and maintenance of an alarm and emergency lighting systems) shall be complied with. Wherever applicable such as in living quarters or/and enclosed areas, or in case of fires, animal evacuation procedures shall be created and complied with.		Noncompliance in Farm 2 and Farm 3
Findings/Noncompliance Explanation	<p>Farm 2: There is an insufficient number of fire extinguishers for the size of the farms and workers, and those existing in the workplace are in poor conditions of use and maintenance.</p>	

	<p>Farm 3: Fire extinguishers are expired and depressurized.</p> <p>Source: interviews and observations.</p>
Company Action Plan	
Activity	<ul style="list-style-type: none"> Activities 14 and 15 described in the "HSE Management System" section of the "Employment Relationship" chapter apply. Activity 18: Conduct training on emergency situations and first aid and provide the material and structural resources necessary to respond to emergencies, such as vehicles, communication system, and first aid equipment.
Output indicators (targeted results)	<ul style="list-style-type: none"> The indicators of activities 14 and 15 described in the "HSE Management System" section of the "Employment Relationship" chapter apply. Activity 18: Number of farms that received the training Activity 18: Number of farms with first aid
Timeline and Deadline Date	<ul style="list-style-type: none"> Activities 14, 15 and 18: December 2026
Input (budget/resources)	AAA Field Investment
Responsible staff (title/department)	<ul style="list-style-type: none"> Activity 14: Supplier cluster manager. Activity 15: The supplier's social consultant / Nespresso AAA fieldstaff Activity 18: The supplier's social consultant / Nespresso AAA fieldstaff

Safety Equipment and First Aid		
Benchmarks		Compliance Status
HSE. 6.1: All safety and medical equipment (e.g. first aid kits) shall be available, maintained and stocked as prescribed, and easily accessible to workers.		Noncompliance for Farm 3
HSE.6.2: Sufficient number of workers shall be trained in first aid and fire safety.		Risk of Noncompliance in all farms
HSE.16.3: An appropriate stock of medical first aid supplies shall be maintained at all times with valid expiration dates.		Noncompliance in all farms
Findings/Noncompliance Explanation	<p>Farm 3 has not maintained the fire extinguishers and they are currently expired and depressurized.</p> <p>All farms do not have first aid kits and they are not aware that employees need first aid training. Farm 1 had trained its workers on fire safety.</p> <p>Source: interviews and observations.</p>	

Company Action Plan	
Activity	<ul style="list-style-type: none"> Activities 14 and 15 described in the "HSE Management System" section of the "Employment Relationship" chapter apply. Activity 18 described in the "Evacuation Requirements and Procedure" section of this chapter applies. Activity 19: Farms will provide medical and safety equipment such as first aid kits. Such material shall be available, maintained and stored, and easily accessible to workers.
Output indicators (targeted results)	<ul style="list-style-type: none"> The output indicators of activities 14 and 15 described in the "HSE Management System" section of the "Employment Relationship" chapter apply. The output indicator number 18 described in the "Evacuation Requirements and Procedure" section of this chapter applies. Activity 19: Number of farms that have equipment for emergency response according to the PGRTR.
Timeline and Deadline Date	<ul style="list-style-type: none"> Activities 14, 15 and 18: December 2026 Activity 19: March 2027
Input (budget/resources)	<ul style="list-style-type: none"> AAA Field Investment

Responsible staff (title/department)	<ul style="list-style-type: none"> Activity 14: supplier cluster manager Activities 15 and 18: The supplier's social consultant and Nespresso AAA fieldstaff Activity 19: Supplier Cluster manager and farmer
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Personal Protective Equipment	
Benchmarks	Compliance Status
HSE.7: Workers shall be provided at no cost with all the appropriate and necessary personal protective equipment (e.g. gloves, eye protection, hat, boots, protective mask, hearing protection) to effectively prevent unsafe exposure (e.g. inhalation or contact with chemicals, noise, dust) to health and safety hazards, including chemical waste.	Noncompliance in Farm 2
HSE.8: Workers shall be provided with training on the use and maintenance of personal protective equipment.	Risk of Noncompliance in Farm 2

Findings/Noncompliance Explanation	Farm 2: Some employees had to buy PPE because the employer did not provide adequate protective equipment for the function. This was confirmed by interviews with two harvesting workers for having no receipt for PPEs and one of them described that he paid for his own PPE because the employer did not offer the PPE necessary for the job. Source: interviews.
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Company Action Plan	
Activity	
	<ul style="list-style-type: none"> Activities described in the "HSE Management System" section of the "Employment Relationship" chapter apply. Activity 20: Advise farmers that they cannot, under any circumstances, charge for the PPE provided, nor accept that workers buy or work with their own PPE. The farm must provide all PPE at no cost to the worker. Activity 3 described in the "Human Resource Management System" section of the "Employment Relationship" chapter applies for internal and external control.
Output indicators (targeted results)	<ul style="list-style-type: none"> The output indicators of activities 14 and 15 described in the "HSE Management System" section of the "Employment Relationship" chapter apply. Activity 20: Internal and external control (activity N°3) will be applied to monitor the implementation of activity N°20.
Timeline and Deadline Date	<ul style="list-style-type: none"> Activities 14 and 15: December 2026 Activity 20: March 2027 Activity 3: Continuous
Input (budget/resources)	<ul style="list-style-type: none"> AAA Field Investment
Responsible staff (title/department)	<ul style="list-style-type: none"> Activities 14 and 20: Supplier cluster manager Activity 15: The supplier's social consultant / Nespresso AAA fieldstaff The responsible staff mentioned in activity 3 described in the "Human Resource Management System" section of this chapter applies.

Chemical Management	
Benchmarks	Compliance Status
HSE.9.1: Chemicals and hazardous substances in use must be allowed by local law or by international standards.	Risk of Noncompliance in Farm 1, Farm 2, and Farm 3
HSE.9.2.1: Labels shall be placed in the local language and the language spoken by workers, if different from the local language. Where workers are illiterate, the labels and instructions for their handling should be depicted by pictograms.	Noncompliance in Farm 2

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.	Risk of Noncompliance in Farm 2 and 3
HSE.9.2: All chemicals and hazardous substances shall be properly labelled and stored in secure and ventilated areas and disposed of in a safe and legal manner, in accordance with applicable laws. Where relevant, Material Safety Data Sheets (MSDS) must be available as well.	Noncompliance in Farm 2 and Farm 3
Findings/Noncompliance Explanation	<p>The Brazilian laws for pesticide use are more lenient than those required abroad because they do not require the documentation of proper use of pesticides, beyond the MSDS. Thus, all farms are at risk of noncompliance in terms of chemicals uses to meet the buyers' (international) requirements.</p> <p>While MSDS samples were requested from all farms, only Farm 1 presented the requested MSDSs during the visits.</p> <p>Farm 2 has a high volume of pesticides and other chemicals without MSDSs and training for chemical use. In addition, the tanks with flammable chemicals had the following concerns:</p> <ul style="list-style-type: none"> • They did not have anti-explosion lighting; • The tanks with chemical products have secondary containment, but the containment site was uncovered, thus they would be unable to store the leaked chemicals; and • In one of the two chemical storage locations there are tangled electrical wires that can short circuit and cause serious accidents. <p>Source: interviews and observations.</p>
Company Action Plan	
Activity	<ul style="list-style-type: none"> • Activity 21: Workers who apply, or handle chemicals should receive training on the handling of chemicals. The Cluster AAA Field Team will map which farms that have workers who have not yet been trained and facilitate the scheduling of this training. • Activity 22: Map the main products used by farmers and create a database with the MSDS (Safety Data Sheet for Chemical Products) to be distributed to farmers, according to the criteria of TASQ BAS-INC-7. • Activity 23: Assess if the farm has a suitable place with NR31 for the storage of chemical products. If the farm does not have such a place, or needs any adjustments to it, the cluster AAA Fieldstaff will provide the necessary guidelines and stipulate a deadline for the farmer to make the adjustments. • Activity 24: Carry out a mapping of all employees on each farm who come into contact with agrochemicals and schedule specific training. • Activity 3 described in the "Human Resource Management System" section of the "Employment Relationship" chapter applies for internal and external control.
Output indicators (targeted results)	<ul style="list-style-type: none"> • Activity 21: Number of training sessions conducted • Activity 21: Number of trained workers • Activity 22: Internal and external control (activity 3) will be applied to monitor the implementation of activity 22. • Activity 23: Internal and external control (activity number 3) will be applied to monitor the implementation of activity 23. • Activity 24: List of employees who received training • The output indicators of activity 3 described in the "Human Resource Management System" section of the "Employment Relationship" chapter applies for internal and external control.
Timeline and Deadline Date	<ul style="list-style-type: none"> • Activity 21: March 2027 • Activity 22: December 2026 • Activities 23 and 24: December 2026 • Activity 3: Continuous
Input (budget/resources)	<ul style="list-style-type: none"> • AAA Field Investment

Responsible staff (title/department)	<ul style="list-style-type: none"> Activities 21, 22, 23 and 24: The supplier's social consultant / Nespresso Cluster AAA fieldstaff The responsible staff mentioned in activity 3 described in the "Human Resource Management System" section of this chapter applies.
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Machinery Safety		
Benchmarks		Compliance Status
HSE.14.1: All production machinery, equipment and tools shall be properly guarded and regularly maintained.		Noncompliance in Farm 1, Farm 2, and Farm 3
HSE.14.2: Where appropriate, workers shall receive training in the proper use and safe operation of machinery, tractors, equipment and tools they use. HSE.14.3: Employers shall ensure safety instructions are either displayed or posted near all machinery or are readily accessible to the workers in language(s) spoken by workers. Where workers are illiterate, the instructions should be depicted by pictograms.		Noncompliance in Farm 2
Findings/Noncompliance Explanation	<p>On Farm 1 an open electrical panel was found with excessive dust and with paper notebooks inside the equipment.</p> <p>Farm 2: In addition to the excessive dust inside the electrical panels, it was evidenced that one of the panels is used to hold the backpacks. An employee who drives a tractor had no safety training for the use of the vehicle. The safety inspection report of one pressure vessel (Model: CJ 20+ APV- 30/08/2019 serial number: 162814) on Farm 2 garage was also not available.</p> <p>Farm 3: The safety inspection report of two pressure vessels (GMEG serial: 1576393 27/01/2017 and CHIAPERINI code 019190 19/12/2019 serial 213153) was not submitted for assessors' review.</p>	

Company Action Plan		
Activity		
	<ul style="list-style-type: none"> Activities described in the "HSE Management System" section of the "Employment Relationship" chapter apply. The activity 3 described in the "Human Resource Management System" section of the "Employment Relationship" chapter applies. 	
Output indicators (targeted results)	<ul style="list-style-type: none"> The output indicators of activities 14 and 15 described in the "HSE Management System" section of the "Labor Relationship" chapter apply. Activity 3: Report of internal audits Activity 3: External Audit Report 	
Timeline and Deadline Date	<ul style="list-style-type: none"> Activities 14 and 15: December 2026 Activity 3: Continuous 	
Input (budget/resources)	<ul style="list-style-type: none"> AAA Field Investment 	
Responsible staff (title/department)	<ul style="list-style-type: none"> Activity 14: Supplier cluster manager Activity 15, 3: The supplier's social consultant / Nespresso AAA fieldstaff The responsible staff mentioned in activity 3 described in the "Human Resource Management System" section of this chapter applies. 	

Infrastructure		
Benchmarks		Compliance Status
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 Farm 2

<p>HSE.17.2: Clean and private sanitation facilities should be available within reasonable distance of the workplace. Employers shall not place any undue restrictions on using sanitation facilities in terms of time and frequency.</p> <p>Workers residing in temporary accommodations, such as tents, must reside in facilities that do not put their health and lives at risk.</p>	Noncompliance in Farm 2 and Farm 3
<p>HSE.22: Employers shall make sure that workers are transported in safe vehicles that meet safety standards such as seat capacity, safety belts, lights and brakes.</p>	Noncompliance in Farm 1
<p>HSE.21: Employers shall make provision for rest and breaks areas for the workers. These areas should provide protection against extreme weather conditions and wild animals and should have facilities for health emergencies.</p>	Risk of Noncompliance in Farm 2 and Farm 3

Findings/Noncompliance Explanation	<p>Farm 1:</p> <ul style="list-style-type: none"> The bus did not have the required documentation under the ANTT - National Terrestrial Transport Agency and bus license (Certificate of Registry and Licensing of Vehicles - CRLV). An inspection report was presented by a mechanical and safety engineer (valid for 6 months from April 2022) proving the vehicle's safety. But the visual analysis of the vehicle indicates inconsistency with the inspection report as the bus showed inappropriate seat belts, dirt and bad state of structure and electric gear. In addition, the employee who drives the bus did not have the driver's license. This same employee is not hired as a driver although other workers confirmed that he drives the bus. <p>Farm 2: The following gaps are identified:</p> <ul style="list-style-type: none"> Portable and stationary toilets without proper maintenance and hygiene accessories as liquid soap and toilet paper, in addition to the unsanitary sinks; Extremely precarious conditions of safety and comfort in the rest areas for field workers; and A lack of current driver's license (expired in January 2022 and no renewal) of a person who drives the bus to ensure the safety. <p>Farm 3:</p> <ul style="list-style-type: none"> While the farm had a potability report for the year 2019, there was no recent report. Toilets were observed without soap and paper for hand washing and sanitizing; and The employees' resting area with a table is disorganized and located inside the coffee processing area. <p>Source: interviews and observations.</p>
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Company Action Plan	
Activity	<ul style="list-style-type: none"> Activity 13 described in the "Work Rules and Discipline" section of the "Employment Relationship" chapter applies. Activity 25: Farms must ensure the supply of drinking water to workers. An annual potability analysis must be presented of the sources of obtaining the water, according to the criteria of TASQ BAS-INC-10. Activity 26: For farms that provide transportation to workers, the cluster must check annually the legal documentation required of the driver and the vehicle. Activity 27: Raise awareness to farms through interactions that they must offer living areas for meals and rest for field workers, according to the criteria of TASQ BAS-INC-14. Activity 28: Raise awareness to farms through interactions that they must have toilets and offer hygienic conditions such as water, soap and toilet paper-. Activity 29: Raise awareness with farms, in the case of accommodation offered, the standards for the habitability of the accommodations according to NR31 must be followed. If there is housing offered to workers, it must be safe, clean,

	<ul style="list-style-type: none"> offer adequate protection against bad weather and appropriate to the size of the occupant's family. Activity 30: Raise awareness with farms that in the case of offering food, hygienic and safe practices must be adopted in the preparation, storage and distribution of this food. Activity 3 described in the "Human Resource Management System" section of the "Employment Relationship" chapter applies to assess the implementation of the above activities.
Output indicators (targeted results)	<ul style="list-style-type: none"> Activity 13: Code elaborated. Activity 13: Number of farms with implemented code. Activities 25, 26, 27 and 28: Compliance with the annual TASQ Activity 29: Number of farms with suitable housing Activity 30: Number of farms with food supply Activity 3: Report of internal audits Activity 3: External Audit Report
Timeline and Deadline Date	<ul style="list-style-type: none"> Activity 13: December 2026 Activities 25, 26, 27, 28, 29 and 30: March 2027 Activity 3: Continuous
Input (budget/resources)	<ul style="list-style-type: none"> AAA Field Investment
Responsible staff (title/department)	<ul style="list-style-type: none"> Activity 13: The supplier's social consultant in collaboration with Nespresso's external partner. Activities 25, 26, 27, 28, 29 and 30: Supplier cluster manager and farmers The responsible staff mentioned in activity 3 described in the "Human Resource Management System" section of this chapter applies.

Ergonomics and Medical Facilities		
Benchmarks		Compliance Status
HSE.15.2: Employers shall train workers in proper lifting techniques, and items such as lifting belts shall be provided.		Risk of Noncompliance in Farm 1, Farm 2, and Farm 3
Findings/Noncompliance Explanation	No heavy lifting was observed by forklifts or manually during the visits, however, this does not mean that there is no such task involved. Source: interviews and observations.	
Company Action Plan		
Activity	<ul style="list-style-type: none"> Activities 14 and 15 and the grievance system of activity 16 described in the "HSE Management System" and "Grievance Procedures" sections of the "Employment Relationship" chapter applies. 	
Output indicators (targeted results)	<ul style="list-style-type: none"> The output indicators of activities 14, 15 and 16 described in the "HSE Management System" and "Grievance Procedures" sections of the "Employment Relationship" chapter applies. 	
Timeline and Deadline Date	<ul style="list-style-type: none"> Activities 14 and 15: December 2026 Activity 16: December 2026 	
Input (budget/resources)	<ul style="list-style-type: none"> AAA Field Investment 	
Responsible staff (title/department)	<ul style="list-style-type: none"> Activity 14: Supplier cluster manager Activity 15: The supplier's social consultant / Nespresso cluster AAA fieldstaff Activity 16: The supplier's social consultant in collaboration with Nespresso's external partner 	

Hours of Work

Compliance Status

Section	Benchmark	Compliance status	Farms
General Compliance	HOW.1.1	Noncompliance	Farm 2
	HOW.1.2	Noncompliance	Farm 2
	HOW.1.3	In compliance	
	HOW.1.4	Noncompliance	Farm 2
	HOW.17.1	In compliance	
	HOW.17.2	Risk of noncompliance	Farm 2
Rest Day	HOW.2	In compliance	
Meal and Rest Breaks	HOW.3	In compliance	
Protected Workers	HOW.4.1	In compliance	
	HOW.4.2	In compliance	
	HOW.4.3	Not Applicable	
Overtime	HOW.5.1	Risk of noncompliance	Farm 2
	HOW.5.2	Risk of noncompliance	Farm 2
	HOW.6.1	Risk of noncompliance	Farm 2
	HOW.6.2	In compliance	
	HOW.6.3	Noncompliance	Farm 2
	HOW.7	Risk of noncompliance	Farm 2
Public Holidays and Leave	HOW.8.1	In compliance	
	HOW.8.2	In compliance	
	HOW.8.3	In compliance	
	HOW.9	In compliance	
	HOW.10.1	In compliance	
	HOW.10.2 (PR)	In compliance	
	HOW.11	In compliance	
	HOW.12.1	In compliance	
	HOW.12.2	In compliance	
	HOW.13	In compliance	
	HOW.14	In compliance	
	HOW.15	In compliance	
	HOW.16	In compliance	

Hours of Work Assessment Summary

General Compliance	
Benchmarks	Compliance Status
<p>HOW.1.1: Employers shall comply with all national laws, regulations and procedures concerning hours of work, public holidays and leave.</p> <p>HOW.1.2: In countries where local law does not set out hours of work specific to the agriculture sector, the participating company shall consult with local stakeholders representing the employers (farmers), workers and civil society to define the hours of work. As a general principle, the total hours of work: (1) shall not exceed the number of work hours freely (individually and/or collectively) agreed upon by workers, including that all overtime work is consensual; (2) shall not adversely affect workers' physical and mental health; (3) shall allow for adequate breaks and rest periods during a working day, as determined by the workers, including at least 24 consecutive hours of rest in every seven-day period; and (4) shall be fully compensated according to legal requirements or worker agreements, whichever is more favourable to workers.</p>	Noncompliance in Farm 2

HOW.1.4: When workers' accommodations and transport is organized by the employer, or when workers are transported from one site to another during a working day, travel time to the field shall be part of working time calculation.	
HOW.17.2: Workers shall be paid in full during periods of suspension, unless national laws stipulate otherwise, workers and their representative organizations agree otherwise, or the relevant national authorities authorize the alternative arrangement between workers and employers.	Risk of Noncompliance in Farm 2
Findings/Noncompliance Explanation	Farm 2: Contracts of all seven harvest workers were not presented. In addition, no timecards were presented for the 4 workers. Therefore, it is not possible to verify whether hours worked correspond to payment, for example. Farm 2 employees said that they had to wait an hour longer after the end of their shift to take the bus offered by the farm. The working time is until 4:00 PM but the working time should be considered till 5:00PM if the employees have no other choice than to wait for the farm-provided bus to get off the farm. While the farm does not keep hours of work records that indicate the actual time workers leave the farm, regular working hours are set as Monday through Friday from 07:00 AM to 04:00 PM with one hour for meals and rest. Saturday is from 07:00 AM to 11:00 AM and Sunday is a rest day. Source: interviews.
Company Action Plan	
Activity	<ul style="list-style-type: none"> Activity 13 described in the "Work Rules and Discipline" section of the "Employment Relationship" chapter applies. Activity 3 described in the "Human Resource Management System" section of the "Employment Relationship" chapter applies
Output indicators (targeted results)	<ul style="list-style-type: none"> Activity 13: Code elaborated Activity 13: N of farms with implemented code Activity 3: Report of internal audits issued Activity 3: External Audit Report
Timeline and Deadline Date	<ul style="list-style-type: none"> Activity 13: December 2026 Activity 3: Continuous
Input (budget/resources)	<ul style="list-style-type: none"> AAA Field Investment
Responsible staff (title/department)	<ul style="list-style-type: none"> Activity 13: The supplier's social consultant in collaboration with Nespresso's external partner The responsible staff mentioned in activity 3 described in the "Human Resource Management System" section of this chapter applies

Overtime	
Benchmarks	Compliance Status
HOW.5.1: Where national laws, regulations and procedures allow it, employers may calculate regular hours of work as an average over a period of longer than one week, provided all formal and procedural requirements attached to such calculation are met (for instance, obtaining official permission from the relevant authorities or observing limits to the period during which such calculations can be made). However, for the purpose of overtime calculation, regular hours of work may not exceed 48 hours per week, irrespective of whether national law provides or not a limitation.	
HOW.5.2: Payment of overtime rates is unaffected by a calculation that spreads total hours over more than one week.	
HOW.6.1: Employers shall not require workers to work more than the overtime hours allowed by the law of the country where the workers are employed.	
HOW.6.2: All overtime work shall be voluntary.	
HOW.7: Employers shall be able to provide explanation for all periods when the exceptional circumstances exception has been used. Clear communication and consultation will be held	Risk of Noncompliance in Farm 2

with workers and any extended hours of work will be levied upon obtaining (verbal / written) consensus from the workers.		
HOW.6.3: Regular working hours and overtime is duly recorded in whatever means that are locally available and validated by the workers. For farms with informal labor structures, basic recording system shall be introduced to record workers' name, working days and payment and progressively work toward more detailed hours of work recording system.		Noncompliance in Farm 2
Findings/Noncompliance Explanation	<p>There was no evidence of overtime payments made to the employees. Payslips were reviewed for about half of the sampled employees and only for a sample of months. Timecard was shared for eight of the nine sampled workers.</p> <p>If the employees accumulate overtime daily to wait for the farm-provided bus, their timecards and their registered working hours should include this overtime. With the sporadic availability of payslips and timecards, it was not verified that overtime was properly registered and paid.</p> <p>Source: interviews.</p>	
Company Action Plan		
Activity	<ul style="list-style-type: none"> Activity 13 described in the "Work Rules and Discipline" section of the "Employment Relationship" chapter applies. Activity 31: Develop chapter to be integrated in booklet (activity 1) and guide farmers on the importance of having receipts and documentation related to workers on the farm and in an organized way. Activity 3 described in the "Human Resource Management System" section of the "Employment Relationship" chapter applies. 	
Output indicators (targeted results)	<ul style="list-style-type: none"> Activity 13: Code elaborated Activity 13: Number of farms with implemented code Activity 31: Number of farms that received the booklet Activity 3: Report of internal audits issued. Activity 3: External Audit Report 	
Timeline and Deadline Date	<ul style="list-style-type: none"> Activity 13: December 2026 Activity 31: March 2027 Activity 3: December 2026 	
Input (budget/resources)	<ul style="list-style-type: none"> AAA Field Investment 	
Responsible staff (title/department)	<ul style="list-style-type: none"> Activity 13: The supplier's social consultant in collaboration with Nespresso's external partner. Activity 31: Nespresso Cluster AAA fieldstaff and social consultant The responsible staff mentioned in activity 3 described in the "Human Resource Management System" section of this chapter applies. 	

Compensation			
Compliance Status			
Section	Benchmark	Compliance status	Farms
General Compliance	C.1.1	Noncompliance	Farm 1, Farm 2
	C.1.2	Noncompliance	Farm 1, Farm 2
	C.1.3	Not Applicable	
	C.1.4	Not Applicable	
Minimum Wage/Fair Compensation	C.2.1	In compliance	
	C.2.2	In compliance	
	C.2.3	In compliance	
	C.2.4 (PR)	In compliance	
	C.2.5 (PR)	In compliance	
	C.2.6 (PR)	In compliance	
	C.3	In compliance	
	C.5	Not Applicable	

Farmer/Producer Income	C.4	In compliance	
	C.6	In compliance	
	C.7.1	In compliance	
	C.7.2	Not Applicable	
	C.7.3	In compliance	
	C.7.4	In compliance	
	C.7.5	In compliance	
Wage Payment and Calculation	C.8.1	Noncompliance	Farm 2
	C.8.2	Noncompliance	Farm 2
	C.8.3	In compliance	
	C.8.4	Not Applicable	
	C.9	In compliance	
	C.10.1	Noncompliance	Farm 1
	C.10.1.1	Noncompliance	Farm 1
	C.10.2	In compliance	
	C.10.3	In compliance	
Workers Awareness	C.11.1.1	Risk of noncompliance	Farm 1, Farm 2 and Farm 3
	C.11.1.2	Risk of noncompliance	Farm 1, Farm 2 and Farm 3
	C.11.1.3	Risk of noncompliance	Farm 1, Farm 2 and Farm 3
	C.11.1.4	Risk of noncompliance	Farm 1, Farm 2 and Farm 3
	C.11.1.5	Risk of noncompliance	Farm 1, Farm 2 and Farm 3
	C.13	Risk of noncompliance	Farm 1, Farm 2 and Farm 3
Fringe Benefits	C.12.1	In compliance	
	C.12.2	In compliance	
	C.12.3	In compliance	
	C.12.4	In compliance	
	C.12.5	In compliance	

Compensation Assessment Summary

General Compliance		
Benchmarks	Compliance Status	
C.1.1: Employers shall comply with all national laws, Collective Bargaining Agreements in force, regulations and procedures concerning the payment of compensation to workers.		
C.1.2: Other than lawfully required deductions, no other deductions may be made from a worker's compensation without the written consent of the worker. Financial disciplinary measures are prohibited.	Noncompliance in Farm 1 and Farm 2	
Findings/Noncompliance Explanation	<p>Farm 1 deducts union dues from the workers monthly. The farm keeps no written record that the workers agree to this deduction. Employees also did not know any union representatives.</p> <p>Farm 2 did not provide evidence of hours worked or pay slips for most of the employees sampled and requested. Therefore, it is not possible to prove that the hours worked match the payments, through record review. As employees accumulate one overtime hour daily while waiting for buses, the hours of work records should reflect that one hour overtime, and the wage should reflect such overtime hours.</p> <p>Source: interviews.</p>	
Company Action Plan		

Activity	<ul style="list-style-type: none"> Activity 13 described in the "Work Rules and Discipline" section of the "Employment Relationship" chapter applies. Activity 32: Farms must have clear rules on the remuneration of fixed and temporary workers, remuneration for production, payment of overtime, compensation for hours worked, application of legal discounts, union contribution for all positions and types of contracts. There should be no deductions without the consent of the workers, except for those provided for in the legislation - according to the criteria of TASQ BAS-INC-20 (AAA Program tool for farm evaluation). Activity 33: Raise awareness to farmers that farms must pay the minimum wage in force or according to a collective bargaining agreement. Activity 34: Records of hours worked, payments, training, and others must be signed by the employee and be available for compliance monitoring purposes. Activity 3 described in the "Human Resource Management System" section of the "Employment Relationship" chapter applies.
Output indicators (targeted results)	<ul style="list-style-type: none"> Activity 13: Code elaborated. Activities 13, 32, 33 and 34: Number of farms with implemented code Activity 3: Report of internal audits Activity 3: External Audit Report
Timeline and Deadline Date	<ul style="list-style-type: none"> Activity 13, 33 and 34: December 2026 Activity 32: March 2027 Activity 3: Continuous
Input (budget/resources)	<ul style="list-style-type: none"> AAA Field Investment
Responsible staff (title/department)	<ul style="list-style-type: none"> Activity 13: The supplier's social consultant in collaboration with Nespresso's external partner Activities 32, 33 and 34: Supplier cluster manager and farmers The responsible staff mentioned in activity 3 described in the "Human Resource Management System" section of this chapter applies.

Wage Payment and Calculation		
Benchmarks		Compliance Status
C.8.1: Employers shall compensate workers for all hours worked.		
C.8.2: Employers shall comply with all applicable laws, regulations and procedures governing the payment of premium rates for work on holidays, rest days, and overtime. There might however be specific working schemes voluntarily agreed by the workers to work on holidays and rest days for short-term seasonal work, which would make this provision not applicable.		Noncompliance in Farm 2
C.10.1: Voluntary wage deductions for union membership, savings clubs, loan payments, etc. can only be made with the expressed and written consent of workers and fall within the limits and conditions specified by law or by collective bargaining agreement.		
C.10.1.1: Written consent shall be documented in employee files, or, where applicable, be obtained in front of a trusted witness according to the local context.		Noncompliance in Farm 1
Findings/Noncompliance Explanation	Farm 2: Employees accumulate overtime daily while waiting for buses, but hours of work records do not include this waiting time. As this overtime is not registered, it is possible to see that overtime is not properly registered and paid. Farm 1: Employees reported that in many cases they only know how much they will receive for the harvested coffee after the harvest. It was evidenced that the bucket used as a basis for calculating the receipt for coffee harvesting is not clearly marked and it's not easy to understand the measurements that correspond to the amounts received. Source: interviews.	
Company Action Plan		
Activity	<ul style="list-style-type: none"> The Code of Conduct of activity 13 described in the "Work Rules and Discipline" section of the "Employment Relationship" chapter applies. Activity 3 described in the "Human Resource Management System" section of the "Employment Relationship" chapter applies. 	

Output indicators (targeted results)	<ul style="list-style-type: none"> Activity 13: Code elaborated. Activity 13: Number of farms with implemented code. Activity 3: Report of internal audits Activity 3: External Audit Report
Timeline and Deadline Date	<ul style="list-style-type: none"> Activity 13: December 2026 Activity 3: Continuous
Input (budget/resources)	<ul style="list-style-type: none"> AAA Field Investment
Responsible staff (title/department)	<ul style="list-style-type: none"> Activity 13: The supplier's social consultant in collaboration with Nespresso's external partner The responsible staff mentioned in activity 3 described in the "Human Resource Management System" section of this chapter applies.

Workers Awareness		
Benchmarks		Compliance Status
C.11.1: Employers shall make every reasonable effort to ensure workers understand their compensation, including: C.11.1.1: the calculation of wages, C.11.1.2: incentives systems, C.11.1.3: fringe benefits, and C.11.1.4: bonuses they are entitled to at the workplace and under applicable laws. C.11.1.5: Employers shall communicate in writing or orally where necessary to all workers all relevant compensation information in the local language or language spoken by the workers, if different from the local language. C.13: Employers must establish a system through which workers can dispute compensation and receive clarifications in this respect in a timely manner. If not provided by law, employers must provide protection to workers who allege violations of compensation laws, regulations, and procedures.		
Findings/Noncompliance Explanation	There is no solid evidence that the workers were properly instructed on the payment scheme and the details of the remuneration calculation at the beginning of their employment relationship. This is applicable to all three farms.	
Company Action Plan		
Activity	<ul style="list-style-type: none"> Activity 13 described in the "Work Rules and Discipline" section of the "Employment Relationship" chapter applies. Activity 3 described in the "Human Resource Management System" section of the "Employment Relationship" chapter applies. 	
Output indicators (targeted results)	<ul style="list-style-type: none"> Activity 13: Code elaborated Activity 13: Number of farms with implemented code Activity 3: Report of internal audits Activity 3: External Audit Report 	
Timeline and Deadline Date	<ul style="list-style-type: none"> Activity 13: December 2026 Activity 3: Continuous 	
Input (budget/resources)	<ul style="list-style-type: none"> AAA Field Investment 	
Responsible staff (title/department)	<ul style="list-style-type: none"> Activity 13: The supplier's social consultant in collaboration with Nespresso's external partner The responsible staff mentioned in activity 3 described in the "Human Resource Management System" section of this chapter applies. 	

Overview - Farms vs. non-compliances

Total number of Farms: 3

	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 one or more non-compliances or risk of non-compliances	100 %	67%	33%	0%	0%	33%	100 %	33%	100 %	
Total number of benchmarks (excl. progressive benchmarks)	76	16	21	22	11	26	35	29	36	272
Farm No. 1	9	0	0	0	0	2	7	0	10	29
Farm No. 2	56	2	1	0	0	0	19	9	10	99
Farm No. 3	27	1	0	0	0	0	12	0	6	49
TOTAL	92	3	1	0	0	2	38	9	26	171
Average % of noncompliance per code element	40%	6%	2%	0%	0%	3%	36%	10%	24%	