



# Independent External Monitoring Agriculture Report, 2022-2023

Fair Labor Association 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](#).

|                                      |  |
|--------------------------------------|--|
| <b>Company</b>                       | <a href="#">Nestlé Nespresso S.A.</a>          |
| <b>Country</b>                       | Mexico   |
| <b>Crop</b>                          | Coffee   |
| <b>Production process</b>            | Coffee Cherry Picking                          |
| <b>Assessment location</b>           | Veracruz State – Mexico                        |
| <b>Monitor</b>                       | VeLaR Assessors: Alexa Nava & Oxfander Ramirez |
| <b>Assessment dates</b>              | November 21 to 25, 2022 & Feb 09 and 10, 2023  |
| <b>Number of assessed farms</b>      | 23   |
| <b>Total area covered</b>            | 167.01 ha                                      |
| <b>Number of farmers interviewed</b> | 21   |
| <b>Total number of workers</b>       | 506  |
| <b>Number of workers interviewed</b> | 34   |

# Employment Relationship

## Compliance Status

| Section                               | Benchmark     | Compliance status | Farms                     |
|---------------------------------------|---------------|-------------------|---------------------------|
| Human Resource Management System      | ER.1.1        | In Compliance     |                           |
| Recruitment and Hiring                | ER.3.1        | Noncompliance     | All Farms, except farm 20 |
|                                       | ER.3.1.1      | Noncompliance     | All Farms, except farm 20 |
|                                       | ER.3.1.2      | In Compliance     |                           |
|                                       | ER.4          | In Compliance     |                           |
|                                       | ER.5.1        | Not Applicable    |                           |
|                                       | ER.5.2        | In Compliance     |                           |
|                                       | ER.5.3        | In Compliance     |                           |
|                                       | 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        | Noncompliance     | All Farms                 |
|                                       | ER.7.7        | In Compliance     |                           |
| ER.7.8                                | In Compliance |                   |                           |
| Terms and Conditions                  | ER.9.1        | In Compliance     |                           |
|                                       | ER.9.2.1      | Noncompliance     | All Farms                 |
|                                       | ER.9.2.2      | Not Applicable    |                           |
|                                       | ER.9.2.3      | Noncompliance     | All Farms                 |
|                                       | ER.9.3.1      | In Compliance     |                           |
|                                       | ER.9.3.2      | In Compliance     |                           |
|                                       | ER.9.3.3      | In Compliance     |                           |
|                                       | ER.10         | Not Applicable    |                           |
|                                       | ER.11         | Noncompliance     | All Farms                 |
|                                       | ER.12.1       | Noncompliance     | All Farms                 |
|                                       | ER.12.1.1     | In Compliance     |                           |
|                                       | ER.12.2       | Not Applicable    |                           |
|                                       | ER.13.1       | Noncompliance     | All Farms                 |
| Administration                        | 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     |                           |
| Worker Involvement                    | ER.18.1       | In Compliance     |                           |
| Right to Organize and Bargain         | ER.19         | In Compliance     |                           |
| Work Rules and Discipline             | ER.20.1       | Noncompliance     | All Farms                 |
|                                       | ER.20.2       | Noncompliance     | All Farms                 |
|                                       | ER.20.4       | Noncompliance     | All Farms                 |
|                                       | ER.20.6       | Noncompliance     | All Farms                 |
|                                       | ER.20.7       | Noncompliance     | All Farms                 |
|                                       | ER.20.8       | Noncompliance     | All Farms                 |
|                                       | ER.20.11      | Noncompliance     | All Farms                 |
| Access to Training for Family Members | ER.21         | In Compliance     |                           |
| HSE Management System                 | ER.24.1.      | In Compliance     |                           |
|                                       | ER.24.3       | In Compliance     |                           |
| Grievance Procedures                  | ER.25.3       | In Compliance     |                           |
|                                       | ER.25.4       | In Compliance     |                           |

| Recruitment and Hiring   |  |
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| 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.7.6: contract, temporary, casual, daily, seasonal or migrant workers receive at least the minimum wage or the prevailing industry wage whichever is higher, and all legally mandated benefits such as social security, other forms of insurance, annual leave and holiday pay;</p> | <p><b>Noncompliance<br/>in all farms<br/>except farm 20</b></p>  |
| <p><b>Findings/Noncompliance Explanation</b></p>   | <p>ER.3.1 and ER.3.1.1: All contract processes are verbal, and the farms do not verify nationals' or foreigners' identity documents (ID). Only the employer from farm 20 asks and checks for ID and its authenticity.</p> <p>ER.7.6: The temporary, casual, daily, or seasonal workers do not receive all legally mandated benefits such as social security, other forms of insurance, annual leave, and holiday pay.</p> <p><u>Source:</u> Interviews with the municipality of Huatusco's agricultural development director, workers, farmers, and Nespresso technicians.</p>   |
| <p><b>Company Action Plan</b></p>  |  |
| <p><b>Activity</b></p>   | <p><i>This issue represents a systemic challenge within the sector and in the region. The formalization of contracts is not just a challenge for Nespresso but also represents a broader issue throughout the entire coffee sector. Farms participating in the Nespresso Sustainable Quality Plan are required to collect identification documents for permanent workers and to maintain records for temporary staff. Despite this, the reliance on verbal agreements instead of formal contracts is prevalent throughout the coffee supply chain and goes beyond Nespresso. In response to these challenges, Nespresso is committed to enhancing documentation practices by raising awareness and building the right capabilities.</i></p> <p><b>Activity 1 – Internal and external control</b></p> <p>Nespresso applies four lines of defense to address human rights risks within the Nespresso Sustainable Quality Plan. Key layers include internal controls through the Nespresso Tool for the Assessment of Sustainable Quality (TASQ), assessment of suppliers' human rights due diligence systems accompanied with practical actions, and external controls such as certification audits and monitoring and evaluation assessments completed by 3rd parties.</p> <ul style="list-style-type: none"> <li>• Nespresso, along with its coffee partners, will conduct internal controls through <a href="#">TASQ™ assessments</a> in the field. All farms will undergo annual assessments against 6 pre-condition and 21 basic criteria related to the Inclusive (social) pillar of the Nespresso Sustainable Quality Plan, and the Cluster Administrator is expected to ensure regular checks of TASQ Inclusive criteria. In case of any non-compliance, the Nespresso Field staff are required to implement an action plan with the farm to reach compliance level. In case of non-compliance after this process, the farm is removed from the Nespresso Plan. <ul style="list-style-type: none"> <li>○ <b>Applicable TASQ Criteria</b> - TASQ BASIC INCLUSIVE 15, requires farms to establish written contracts, which should include the mandated benefits such as social security, with permanent and temporary</li> </ul> </li> </ul> |

workers of minimum 3 months. However, verbal contract is also acceptable if both parties agree.

- o **Applicable TASQ Criteria** - TASQ BASIC INCLUSIVE 18, requires that farms maintain a comprehensive list of workers, particularly those in protected categories. In case of farms not meeting the criteria, the Nespresso Field staff will work closely with farms to create action plans for improvement.
- Certification audits will continue to assess the farms against the applicable certification standard.

#### **Activity 2 – Capacity building on Field Staff Level**

Nespresso Field staff implementing the Nespresso Sustainable Quality Plan play an important role in fostering social change and cultivating strong relationships with farmers through their on-the-ground efforts. Nespresso recognizes the importance of building the capabilities and the knowledge of the Nespresso Field staff as a first step, as they are in day-to-day contact with the farms part of the Nespresso Sustainable Quality Plan, and can spread awareness with the knowledge built through the tools provided by Nespresso.

- To effectively build and promote labour standards and the guidelines of the Nespresso Sustainable Quality Plan, all Nespresso Field staff have been receiving and will receive annual training. Nespresso's social capacity-building package has been strengthened with training modules co-designed with Terres des Hommes and the Fair Labor Association, covering the interpretation and application of all the inclusive pre-conditions and basic criteria of TASQ. The trainings will be repeated on an annual basis consisting of the following set of trainings to raise awareness about the topics and provide practical advice on actions that can be taken by the Field staff:

1. Introduction to Children’s Rights and Child Labor
2. Discrimination
3. Gender-Based Violence
4. Grievance Mechanism
5. Harassment and Abuse
6. Freedom of Association
7. Infrastructure for Health and Safety at farms
8. Agrochemical Management
9. Employment Relationship – Hiring, Contracting, and Special categories of Workers
10. Compensation and Hours of Work
11. Catalysts for Gender Transformative Change

#### **Activity 2a –Capacity building on Farm and worker level**

- A series of social training packages, including materials, have been developed together with a training calendar specifying when the different trainings and materials have been be deployed at farm level. Due to the flow of workers at the farms, informative infographics related to the topics have been developed and placed around the farm to raise awareness among the workers about their rights. The trainings cover various essential topics, including:

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|  | <ol style="list-style-type: none"> <li>1. <b>Nespresso Sustainable Quality Plan, Farmers rights and Responsibilities:</b> The objective of the training is to raise awareness about the standards and requirements to be a part of the Nespresso Sustainable Quality Plan, including all the pre-conditions the farms always must be compliant with. The training further aims to equip farmers with the knowledge to formalize their relationships with the workers, and to learn the importance of verifying age documentation for young workers and maintaining accurate records such as lists of workers. The training also covers workers' rights and conditions under local labor laws, such as compensation, hours of work, and provide guidance on safeguarding vulnerable groups, including juveniles, pregnant workers, migrant workers, and individuals with disabilities.</li> <li>2. <b>Employment Relationships:</b> The goal is to focus on the workers' rights, fundamentals of employment requirements according to the local law, including hiring practices, contract management, and understanding the rights of special categories of workers, such as migrants and seasonal employees.</li> <li>3. <b>Introduction to Children's Rights and Child Labor:</b> The goal is to raise awareness about root causes, the applicable local labor laws, Nespresso Sustainable Quality Plan Requirements, why children's rights are important and the implications in case child labor in farmer settings are found.</li> <li>4. <b>Discrimination, Gender-Based Violence &amp; Harassment and Abuse:</b> The goal is to raise awareness about how different types of discrimination, gender-based violence, harassment and abuse can occur in the farm setting, how to prevent it collectively, and what to do if anyone in the farm setting has been exposed to discrimination and gender-based violence.</li> <li>5. <b>Grievance mechanism:</b> The goal is to explain the importance of what grievance mechanisms are, and that it should be available for workers at the farm, to report any concerns without fear.</li> <li>6. <b>Infrastructure for Health and Safety at Farms &amp; Agronomical Management:</b> the goal is to raise awareness about essential health and safety standards, how to correctly use, store and dispose of chemicals, and the requirement of using and providing PPE, and how to act or evacuate in case of an emergency.</li> <li>7. <b>Compensation &amp; Hours of Work:</b> the goal is to make aware of local labor laws related compensation and hours of work, including the Nespresso Sustainable Quality Standards. Topics such as minimum wage requirements for temporary, casual, daily, seasonal, or migrant workers, along with all legally mandated benefits such as social security, insurance, annual leave, and holiday will be included in the training material.</li> </ol> |
| <p><b>Output indicators</b> (targeted results)</p> | <p><b>Activity 1 – Internal and external control</b></p> <ul style="list-style-type: none"> <li>• TASQ assessment coverage 2024 &amp; 2025: 100% Tepatlaxco 100% Ixhuatlán</li> <li>• TASQ assessment coverage 2026 &amp; onwards: 100%</li> <li>• Certification audit frequency: annually</li> </ul> <p><b>Activity 2 –Capacity building on Field Staff Level</b></p> <ul style="list-style-type: none"> <li>• Course completed on social topic trainings 2022, 2023, 2024, 2025: 100%</li> </ul>  |

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|   | <ul style="list-style-type: none"> <li>Course completed on social topic trainings 2026 &amp; onwards: 100%</li> </ul> <p><b>Activity 2a –Capacity building on Farm and worker level</b></p> <ul style="list-style-type: none"> <li>Total people reached with training 2023: Tepatlaxco 441, Ixhuatlán 1927</li> <li>Total people reached with training 2024: Tepatlaxco 648, Ixhuatlán 5621</li> <li>Total people reached with training 2025: Tepatlaxco 517 , Ixhuatlán 1165</li> <li>Target people reached with training annually: Tepatlaxco 600, Ixhuatlán 5000</li> </ul> |
| <b>Timeline and Deadline Date</b>           | <ul style="list-style-type: none"> <li>Activity 1: Mandatory completion every year</li> <li>Activity 2: Mandatory completion every year</li> <li>Activity 2a: Mandatory completion every year</li> </ul>   |
| <b>Input (budget/resources)</b>             | <ul style="list-style-type: none"> <li>Field Investment</li> </ul>   |
| <b>Responsible staff (title/department)</b> | <ul style="list-style-type: none"> <li>Nespresso Central America Coffee Program Regional Manager</li> <li>Nespresso Central America Social Impact Manager</li> <li>Coffee Partner</li> <li>Cluster Administrator</li> <li>Nespresso Field staff</li> </ul>   |

| Terms and Conditions  |   |
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| Benchmarks  | Compliance Status   |
| <p>ER.9.2: Employment terms shall be those to which the worker has voluntarily agreed, provided those terms do not fall below:<br/> ER.9.2.1: provisions of national laws;<br/> ER.9.2.3: the FLA Workplace Code.<br/> 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.<br/> 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 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.<br/> 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><b>Noncompliance<br/>in all farms</b></p>  |
| <b>Findings/Noncompliance Explanation</b>   | <p>ER.9.2.1 and ER.9.2.3: The labor conditions accepted by the workers are lower than those established by labor laws and FLA Code because they do not include legal benefits (e.g., social security coverage).</p> <p>ER.11: There are no protection procedures for special categories of workers (juvenile, temporary, casual, daily, pregnant, or disabled workers).</p> <p>ER.12.1 and ER.13.1: The farmers do not know about local laws and thus do not inform workers about them applicable to the worker's rights to compensation, labor rights, and working conditions standards covered in the FLA Code.</p> <p><u>Source:</u> Interview with workers, farmers, Nespresso technicians and AMSA representatives</p> |
| <b>Company Action Plan</b>  |   |
| <b>Activity</b>   | <p><i>This issue represents a systemic challenge within the sector and in the region. Workers in the agricultural sector frequently encounter labor conditions that fall significantly short of legal requirements, primarily due to a widespread lack of awareness. This issue extends beyond Nespresso, representing a systemic challenge</i></p>   |

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|   | <p><i>within the sector. For Nespresso, it is crucial to maintain robust internal controls and to strengthen the capacity-building efforts provided.</i></p> <p><b>Activity 1 – Internal and External Control (please refer to benchmark “recruitment and hiring” for full action plan description, ER.31)</b></p> <ul style="list-style-type: none"> <li>• <i>Applicable TASQ Criteria - TASQ BASIC INC 1, requires farms to establish protection measures for pregnant women and new mothers, ensuring their safety from hazardous tasks and exposure to unsafe conditions.</i></li> <li>• <i>Applicable TASQ Criteria - TASQ BASIC INC 19 mandates that all workers receive a salary equal to or greater than the minimum wage, along with all legally mandated benefits. This includes ensuring that workers are aware of their rights to compensation and benefits.</i></li> </ul> <p><b>Activity 2 –Capacity Building on Field Staff Level (please refer to benchmark “recruitment and hiring” for full action plan description, ER.31)</b></p> <p><b>Activity 2a –Capacity building on Farm and worker level (please refer to benchmark “recruitment and hiring” for full action plan description, ER.31)</b></p> |
| <b>Output indicators (targeted results)</b> | <ul style="list-style-type: none"> <li>• <b>Activity 1 – Internal and External Control (please refer to benchmark “recruitment and hiring” for full action plan description, ER.31)</b></li> <li>• <b>Activity 2 – Capacity Building on Field Staff Level (please refer to benchmark “recruitment and hiring” for full action plan description, ER.31)</b></li> <li>• <b>Activity 2a – Capacity building on Farm and worker level (please refer to benchmark “recruitment and hiring” for full action plan description, ER.31)</b></li> </ul>  |
| <b>Timeline and Deadline Date</b>           | <ul style="list-style-type: none"> <li>• Activity 1: Mandatory completion every year</li> <li>• Activity 2: Mandatory completion every year</li> <li>• Activity 2a: Mandatory completion every year</li> </ul>   |
| <b>Input (budget/resources)</b>             | <ul style="list-style-type: none"> <li>• Field Investment</li> </ul>   |
| <b>Responsible staff (title/department)</b> | <ul style="list-style-type: none"> <li>• Nespresso Central America Coffee Program Regional Manager</li> <li>• Nespresso Central America Social Impact Manager</li> <li>• Coffee Partner</li> <li>• Cluster Administrator</li> <li>• Nespresso Field staff</li> </ul>   |

| <b>Work Rules and Discipline</b>  |  |
|---|--|
| <b>Benchmarks</b>   | <b>Compliance Status</b>                 |
| <p>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).</p> <p>ER.20.2: Any person supervising workers shall be aware of the disciplinary rules and practices.</p> <p>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.</p> <p>ER.20.6: Disciplinary rules and practices shall be clearly communicated to all workers.</p> <p>ER.20.7: Workers must be informed when a disciplinary procedure has been initiated against them.</p> <p>ER.20.8: Workers have the right to participate and be heard in any disciplinary procedure against them.</p> <p>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.</p> | <p><b>Noncompliance in all farms</b></p> |

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| <b>Findings/Noncompliance Explanation</b>   | Employers do not have disciplinary rules and practices incorporating a progressive discipline system.<br><u>Source:</u> Interview with workers and farmers.  |
| <b>Company Action Plan</b>                  |  |
| <b>Activity</b>                             | <p><i>To be a part of the Nespresso Sustainable Quality Plan, there is a strict requirement of the farms being compliant with the 6 precondition criteria <b>in the following categories that are mandatory and should always be complied with from the beginning:</b> child labor, Gender-Based Violence (GBV), forced labor, harassment and abuse, ecosystem protection, agrochemicals, and biological inputs. Failing such criteria will trigger the fair treatment process to ensure <b>compliance within the expected timeframe, failure of which will result in exclusion of the farm from the Nespresso Sustainable Quality Plan.</b></i></p> <p><b>Activity 1 – Internal and External Control (please refer to benchmark “recruitment and hiring” for full action plan description, ER.31)</b></p> |
| <b>Output indicators (targeted results)</b> | <b>Activity 1 – Internal and External Control (please refer to benchmark “recruitment and hiring” for full action plan description, ER.31)</b>   |
| <b>Timeline and Deadline Date</b>           | <ul style="list-style-type: none"> <li>• Mandatory completion every year</li> </ul>  |
| <b>Input (budget/resources)</b>             | <ul style="list-style-type: none"> <li>• Field Investment</li> </ul>   |
| <b>Responsible staff (title/department)</b> | <ul style="list-style-type: none"> <li>• Nespresso Central America Coffee Program Regional Manager</li> <li>• Nespresso Central America Social Impact Manager</li> <li>• Coffee Partner</li> <li>• Cluster Administrator</li> <li>• Nespresso Field staff</li> </ul>   |

## Non-discrimination

### Compliance Status

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

### Non-Discrimination Assessment Summary

| General Compliance   |   |
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| Benchmarks   | Compliance Status   |
| ND.1: Employers shall comply with all national laws, regulations and procedures concerning non-discrimination. | Noncompliance in all farms  |
| <b>Findings/Noncompliance Explanation</b>  | Employers have no knowledge of local laws, regulations, or court proceedings related to nondiscrimination.<br><br><u>Source:</u> Interview workers and farmers  |
| <b>Company Action Plan</b>   |   |
| <b>Activity</b>  | <p><i>To be a part of the Nespresso Sustainable Quality Plan, there is a strict requirement of the farms being compliant with the 6 TASQ precondition criteria.</i></p> <p><b>Activity 1 – Internal and External Control (please refer to benchmark “recruitment and hiring” for full action plan description, ER.31)</b></p> <ul style="list-style-type: none"> <li><b>Applicable TASQ Criteria</b> - PRE-INC-4: discriminatory practices are not allowed on the farm.</li> </ul> <p><b>Activity 2 – Capacity Building on Field Staff Level (please refer to benchmark “recruitment and hiring” for full action plan description, ER.31)</b></p> <p><b>Activity 2a – Capacity building on Farm and worker level (please refer to benchmark “recruitment and hiring” for full action plan description, ER.31)</b></p> |

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| <b>Output indicators</b> (targeted results) | <p>To be a part of the Nespresso Quality Program, there is a strict requirement of the farms being compliant with the 6 TASQ precondition criteria.</p> <p><b>Activity 1 – Internal and External Control (please refer to benchmark “recruitment and hiring” for full action plan description, ER.31)</b></p> <p><b>Activity 2 – Capacity Building on Field Staff Level (please refer to benchmark “recruitment and hiring” for full action plan description, ER.31)</b></p> <p><b>Activity 2a – Capacity building on Farm and worker level (please refer to benchmark “recruitment and hiring” for full action plan description, ER.31)</b></p> |
| <b>Timeline and Deadline Date</b>           | <ul style="list-style-type: none"> <li>• Mandatory completion every year</li> </ul>  |
| <b>Input</b> (budget/resources)             | <ul style="list-style-type: none"> <li>• Field Investment</li> </ul>   |
| <b>Responsible staff</b> (title/department) | <ul style="list-style-type: none"> <li>• Nespresso Central America Coffee Program Regional Manager</li> <li>• Nespresso Central America Social Impact Manager</li> <li>• Coffee Partner</li> <li>• Cluster Administrator</li> <li>• Nespresso Field staff</li> </ul>   |

| <b>Marital or Pregnancy-Related Discrimination</b>  |  |
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| <b>Benchmarks</b>   | <b>Compliance Status</b>   |
| <p>ND.6.1: Employers shall abide by all protective provisions in national laws and regulations benefitting pregnant workers and new mothers, including provisions concerning maternity leave and other benefits; prohibitions regarding night work, temporary reassignments away from work stations and work environments that may pose a risk to the health of pregnant women and their unborn children or new mothers and their new born children, temporary adjustment of working hours during and after pregnancy, and the provision of breast-feeding breaks and facilities.</p> | <p><b>Noncompliance in all farms</b></p>   |
| <b>Findings/Noncompliance Explanation</b>   | <p>ND.6.1: Farmers explain they hire pregnant women during harvest season, and it was possible to prove that there were no conditions to guarantee the health and safety of women, unborn children, or new mothers and their newborn children.</p> <p><u>Source:</u> Interview workers, Nespresso technicians and farmers</p>  |
| <b>Company Action Plan</b>  |  |
| <b>Activity</b>   | <p><i>This issue represents a systemic challenge within the sector and in the region that goes beyond the capabilities of any single company, requiring collaborative action from governments, civil society organizations, and businesses. Farmers in the agricultural sector are confronted with difficult positions denying work opportunities for families, while workers are in need of financial support for their livelihoods, exacerbated by the lack of a robust national social safety net. Nespresso has established compliance standards for farms and is dedicated to raising awareness about health and safety measures, especially for pregnant women, while also implementing preventive initiatives such as Safe Spaces for Children. However, it is essential to recognize that these challenges are highly complex and cannot be effectively addressed solely through Nespresso’s initiatives.</i></p> <p><b>Activity 1 – Internal and External Control (please refer to benchmark “recruitment and hiring” for full action plan description, ER.31)</b></p> <ul style="list-style-type: none"> <li>• Applicable TASQ criteria – BASIC-INC -1: In order to prevent unsafe exposure to hazardous chemicals and hazardous substances or unsafe tasks that involve long hours of standing, lifting weights, excessive</li> </ul> |

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|  | <p>exposure to the sun, all protective measures are taken for pregnant women and new mothers, as required by applicable laws. In cases where legal measures are inadequate, farmers take reasonable measures to ensure the safety and health of pregnant women and their unborn children.</p> <p><b>Activity 2 – Capacity Building on Field Staff Level (please refer to benchmark “recruitment and hiring” for full action plan description, ER.31)</b></p> <p><b>Activity 2a – Capacity building on Farm and worker level (please refer to benchmark “recruitment and hiring” for full action plan description, ER.31)</b></p> <p><b>Activity 3 – Access to Safe Spaces for Children</b></p> <p>Nespresso recognizes the importance of protecting children's rights within coffee supply chains. In collaboration with its Coffee Partners, Nespresso will continue to invest annually in establishing 'Safe Spaces for Children' in Mexico. These facilities allow workers to leave their children during working hours. Open to all workers, the safe spaces are located within the farms and are managed by certified caregivers. This initiative is designed to reduce the obstacles for parents wishing to work, providing care to the children, engaging them in a variety of educational activities, and providing meals.</p> |
| <p><b>Output indicators (targeted results)</b></p> | <p><b>Activity 1 – Internal and External Control (please refer to benchmark “recruitment and hiring” for full action plan description, ER.31)</b></p> <p><b>Activity 2 – Capacity Building on Field Staff Level (please refer to benchmark “recruitment and hiring” for full action plan description, ER.31)</b></p> <p><b>Activity 2a – Capacity building on Farm and worker level (please refer to benchmark “recruitment and hiring” for full action plan description, ER.31)</b></p> <p><b>Activity 3 -Access to Safe Space for Children</b></p> <ul style="list-style-type: none"> <li>• Number of children in each Safe Space for Children</li> <li>• Age of the children in each Safe Space for Children</li> <li>• Number of Safe Spaces for Children in every Cluster</li> </ul>  |
| <p><b>Timeline and Deadline Date</b></p>           | <p>Activity 1: Continuous</p> <ul style="list-style-type: none"> <li>• Activity 2: Mandatory completion every year</li> <li>• Activity 2a: Continuous</li> <li>• Activity 3 – Mandatory execution every harvest</li> </ul>   |
| <p><b>Input (budget/resources)</b></p>             | <ul style="list-style-type: none"> <li>• Field Investment</li> </ul>   |
| <p><b>Responsible staff (title/department)</b></p> | <ul style="list-style-type: none"> <li>• Nespresso Central America Coffee Program Regional Manager</li> <li>• Nespresso Central America Social Impact Manager</li> <li>• Coffee Partner</li> <li>• Cluster Administrator</li> <li>• Nespresso Field staff</li> </ul>   |

| Health-Related Discrimination  |  |
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| <b>Benchmarks</b>  | <b>Compliance Status</b>   |
| ND.7: Employers shall not, on the basis of a person’s health status, make any employment decisions that negatively affect the person’s employment status, including decisions concerning recruitment, termination, promotion, or assignment of work, unless such decision is dictated by the inherent requirements of the job or a medical necessity to protect the worker and/or other workers. | <b>Noncompliance in all farms</b>  |
| ND.9: Employers shall respect the confidentiality of workers’ health status and not undertake any action that could lead to a breach of said confidentiality, including screening, whether by direct or indirect testing (for instance, by making an assessment of risk behavior), or asking questions about previously taken tests or medications.  | <b>Risk of Noncompliance in all farms</b>  |
| <b>Findings/Noncompliance Explanation</b>  | <p>ND.7: The workers expressed that when their health status is negative, the employer opts to terminate them.</p> <p>ND.9: If the employer knows the negative health status of the worker, there is a risk of losing confidentiality, according to workers' testimony.</p> <p><u>Source:</u> Interview workers and farmers</p>  |
| <b>Company Action Plan</b>   |  |
| <b>Activity</b>  | <p><i>This issue represents a systemic challenge within the sector and in the region and is rooted in a lack of awareness regarding employment relationships and local labor laws. Nespresso has established a set of standards that farms participating in the Nespresso Sustainable Quality Plan must adhere to. However, the key to improving this situation lies in developing the necessary capabilities within the sector to understand and comply with local labor laws and requirements.</i></p> <p><b>Activity 1 – Internal and External Control (please refer to benchmark “recruitment and hiring” for full action plan description, ER.31)</b></p> <ul style="list-style-type: none"> <li>• PRE-INC-4: discriminatory practices are not allowed on the farm.</li> </ul> <p><b>Activity 2 – Capacity Building on Field Staff Level (please refer to benchmark “recruitment and hiring” for full action plan description, ER.31)</b></p> <p><b>Activity 2a – Capacity building on Farm and worker (please refer to benchmark “recruitment and hiring” for full action plan description, ER.31)</b></p> |
| <b>Output indicators</b> (targeted results)  | <p><b>Activity 1 – Internal and External Control (please refer to benchmark “recruitment and hiring” for full action plan description, ER.31)</b></p> <p><b>Activity 2 – Capacity Building on Field Staff Level (please refer to benchmark “recruitment and hiring” for full action plan description, ER.31)</b></p> <p><b>Activity 2a – Capacity building on Farm and worker (please refer to benchmark “recruitment and hiring” for full action plan description, ER.31)</b></p>   |
| <b>Timeline and Deadline Date</b>  | <ul style="list-style-type: none"> <li>• Activity 1: Continuous</li> <li>• Activity 2: Mandatory completion every year</li> <li>• Activity 2a: Continuous</li> </ul>   |
| <b>Input</b> (budget/resources)  | <ul style="list-style-type: none"> <li>• Field Investment</li> </ul>   |
| <b>Responsible staff</b> (title/department)  | <ul style="list-style-type: none"> <li>• Nespresso Central America Coffee Program Regional Manager</li> <li>• Nespresso Central America Social Impact Manager</li> <li>• Coffee Partner</li> <li>• Cluster Administrator</li> <li>• Nespresso Field staff</li> </ul>   |

## Harassment or Abuse

### Compliance Status

| Section            | Benchmark | Compliance status | Farms     |
|--------------------|-----------|-------------------|-----------|
| General Compliance | H/A.1.1   | Noncompliance     | All Farms |
|                    | 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.13    | Noncompliance     | All Farms |
| Violence           | H/A.8.1   | In Compliance     |           |
|                    | H/A.8.2   | In Compliance     |           |
|                    | H/A.8.3   | In Compliance     |           |
| 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     |           |
| Security Practices | H/A.10    | In Compliance     |           |
|                    | H/A.10.1  | In Compliance     |           |
|                    | H/A.10.2  | In Compliance     |           |

### Harassment or Abuse Assessment Summary

| General Compliance   |  |
|--|--|
| Benchmarks   | Compliance Status  |
| H/A.1.1: Employers shall comply with all national laws, regulations and procedures concerning discipline, violence, harassment or abuse. | <b>Noncompliance in all farms</b>  |
| <b>Findings/Noncompliance Explanation</b>  | H/A.1.1: The employers do not comply with all the national laws, rules, and procedures related to discipline, violence, harassment, or abuse.<br><br><u>Source:</u> Workers interview, farmers and farms tour  |
| <b>Company Action Plan</b>   |  |
| <b>Activity</b>  | <p><i>This issue represents a systemic challenge within the sector and in the region and is rooted in lack of awareness. Nespresso has established a set of standards that farms participating in the Nespresso Sustainable Quality Plan must adhere to. However, the key to improving this situation lies in developing the necessary capabilities within the sector to understand and comply with local labor laws and requirements.</i></p> <p><b>Activity 1 – Internal and External Control (please refer to benchmark “recruitment and hiring” for full action plan description, ER.31)</b></p> <ul style="list-style-type: none"> <li>PRE-INC-6: No worker shall be subject to any physical, sexual, psychological or verbal harassment or abuse.</li> </ul> |

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|   | <p><b>Activity 2 – Capacity Building on Field Staff Level (please refer to benchmark “recruitment and hiring” for full action plan description, ER.31)</b></p> <p><b>Activity 2a – Capacity building on Farm and worker level (please refer to benchmark “recruitment and hiring” for full action plan description, ER.31)</b></p>   |
| <b>Output indicators</b> (targeted results) | <p><b>Activity 1 – Internal and External Control (please refer to benchmark “recruitment and hiring” for full action plan description, ER.31)</b></p> <p><b>Activity 2 – Capacity Building on Field Staff Level (please refer to benchmark “recruitment and hiring” for full action plan description, ER.31)</b></p> <p><b>Activity 2a – Capacity building on Farm and worker level (please refer to benchmark “recruitment and hiring” for full action plan description, ER.31)</b></p> |
| <b>Timeline and Deadline Date</b>           | <ul style="list-style-type: none"> <li>• Activity 1: Continuous</li> <li>• Activity 2: Mandatory completion every year</li> <li>• Activity 2a: Continuous</li> </ul>   |
| <b>Input</b> (budget/resources)             | <ul style="list-style-type: none"> <li>• Field Investment</li> </ul>   |
| <b>Responsible staff</b> (title/department) | <ul style="list-style-type: none"> <li>• Nespresso Central America Coffee Program Regional Manager</li> <li>• Nespresso Central America Social Impact Manager</li> <li>• Coffee Partner</li> <li>• Cluster Administrator</li> <li>• Nespresso Field staff</li> </ul>   |

| Discipline   |   |
|--|---|
| Benchmarks   | Compliance Status   |
| H/A.13: Employers shall only apply corrective measures and discipline which are well explained to workers and are with the intention of continuous improvement | <b>Noncompliance in all farms</b>   |
| <b>Findings/Noncompliance Explanation</b>  | <p>H/A.13: Employers don't have a system of progressive discipline. If the workers commit any errors, they are fired, regardless of the severity of the errors, and without an opportunity to improve their behaviour or performance under a continuous improvement system.</p> <p><u>Source:</u> Interview with agricultural workers and Nespresso technicians</p>   |
| <b>Company Action Plan</b>   |   |
| <b>Activity</b>  | <p><i>This issue represents a systemic challenge within the sector and in the region. The coffee sector is characterized by informal employment relationships, with workers frequently transitioning between farms according to harvest seasons, resulting in a lack of permanent positions on smallholder farms. This fluidity complicates the implementation of disciplinary measures and improvement systems within these contexts. Consequently, the root causes of these challenges are rooted in informal labor practices and a limited understanding of local labor laws, which extend beyond the capacity of any single company to address. While Nespresso has established standards that farms must comply with, the findings of the Fair Labor Association do not articulate the context of the coffee supply chain or the specific challenges faced by smallholder farmers.</i></p> |

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|   | <p>To be a part of the Nespresso Sustainable Quality Plan, there is a strict requirement for the farms being compliant with the 6 precondition criteria in the following categories that are mandatory and should always be complied with from the beginning: child labor, Gender-Based Violence (GBV), forced labor, harassment and abuse, ecosystem protection, agrochemicals, and biological inputs. Failing such criteria will trigger the fair treatment process to ensure compliance within the expected timeframe, failure of which will result in exclusion of the farm from the Nespresso Sustainable Quality Plan.</p> <p><b>Activity 1 – Internal and External Control (please refer to benchmark “recruitment and hiring” for full action plan description, ER.31)</b></p> |
| <b>Output indicators</b> (targeted results) | <b>Activity 1 – Internal and External Control (please refer to benchmark “recruitment and hiring” for full action plan description, ER.31)</b>   |
| <b>Timeline and Deadline Date</b>           | <ul style="list-style-type: none"> <li>• Activity 1: Yearly Mandatory Completion</li> </ul>  |
| <b>Input</b> (budget/resources)             | <ul style="list-style-type: none"> <li>• Field Investment</li> </ul>   |
| <b>Responsible staff</b> (title/department) | <ul style="list-style-type: none"> <li>• Nespresso Central America Coffee Program Regional Manager</li> <li>• Nespresso Central America Social Impact Manager</li> <li>• Coffee Partner</li> <li>• Cluster Administrator</li> <li>• Nespresso Field staff</li> </ul>   |

## Child Labor

### Compliance Status

| Section                                      | Benchmark | Compliance status     | Farms     |
|--|-----------|-----------------------|-----------|
| General Compliance                           | CL.1      | Noncompliance         | All Farms |
| Minimum Age                                  | CL.2      | Risk of Noncompliance | All Farms |
| Immediate Family Members                     | CL.3      | In Compliance         |           |
| Young Workers                                | CL.5      | In Compliance         |           |
|  | CL.6.1    | Noncompliance         | All Farms |
|  | CL.6.2    | Risk of Noncompliance | All Farms |
|  | CL.7      | In Compliance         |           |
| Children on Premises                         | CL.9      | Not Applicable        |           |
| Removal and Rehabilitation of Child Laborers | CL.10.1   | In Compliance         |           |

### Child Labor Assessment Summary

| General Compliance   |  |
|--|--|
| Benchmarks   | Compliance Status  |
| CL.1: Employers shall comply with all national laws, ratified international conventions, fundamental labor rights, regulations and procedures concerning the prohibition of child labor. | <b>Noncompliance in all farms</b>  |
| <b>Findings/Noncompliance Explanation</b>  | <p>Farmers are unaware of national laws and international conventions on child labor (which also relates to noncompliance/ risk of noncompliance of the benchmarks CL.2, CL.6.1 and CL.6.2).</p> <p><u>Source:</u> Interviews with Nespresso workers, farmers and technicians.</p>   |
| <b>Company Action Plan</b>   |  |
| <b>Activity</b>  | <p><i>This issue represents a systemic challenge within the sector and in the region. For a farm to be included in the Nespresso Sustainable Quality Plan, it must strictly adhere to the six Nespresso TASQ precondition criteria. One of the primary contributors to child labor is the lack of awareness surrounding labor rights, child labor, and local labor law. Tackling this is the first and most critical step.</i></p> <p><i>Nespresso acknowledges that the underlying causes of human rights risks in the agricultural sector extend beyond any single entity, requiring a collaborative effort among a spectrum of different stakeholders. In Mexico, Nespresso invests annually, in partnership with its Coffee Partner, in establishing “Safe Spaces for Children.” These facilities are situated within the farms a part of the Nespresso Sustainable Quality Plan, allowing workers to leave their children with caregivers while they work. Children benefit from care, educational activities, and meals. This initiative aims to protect children from accompanying their parents to the fields, enabling parents to work with the assurance that their children are well cared for.</i></p> <p><b>Activity 1 – Internal and External Control (please refer to benchmark “recruitment and hiring” for full action plan description, ER.31)</b></p> |

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|   | <p><b>Activity 2 – Capacity building on Field Staff Level Control (please refer to benchmark “recruitment and hiring” for full action plan description, ER.31)</b></p> <p><b>Activity 2a – Capacity building on Farm and worker level Control (please refer to benchmark “recruitment and hiring” for full action plan description, ER.31)</b></p> <p><b>Activity 3 – Access to Safe Spaces for Children (Please refer to benchmark Marital or Pregnancy-Related Discrimination, ND.6.1)</b></p>  |
| <b>Output indicators</b> (targeted results) | <p><b>Activity 1 – Internal and External Control (full details in chapter recruitment and hiring, ER.31)</b></p> <p><b>Activity 2 – Continuous Capacity building on Field Staff Level (Please refer to benchmark recruitment and hiring, ER.31)</b></p> <p><b>Activity 2a – Continuous Capacity building on Farm and worker level (full details in chapter recruitment and hiring, ER.31)</b></p> <p><b>Activity 3 - Access to Safe Spaces for Children (Please refer to benchmark Marital or Pregnancy-Related Discrimination, ND.6.1)</b></p> |
| <b>Timeline and Deadline Date</b>           | <ul style="list-style-type: none"> <li>• Activity 1: Continuous</li> <li>• Activity 2: Mandatory completion every year</li> <li>• Activity 2a: Continuous</li> <li>• Activity 3 – Mandatory execution every harvest</li> </ul>  |
| <b>Input</b> (budget/resources)             | <ul style="list-style-type: none"> <li>• Field Investment</li> </ul>  |
| <b>Responsible staff</b> (title/department) | <ul style="list-style-type: none"> <li>• Nespresso Central America Coffee Program Regional Manager</li> <li>• Nespresso Central America Social Impact Manager</li> <li>• Coffee Partner</li> <li>• Cluster Administrator</li> <li>• Nespresso Field staff</li> </ul>  |

| <b>Minimum Age</b>   |   |
|--|---|
| <b>Benchmarks</b>  | <b>Compliance Status</b>  |
| CL.2: Employers shall comply with ILO Convention 138 and shall not employ anyone under the age of 15 or under the age for completion of compulsory education, whichever is higher. If a country has a specified minimum age of 14 years due to insufficiently developed economy and educational facilities, employers might follow national legislations but must work to progressively raise the minimum age to 15 years. | <b>Risk of Noncompliance in all farms</b>   |
| <b>Findings/Noncompliance Explanation</b>  | <p>Children younger than 15 picked coffee cherries in the zone nearby farms. They did not belong to the farms visited; however, there was evidence of many workers and farmers being prepared to respond to the onsite assessments that no children are allowed at the farms. Some farmers and workers explained that they could bring kids to the farms when children are on school vacations, and eventually, some of these children can work on picking coffee grains.</p> <p><u>Source:</u> Interviews with workers, farmers and Nespresso technicians. Farms tour.</p> |

## Company Action Plan

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| <p><b>Activity</b></p>                             | <p><i>For clarity, the Fair Labor Association findings have not been reported on farms participating in the Nespresso Sustainable Quality Plan. For a farm to be included in the Nespresso Sustainable Quality Plan, it must strictly adhere to the six Nespresso TASQ precondition criteria.</i></p> <p><i>One of the primary contributors to child labor is the lack of awareness surrounding labor rights, child labor, and local labor law. Tackling this issue is the first and most critical step. Nespresso acknowledges that the underlying causes of human rights risks in the agricultural sector extend beyond any single organization, requiring a collaborative effort among a spectrum of different stakeholders. In Mexico, Nespresso invests annually, in partnership with its coffee in establishing “Safe Spaces for Children.” These facilities are situated within the farms involved in the Nespresso Sustainable Quality Plan, allowing workers to leave their children with caregivers while they work. Children benefit from care, educational activities, and meals. This initiative aims to protect children from accompanying their parents to the fields, enabling parents to work with the assurance that their children are cared for.</i></p> <p><b>Activity 1 – Internal and External Control Control (please refer to benchmark “recruitment and hiring” for full action plan description, ER.31)</b></p> <ul style="list-style-type: none"> <li>• Applicable TASQ Criteria – PRE-INC-2: Farmers can assign work to young workers (15-18 years old) according to their abilities and that is not dangerous to their health. Farmers maintain adult supervision for all activities that they carry out.</li> </ul> <p><b>Activity 2 – Continuous Capacity Building on Field Staff Level Control (please refer to benchmark “recruitment and hiring” for full action plan description, ER.31)</b></p> <p><b>Activity 2a – Continuous Capacity building on Farm and worker level Control (please refer to benchmark “recruitment and hiring” for full action plan description, ER.31)</b></p> <p><b>Activity 3 – Access to Safe Spaces for Children (Please refer to benchmark Marital or Pregnancy-Related Discrimination, ND.6.1)</b></p> |
| <p><b>Output indicators (targeted results)</b></p> | <p><b>Activity 1 – Internal and External Control (please refer to benchmark “recruitment and hiring” for full action plan description, ER.31)</b></p> <p><b>Activity 2 – Continuous Capacity Building on Field Staff Level Control (please refer to benchmark “recruitment and hiring” for full action plan description, ER.31)</b></p> <p><b>Activity 2a – Continuous Capacity building on Farm and worker level Control (please refer to benchmark “recruitment and hiring” for full action plan description, ER.31)</b></p> <p><b>Activity 3 – Access to Safe Spaces for Children (Please refer to benchmark Marital or Pregnancy-Related Discrimination, ND.6.1)</b></p>  |
| <p><b>Timeline and Deadline Date</b></p>           | <ul style="list-style-type: none"> <li>• Activity 1: Continuous</li> <li>• Activity 2: Mandatory completion every year</li> <li>• Activity 2a: Continuous</li> </ul>  |

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|   | <ul style="list-style-type: none"> <li>• Activity 3: During harvest season</li> </ul>  |
| <b>Input</b> (budget/resources)             | <ul style="list-style-type: none"> <li>• Field Investment</li> </ul>   |
| <b>Responsible staff</b> (title/department) | <ul style="list-style-type: none"> <li>• Nespresso Central America Coffee Program Regional Manager</li> <li>• Nespresso Central America Social Impact Manager</li> <li>• Coffee Partner</li> <li>• Cluster Administrator</li> <li>• Nespresso Field staff</li> </ul> |

| Young Workers   |   |
|---|---|
| Benchmarks  | Compliance Status   |
| CL.6.1: Employers shall comply with all relevant laws that apply to young workers, (e.g., those between the minimum legal working age and the age of 18) including regulations related to hiring, working conditions, types of work, hours of work, proof of age documentation, and overtime. | <b>Noncompliance in all farms</b>   |
| CL.6.2: Employers shall maintain a list of all young workers, their entry dates, proof of age and description of their assignment.  | <b>Risk of Noncompliance in all farms</b>   |
| <b>Findings/Noncompliance Explanation</b>   | <p>CL.6.1: Employers do not comply with all relevant laws that apply to young workers (e.g., not providing all the benefits like social security, workers' children accompanying and eventually working on the farms).</p> <p>CL.6.2: Although the farmers have the list of workers with their ages, they do not check or note/copy the proof of age documentation.</p> <p><u>Source:</u> Interviews with workers, farmers, and Nespresso technicians</p> |
| <b>Company Action Plan</b>  |   |
| <b>Activity</b>   | <b>Please refer to action plan CL.2</b>   |
| <b>Output indicators</b> (targeted results)   | <b>Please refer to action plan CL.2</b>   |
| <b>Timeline and Deadline Date</b>   | <b>Please refer to action plan CL.2</b>   |
| <b>Input</b> (budget/resources)   | <b>Please refer to action plan CL.2</b>   |
| <b>Responsible staff</b> (title/department)   | <b>Please refer to action plan CL.2</b>   |

## Health, Safety and Environment

### Compliance Status

| Section  | Benchmark | Compliance status | Farms     |
|--|-----------|-------------------|-----------|
| General Compliance                             | HSE.1.    | Noncompliance     | All Farms |
| Document Maintenance, Permits and Certificates | HSE.3.1   | Noncompliance     | All Farms |
| Evacuation Requirements and Procedure          | HSE.5.2   | Noncompliance     | All Farms |
| Personal Protective Equipment                  | HSE.8     | In Compliance     |           |
| Chemical Management                            | HSE.9.1   | In Compliance     |           |
|  | HSE.9.2   | In Compliance     |           |
|  | HSE.9.2.1 | In Compliance     |           |
|  | HSE.10    | In Compliance     |           |
|  | HSE.11.1  | In Compliance     |           |
|  | HSE.11.2  | In Compliance     |           |
| Protection Reproductive Health                 | HSE.12.1  | In Compliance     |           |
| Infrastructure                                 | HSE.17.1  | Noncompliance     | All Farms |
| Machinery Safety                               | HSE.14.1  | In Compliance     |           |
|  | HSE.14.2  | In Compliance     |           |
|  | HSE.14.3  | Not Applicable    |           |
|  | HSE.14.4  | In Compliance     |           |
| Ergonomics and Medical Facilities              | HSE.16.2  | In Compliance     |           |

### 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. | <b>Noncompliance in all farms</b>  |
| <b>Findings/Noncompliance Explanation</b>  | Employers do not comply with the laws, and legal regulations of the region, including HSE.3.1 and HSE.17.1.<br><br><u>Source:</u> Interviews with representatives of supplier, farmers, Nespresso technicians, and farm visits.  |
| <b>Company Action Plan</b>   |  |
| <b>Activity</b>  | This issue represents a systemic challenge within the sector and in the region. Many farmers may be unaware of local laws and regulations, often due to limited information sharing from authorities. Nespresso recognizes the need for capacity building focused on the human rights related topics and that it requires ongoing engagement to ensure that farmers not only receive information but also fully comprehend and apply it in their daily operations.<br><br><b>Activity 1 – Internal and External Control Control (please refer to benchmark “recruitment and hiring” for full action plan description, ER.31)</b> <ul style="list-style-type: none"> <li><b>Applicable TASQ Criteria - BASIC-INC 5-7</b>, requires the farms to have safe practices for agrochemicals and prevent agrochemical accident by having pesticides application rules, training, and safety rules on handling</li> </ul> |

|   |   |
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|   | <p>chemicals, and providing personal protection equipment (PPE) to the workers.</p> <p><b>Activity 2 – Capacity Building on Field Staff Level Control (please refer to benchmark “recruitment and hiring” for full action plan description, ER.31)</b></p> <p><b>Activity 2a –Capacity building on Farm and worker level Control (please refer to benchmark “recruitment and hiring” for full action plan description, ER.31)</b></p>   |
| <b>Output indicators</b> (targeted results) | <p><b>Activity 1 – Internal and External Control Control (please refer to benchmark “recruitment and hiring” for full action plan description, ER.31)</b></p> <p><b>Activity 2 – Capacity Building on Field Staff Level Control (please refer to benchmark “recruitment and hiring” for full action plan description, ER.31)</b></p> <p><b>Activity 2a –Capacity building on Farm and worker level Control (please refer to benchmark “recruitment and hiring” for full action plan description, ER.31)</b></p> |
| <b>Timeline and Deadline Date</b>           | <ul style="list-style-type: none"> <li>• Activity 1: Continuous</li> <li>• Activity 2: Mandatory completion every year</li> <li>• Activity 2a: Continuous</li> </ul>  |
| <b>Input</b> (budget/resources)             | Field Investment  |
| <b>Responsible staff</b> (title/department) | <ul style="list-style-type: none"> <li>• Nespresso Central America Coffee Program Regional Manager</li> <li>• Nespresso Central America Social Impact Manager</li> <li>• Coffee Partner</li> <li>• Cluster Administrator</li> <li>• Nespresso Field staff</li> </ul>  |

| Document Maintenance, Permits and Certificates   |   |
|--|---|
| Benchmarks   | Compliance Status   |
| HSE.3.1: Employers shall notify the relevant national and/or local authorities of all illnesses and accidents and environmental emergencies as required by applicable laws | <b>Noncompliance in all farms</b>   |
| <b>Findings/Noncompliance Explanation</b>  | <p>Employers fail to notify the relevant national or local authorities of illnesses, accidents, and environmental emergencies as required by law (article 504, specifically the fractions V and VI of the Labor Federal Law).</p> <p><u>Source:</u> Interviews with representatives of supplier, farmers, Nespresso technicians, and farm visits.</p> |
| <b>Company Action Plan</b>   |   |
| <b>Activity</b>  | Please refer to action plan HSE.1   |
| <b>Output indicators</b> (targeted results)  | Please refer to action plan HSE.1   |
| <b>Timeline and Deadline Date</b>  | Please refer to action plan HSE.1   |
| <b>Input</b> (budget/resources)  | Please refer to action plan HSE.1   |

|   |                                   |
|---|-----------------------------------|
| Responsible staff<br>(title/department) | Please refer to action plan HSE.1 |
|---|-----------------------------------|

| Evacuation Requirements and Procedure   |  |
|---|--|
| Benchmarks  | Compliance Status  |
| HSE.5.2: Where appropriate, workers shall be trained in evacuation procedures at least once per year. | <b>Noncompliance<br/>in all farms</b>  |
| <b>Findings/Noncompliance Explanation</b>   | <p>Farmers do not have defined protocols on evacuation procedures; as a result, workers do not receive any communication and training on evacuation procedures.</p> <p><u>Source:</u> Interviews with representatives of supplier, farmers, Nespresso technicians, and farm visits.</p>  |
| <b>Company Action Plan</b>  |  |
| <b>Activity</b>   | <p><i>The farms in Mexico primarily consist of smallholder farmers, making the implementation of standardized protocols an inefficient approach to addressing the findings of the Fair Labor Association. The focus for Nespresso instead is on enhancing farmers' skills through targeted capacity-building initiatives and providing informative posters placed directly on farms. This approach will facilitate easier access to important information and help reinforce understanding of essential practices and regulations.</i></p> <p><b>Activity 2 – Capacity Building on Field Staff Level (please refer to benchmark “recruitment and hiring” for full action plan description, ER.31)</b></p> <p><b>Activity 2a –Capacity building on Farm and worker level (please refer to benchmark “recruitment and hiring” for full action plan description, ER.31)</b></p> |
| <b>Output indicators (targeted results)</b>   | <p><b>Activity 2 – Capacity Building on Field Staff Level (please refer to benchmark “recruitment and hiring” for full action plan description, ER.31)</b></p> <p><b>Activity 2a –Capacity building on Farm and worker level (please refer to benchmark “recruitment and hiring” for full action plan description, ER.31)</b></p>  |
| <b>Timeline and Deadline Date</b>   | <ul style="list-style-type: none"> <li>• Activity 1: Continuous</li> <li>• Activity 2: Mandatory completion every year</li> <li>• Activity 2a: Continuous</li> </ul>   |
| <b>Input (budget/resources)</b>   | Field Investment   |
| <b>Responsible staff (title/department)</b>   | <ul style="list-style-type: none"> <li>• Nespresso Central America Coffee Program Regional Manager</li> <li>• Nespresso Central America Social Impact Manager</li> <li>• Coffee Partner</li> <li>• Cluster Administrator</li> <li>• Nespresso Field staff</li> </ul>   |

## Infrastructure

| Benchmarks   | Compliance Status   |
|--|---|
| <p>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.</p> | <p><b>Noncompliance<br/>in all farms</b></p>  |
| <p><b>Findings/Noncompliance Explanation</b></p>   | <p>The workers do not have access to potable water in the fields and the farmers do not provide portable water or have a strategy to work with the local water administration to bring potable water near the fields.</p> <p><u>Source:</u> Interviews with representatives of supplier, farmers, Nespresso technicians, and farm visits.</p>   |
| <p><b>Company Action Plan</b></p>  |   |
| <p><b>Activity</b></p>   | <p><i>This issue represents a systemic challenge within the sector and in the region. The access to clean water in Mexico is a nationwide problem as most of its population lacks access to safe water sources. The Nespresso cluster in Mexico spans 17 municipalities in the central region of Veracruz, a state with an average annual rainfall exceeding 1,600 mm. Despite this, few households have access to water storage infrastructure such as cisterns, tanks, or rainwater harvesting systems. The degradation and overexploitation of water sources, combined with population growth and increasing droughts.</i></p> <p><i>Due to the lack of potable water, health institutions have launched awareness campaigns promoting water purification practices—such as boiling, filtering, and chlorination—to reduce the risk of waterborne diseases, especially among children and the elderly. However, adoption of these practices remains low among families.</i></p> <p><b>Activity 4 – Access to water filters</b></p> <p>To address this challenge, the Nespresso cluster in Mexico launched the “Access to Safe Drinking Water” initiative in 2021, distributing eco-filters. Each eco-filter is paired with a 20-liter filtration unit, designed to serve up to six people per household, with a lifespan of two years from first use. Nespresso has since the initiative started improved the access to safe waters by providing Ecofilters in the Ixhaultlan and Tepalaxco clusters which are located in the State of Veracruz. Since 2021 until 2025, 3 419 people benefitted from the safe 913 water filters distributed. Nespresso will continue to provide Ecofilters in the two clusters to contribute to increase the access to safe water.</p> <ul style="list-style-type: none"> <li>• In 2026, Nespresso targets to distribute approximately 670 Ecofilters in the clusters and approximately 250 necessary spare parts.</li> </ul> <p><b>Activity 1 – Internal and external control</b></p> <ul style="list-style-type: none"> <li>• <b>Applicable TASQ criteria - TASQ INC BAS 10</b> assesses and controls the water availability and that workers have a sufficient amount of safe water and washing facilities with running water.</li> </ul> <p><b>Activity 2 – Capacity Building on Field Staff Level Activity 2 – Capacity Building on Field Staff Level (please refer to benchmark “recruitment and hiring” for full action plan description, ER.31)</b></p> <p><b>Activity 2a –Capacity building on Farm and worker level (please refer to benchmark “recruitment and hiring” for full action plan description, ER.31)</b></p> |

|  |   |
|--|---|
| <p><b>Output indicators</b> (targeted results)</p> | <p><b>Activity 4 – Access to water filter</b></p> <ul style="list-style-type: none"> <li>• N° of Ecofilters provided in the clusters <ul style="list-style-type: none"> <li>○ 2020-2025: 913</li> <li>○ 2026 target: 670</li> <li>○ 2026 +Y1: based on previous year implementation and reach</li> </ul> </li> <li>• N° of people benefitting from the Ecofilters <ul style="list-style-type: none"> <li>○ 2020-2025: 3 419</li> <li>○ 2026: to be measured based on number of water filters provided</li> <li>○ 2026 +Y1: based on previous year implementation and reach</li> </ul> </li> </ul> <p><b>Activity 1 – Internal and external control (please refer to benchmark “recruitment and hiring” for full action plan description, ER.31)</b></p> <p><b>Activity 2 – Capacity Building on Field Staff Level (please refer to benchmark “recruitment and hiring” for full action plan description, ER.31)</b></p> <p><b>Activity 2a –Capacity building on Farm and worker level (please refer to benchmark “recruitment and hiring” for full action plan description, ER.31)</b></p> |
| <p><b>Timeline and Deadline Date</b></p>           | <ul style="list-style-type: none"> <li>• Continuous implementation based on previous year results</li> </ul>  |
| <p><b>Input</b> (budget/resources)</p>             | <p>Field Investment</p>   |
| <p><b>Responsible staff</b> (title/department)</p> | <ul style="list-style-type: none"> <li>• Nespresso Central America Coffee Program Regional Manager</li> <li>• Nespresso Central America Social Impact Manager</li> <li>• Coffee Partner</li> <li>• Cluster Administrator</li> <li>• Nespresso Field staff</li> </ul>  |

## Hours of Work

### Compliance Status

| Section                   | Benchmark | Compliance status | Farms                          |
|---------------------------|-----------|-------------------|--------------------------------|
| General Compliance        | HOW.1.1   | Noncompliance     | All Farms                      |
|                           | HOW.1.2   | Not Applicable    |                                |
|                           | HOW.1.3   | In Compliance     |                                |
|                           | HOW.1.4   | In Compliance     |                                |
| Rest Day                  | HOW.2     | In Compliance     |                                |
| Meal and Rest Breaks      | HOW.3     | In Compliance     |                                |
| Protected Workers         | HOW.4.1   | Noncompliance     | All Farms                      |
|                           | HOW.4.3   | Not Applicable    |                                |
| Overtime                  | HOW.5.1   | In Compliance     |                                |
|                           | HOW.6.1   | In Compliance     |                                |
|                           | HOW.6.2   | In Compliance     |                                |
|                           | HOW.7     | In Compliance     |                                |
| Public Holidays and Leave | HOW.8.1   | Noncompliance     | All Farms                      |
|                           | HOW.8.2   | Noncompliance     | All Farms except Farms 3 and 4 |
|                           | HOW.9     | Noncompliance     | All Farms                      |
|                           | HOW.10.1  | Noncompliance     | All Farms except farms 3 and 4 |
|                           | HOW.13    | In Compliance     |                                |
|                           | HOW.14    | Noncompliance     | All farms                      |

### Hours of Work Assessment Summary

| General Compliance  |  |
|---|--|
| Benchmarks  | Compliance Status  |
| HOW.1.1: Employers shall comply with all national laws, regulations and procedures concerning hours of work, public holidays and leave. | <b>Noncompliance in all farms</b>  |
| <b>Findings/Noncompliance Explanation</b>   | <p>Employers do not comply with all national laws, regulations, and procedures related to working hours, including HOW.4.1, HOW.8.1, HOW.9, HOW.10.1, and HOW.14.</p> <p><u>Source:</u> Interviews with representatives of supplier, farmers, Nespresso technicians and visits to the farms</p>  |
| <b>Company Action Plan</b>  |  |
| <b>Activity</b>   | <p>This issue represents a systemic challenge within the sector and in the region. Nespresso recognizes the need for capacity building focused on the human rights related topics and that it requires ongoing engagement to ensure that farmers not only receive information but also fully comprehend and apply it in their daily operations.</p> <p><b>Activity 1 – Internal and external control (please refer to benchmark “recruitment and hiring” for full action plan description, ER.31)</b></p> <ul style="list-style-type: none"> <li>Applicable TASQ criteria - BASIC-INC 21, requires the farms to respect regular working hours for workers in farms and, voluntary overtime hours as allowed by law, including the special protection to be provided for pregnant, breastfeeding women and young workers</li> </ul> |

|   |  |
|---|--|
|   | <p><b>Activity 2 –Capacity Building on Field Staff Level (full details in chapter recruitment and hiring, ER.31)</b></p> <p><b>Activity 2a – Capacity building on Farm and worker level (full details in chapter recruitment and hiring, ER.31)</b></p>  |
| <b>Output indicators (targeted results)</b> | <p><b>Activity 1 – Internal and external control (please refer to benchmark “recruitment and hiring” for full action plan description, ER.31)</b></p> <p><b>Activity 2 – Continuous Capacity Building on Field Staff Level Activity 2 – Capacity Building on Field Staff Level (please refer to benchmark “recruitment and hiring” for full action plan description, ER.31)</b></p> <p><b>Activity 2a –Capacity building on Farm and worker level (please refer to benchmark “recruitment and hiring” for full action plan description, ER.31)</b></p> |
| <b>Timeline and Deadline Date</b>           | <ul style="list-style-type: none"> <li>• Activity 1: Continuous</li> <li>• Activity 2: Mandatory completion every year</li> <li>• Activity 2a: Continuous</li> </ul>   |
| <b>Input (budget/resources)</b>             | <ul style="list-style-type: none"> <li>• Field Investment</li> </ul>   |
| <b>Responsible staff (title/department)</b> | <ul style="list-style-type: none"> <li>• Nespresso Central America Coffee Program Regional Manager</li> <li>• Nespresso Central America Social Impact Manager</li> <li>• Coffee Partner</li> <li>• Cluster Administrator</li> <li>• Nespresso Field staff</li> </ul>   |

| <b>Protected Workers (pregnant or nursing women, young workers)</b>  |  |
|--|--|
| <b>Benchmarks</b>  | <b>Compliance Status</b>   |
| HOW.4.1: The workplace shall comply with all applicable laws governing work hours regulating or limiting the nature, frequency and volume of work performed by pregnant or nursing women or young workers. | <b>Noncompliance in all farms</b>  |
| <b>Findings/Noncompliance Explanation</b>  | <p>There are local laws that regulate the working hours of pregnant women and young people. However, the farmers do not know those laws.</p> <p><u>Source:</u> Interviews with supplier representatives, farmers, and Nespresso technicians.</p> |
| <b>Company Action Plan</b>   |  |
| <b>Activity</b>  | <b>Please see Action plan HOW 1.1</b>  |
| <b>Output indicators (targeted results)</b>  | <b>Please see Action plan HOW 1.1</b>  |
| <b>Timeline and Deadline Date</b>  | <b>Please see Action plan HOW 1.1</b>  |
| <b>Input (budget/resources)</b>  | <b>Please see Action plan HOW 1.1</b>  |
| <b>Responsible staff (title/department)</b>  | <b>Please see Action plan HOW 1.1</b>  |

| Public Holidays and Leave   |  |
|---|--|
| Benchmarks  | Compliance Status  |
| <p>HOW.8.1: Employers shall provide workers with all official public holidays as required under national laws, regulations and procedures.</p> <p>HOW.8.2: Employer may engage with workers on a specific working scheme which allows workers to work on holidays if voluntarily agreed by the workers without any pressure to accept or retaliation if refuse.</p> <p>HOW.9: Where permanent or long-term workforce is hired, employers shall provide workers with paid annual leave as required under national laws, regulations and procedures. For farms with informal labour structures hiring annual workers, arrangements can be made between producer and workers as long as it ensures a fair remuneration for the amount of work performed during the year.</p> <p>HOW.10.1: Employers shall not impose any undue restrictions on workers' use of annual leave. The time at which annual leave is taken is determined by employers in consultation with workers, taking into account work requirements and the opportunities for rest and relaxation available to workers.</p> <p>HOW.14: Employers shall provide workers with sick leave as required under national laws, local provisions, regulations and procedures.</p> <p>HOW.15: Employers shall not impose any undue restrictions on sick leave. Any workplace restrictions or procedures regarding sick leave (e.g. informing the employer as soon as possible, the provision of medical certificates, the use of designated doctors or hospitals) must be in line with national laws, regulations and procedures and must be communicated in full to all workers.</p> | <b>Noncompliance<br/>in all farms</b>  |
| <p><b>Findings/Noncompliance Explanation</b></p>  | <p>Employers do not provide workers with official holidays as national laws, regulations, and procedures require. In addition, vacations are not provided to permanent employees, although there are guidelines established by law. Employers also do not provide sick leaves to workers as required by national laws.</p> <p><u>Source:</u> Interviews with representatives of supplier, farmers, Nespresso technicians, and farm visits.</p> |
| <p><b>Company Action Plan</b></p>   |  |
| <p><b>Activity</b></p>  | <p><b>Please see Action plan HOW 1.1</b></p>   |
| <p><b>Output indicators (targeted results)</b></p>  | <p><b>Please see Action plan HOW 1.1</b></p>   |
| <p><b>Timeline and Deadline Date</b></p>  | <p><b>Please see Action plan HOW 1.1</b></p>   |
| <p><b>Input (budget/resources)</b></p>  | <p><b>Please see Action plan HOW 1.1</b></p>   |
| <p><b>Responsible staff (title/department)</b></p>  | <p><b>Please see Action plan HOW 1.1</b></p>   |

# Compensation

## Compliance Status

| Section                        | Benchmark | Compliance status     | Farms     |
|--------------------------------|-----------|-----------------------|-----------|
| General Compliance             | C.1.1     | Noncompliance         | All Farms |
|                                | C.1.2     | In Compliance         |           |
|                                | C.1.3     | Not Applicable        |           |
|                                | C.1.4     | Not Applicable        |           |
| Minimum Wage/Fair Compensation | C.2.1     | In Compliance         |           |
|                                | C.2.2     | Noncompliance         | All Farms |
|                                | C.2.3     | In Compliance         |           |
|                                | C.3       | In Compliance         |           |
| Wage Payment and Calculation   | C.6       | In Compliance         |           |
|                                | C.7.1     | In Compliance         |           |
|                                | C.7.2     | In Compliance         |           |
|                                | C.7.5     | Risk of Noncompliance | All Farms |
|                                | C.8.1     | In Compliance         |           |
|                                | C.8.2     | Noncompliance         | All Farms |
|                                | C.8.3     | Noncompliance         | All Farms |
|                                | C.10.1    | In Compliance         |           |
|                                | C.10.1.1  | Noncompliance         | All Farms |
|                                | C.10.2    | In Compliance         |           |
| Workers Awareness              | C.11.1.1  | In Compliance         |           |
|                                | C.11.1.2  | Not Applicable        |           |
|                                | C.11.1.3  | Not Applicable        |           |
|                                | C.11.1.4  | Not Applicable        |           |
|                                | C.11.1.5  | In Compliance         |           |
| Fringe Benefits                | C.12.1    | Not Applicable        |           |
|                                | C.12.3    | Not Applicable        |           |
|                                | C.12.4    | Not Applicable        |           |
|                                | C.12.5    | Not Applicable        |           |

## Compensation Assessment Summary

| General Compliance   |   |
|--|---|
| <b>Benchmarks</b>  | <b>Compliance Status</b>  |
| 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. | <b>Noncompliance in all farms</b>   |
| <b>Findings/Noncompliance Explanation</b>  | Employers do not comply with national laws, regulations, and legal procedures related to compensating workers, including C2.2 and C.8.2.<br><br><u>Source:</u> Interviews with supplier representatives, farmers, workers and Nespresso technicians.            |
| <b>Company Action Plan</b>   |   |
| <b>Activity</b>  | <i>The payment structure in the Mexican coffee sector is that the coffee pickers earn per "kilogram" collected but the price is not regulated by any institution. Despite the lacking structure in the wider coffee sector and pricing in Mexico, Nespresso</i> |

|   |   |
|---|---|
|   | <p><i>recognizes the need for capacity building focused on employment relationship topics such as a compensation and hours of work.</i></p> <p><b>Activity 1 – Internal and external control</b></p> <ul style="list-style-type: none"> <li>• <i>Applicable TASQ criteria - BASIC-INC 21, requires the farms to respect regular working hours for workers in farms and, voluntary overtime hours as allowed by law, including the special protection to be provided for pregnant, breastfeeding women and young workers</i></li> </ul> <p><b>Activity 2 –Capacity Building on Field Staff Level (full details in chapter recruitment and hiring, ER.31)</b></p> <p><b>Activity 2a – Capacity building on Farm and worker level (full details in chapter recruitment and hiring, ER.31)</b></p> <p><b>Activity 5 - Coffee Farming Management Booklet</b></p> <ul style="list-style-type: none"> <li>• The Coffee Partner will develop a “coffee farming management Booklet” which consist of one section for the farmers to write down information such as the workers worked hours and payment per activity.</li> </ul> |
| <b>Output indicators</b> (targeted results) | <p><b>Activity 1 – Internal and external control</b></p> <ul style="list-style-type: none"> <li>• <i>Applicable TASQ criteria - BASIC-INC 21, requires the farms to respect regular working hours for workers in farms and, voluntary overtime hours as allowed by law, including the special protection to be provided for pregnant, breastfeeding women and young workers</i></li> </ul> <p><b>Activity 2 – Continuous Capacity Building on Field Staff Level Activity 2 – Capacity Building on Field Staff Level (please refer to benchmark “recruitment and hiring” for full action plan description, ER.31)</b></p> <p><b>Activity 2a –Capacity building on Farm and worker level (please refer to benchmark “recruitment and hiring” for full action plan description, ER.31)</b></p> <p><b>Activity 5 - Coffee Farming Management Booklet</b></p> <ul style="list-style-type: none"> <li>• Piloting of Coffee Farming Management booklet</li> </ul>  |
| <b>Timeline and Deadline Date</b>           | <ul style="list-style-type: none"> <li>• Activity 1: Continuous</li> <li>• Activity 2: Mandatory completion every year</li> <li>• Activity 2a: Continuous</li> <li>• Activity 5: December 2027</li> </ul>   |
| <b>Input</b> (budget/resources)             | <ul style="list-style-type: none"> <li>• Field Investment</li> </ul>  |
| <b>Responsible staff</b> (title/department) | <ul style="list-style-type: none"> <li>• Nespresso Central America Coffee Program Regional Manager</li> <li>• Nespresso Central America Social Impact Manager</li> <li>• Coffee Partner</li> <li>• Cluster Administrator</li> <li>• Nespresso Field staff</li> </ul>  |

| Minimum Wage/Fair Compensation |                   |
|--------------------------------|-------------------|
| Benchmarks                     | Compliance Status |

|  |   |                                       |
|--|---|---------------------------------------|
| C.2.2: Employers shall provide all legally required benefits to all workers. |   | <b>Noncompliance<br/>in all farms</b> |
| <b>Findings/Noncompliance Explanation</b>                                    | <p>The workers are not provided with legally required benefits.</p> <p><u>Source:</u> Interviews with representatives of supplier, farmers, workers, Nespresso technicians and visits to the farms.</p>   |                                       |
| <b>Company Action Plan</b>   |   |                                       |
| <b>Activity</b>  | <p>The formalization of employment relationships and contracts including benefits, social security and working conditions within the coffee sector represents a systemic challenge within the sector and in the region. Nonetheless, Nespresso can be committed to help improve the situation by raising awareness on good documentation practices and advocating for enhanced formalization of employment at sector-level.</p> <p><b>Activity 1 – Internal and external control</b></p> <ul style="list-style-type: none"> <li>○ <b>TASQ BASIC INCLUSIVE 15</b>, requires farms to establish written contracts, which should include the mandated benefits such as social security, with permanent and temporary workers of minimum 3 months. However, verbal contract is also acceptable if both parties agree.</li> <li>○ <b>TASQ BASIC INCLUSIVE 20</b>, requires all farms to have the full identification of them and be sure that are officially registered, comply with the applicable legal requirements. Not engage in fraudulent or coercive recruiting practices. Workers are not required to pay a fee to obtain employment at the farms.</li> </ul> <p><b>Activity 2 –Capacity Building on Field Staff Level (full details in chapter recruitment and hiring, ER.31)</b></p> <p><b>Activity 2a – Capacity building on Farm and worker level (full details in chapter recruitment and hiring, ER.31)</b></p> |                                       |
| <b>Output indicators (targeted results)</b>                                  | <p><b>Activity 1 – Internal and external control (please refer to benchmark “recruitment and hiring” for full action plan description, ER.31)</b></p> <p><b>Activity 2 – Continuous Capacity Building on Field Staff Level Activity 2 – Capacity Building on Field Staff Level (please refer to benchmark “recruitment and hiring” for full action plan description, ER.31)</b></p> <p><b>Activity 2a –Capacity building on Farm and worker level (please refer to benchmark “recruitment and hiring” for full action plan description, ER.31)</b></p>  |                                       |
| <b>Timeline and Deadline Date</b>  | <ul style="list-style-type: none"> <li>• Activity 1: Continuous</li> <li>• Activity 2: Mandatory completion every year</li> <li>• Activity 2a: Continuous</li> </ul>  |                                       |

|   |  |
|---|--|
| <b>Input (budget/resources)</b>             | <ul style="list-style-type: none"> <li>• Field Investment</li> </ul>   |
| <b>Responsible staff (title/department)</b> | <ul style="list-style-type: none"> <li>• Nespresso Central America Coffee Program Regional Manager</li> <li>• Nespresso Central America Social Impact Manager</li> <li>• Coffee Partner</li> <li>• Cluster Administrator</li> <li>• Nespresso Field staff</li> </ul> |

### Wage Payment and Calculation

| Benchmarks  | Compliance Status                         |
|---|---|
| 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.<br>C.8.3: Workers shall be informed in writing or orally where necessary, in language(s) spoken by workers, about overtime wage rates prior to undertaking overtime.<br>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. | <b>Noncompliance in all farms</b>         |
| C.7.2: FLA-affiliates shall ensure that farmers/producers receive payments and certification premiums through a traceable and reliable payment system.  | <b>Risk of Noncompliance in all farms</b> |

|   |   |
|---|---|
| <b>Findings/Noncompliance Explanation</b> | <p>Employers do not carry out any type of payroll registration for workers. The workers are paid under a piece rate system (based on the amount of coffee cherries picked). In this piece rate system, no payments for overtime, rest days, holidays, and vacations are paid to the workers.</p> <p>Regarding the coffee payments (including premiums) for farmers (C.7.2), Nespresso's Tier One supplier is responsible for making the payments for the coffee cherries the farmers sell. The farmers explain that sometimes they must wait up to two days because the supplier does not immediately receive the coffee cherries.</p> <p><u>Source:</u> Interview with Nespresso farmers, workers and technicians.</p> |
|---|---|

#### Company Action Plan

|   |                            |
|---|----------------------------|
| <b>Activity</b>                             | <b>See action plan C.1</b> |
| <b>Output indicators (targeted results)</b> | <b>See action plan C.1</b> |
| <b>Timeline and Deadline Date</b>           | <b>See action plan C.1</b> |
| <b>Input (budget/resources)</b>             | <b>See action plan C.1</b> |
| <b>Responsible staff (title/department)</b> | <b>See action plan C.1</b> |

## Overview - Farms vs. Non-compliances

Total number of Farms: 23

|   |    | 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 |
|---|----|-------------------------|--------------------|---------------------|--------------|-------------|--|--------------------------------|---------------|--------------|-------|
| <b>% of farms with one or more non-compliances or risk of non-compliances</b> |    | 100%                    | 100%               | 100%                | 0%           | 100%        | 0%   | 100%                           | 100%          | 100%         |       |
| <b>Total number of benchmarks (excl. progressive benchmarks)</b>              |    | 48                      | 14                 | 19                  | 19           | 9           | 25   | 16                             | 19            | 27           | 196   |
| Farm No.  | 1  | 15                      | 4                  | 2                   | 0            | 4           | 0  | 4                              | 7             | 6            | 42    |
| Farm No.  | 2  | 15                      | 4                  | 2                   | 0            | 4           | 0  | 4                              | 7             | 6            | 42    |
| Farm No.  | 3  | 15                      | 4                  | 2                   | 0            | 4           | 0  | 4                              | 5             | 6            | 40    |
| Farm No.  | 4  | 15                      | 4                  | 2                   | 0            | 4           | 0  | 4                              | 5             | 6            | 40    |
| Farm No.  | 5  | 15                      | 4                  | 2                   | 0            | 4           | 0  | 4                              | 7             | 6            | 42    |
| Farm No.  | 6  | 15                      | 4                  | 2                   | 0            | 4           | 0  | 4                              | 7             | 6            | 42    |
| Farm No.  | 7  | 15                      | 4                  | 2                   | 0            | 4           | 0  | 4                              | 7             | 6            | 42    |
| Farm No.  | 8  | 15                      | 4                  | 2                   | 0            | 4           | 0  | 4                              | 7             | 6            | 42    |
| Farm No.  | 9  | 15                      | 4                  | 2                   | 0            | 4           | 0  | 4                              | 7             | 6            | 42    |
| Farm No.  | 10 | 15                      | 4                  | 2                   | 0            | 4           | 0  | 4                              | 7             | 6            | 42    |
| Farm No.  | 11 | 15                      | 4                  | 2                   | 0            | 4           | 0  | 4                              | 7             | 6            | 42    |
| Farm No.  | 12 | 15                      | 4                  | 2                   | 0            | 4           | 0  | 4                              | 7             | 6            | 42    |
| Farm No.  | 13 | 15                      | 4                  | 2                   | 0            | 4           | 0  | 4                              | 7             | 6            | 42    |
| Farm No.  | 14 | 15                      | 4                  | 2                   | 0            | 4           | 0  | 4                              | 7             | 6            | 42    |
| Farm No.  | 15 | 15                      | 4                  | 2                   | 0            | 4           | 0  | 4                              | 7             | 6            | 42    |
| Farm No.  | 16 | 15                      | 4                  | 2                   | 0            | 4           | 0  | 4                              | 7             | 6            | 42    |
| Farm No.  | 17 | 15                      | 4                  | 2                   | 0            | 4           | 0  | 4                              | 7             | 6            | 42    |
| Farm No.  | 18 | 15                      | 4                  | 2                   | 0            | 4           | 0  | 4                              | 7             | 6            | 42    |
| Farm No.  | 19 | 15                      | 4                  | 2                   | 0            | 4           | 0  | 4                              | 7             | 6            | 42    |
| Farm No.  | 20 | 13                      | 4                  | 2                   | 0            | 4           | 0  | 4                              | 7             | 6            | 40    |
| Farm No.  | 21 | 15                      | 4                  | 2                   | 0            | 4           | 0  | 4                              | 7             | 6            | 42    |
| Farm No.  | 22 | 15                      | 4                  | 2                   | 0            | 4           | 0  | 4                              | 7             | 6            | 42    |
| Farm No.  | 23 | 15                      | 4                  | 2                   | 0            | 4           | 0  | 4                              | 7             | 6            | 42    |
| <b>Average % of compliance per code element</b>                               |    | 68.93                   | 71.43              | 89.47               | 100.00       | 55.56       | 100.00   | 75.00                          | 64.07         | 77.78        | 78.70 |
| <b>TOTAL</b>  |    | 343                     | 92                 | 46                  | 0            | 92          | 0  | 92                             | 157           | 138          | 960   |