



**Nestlé** Good food, Good life

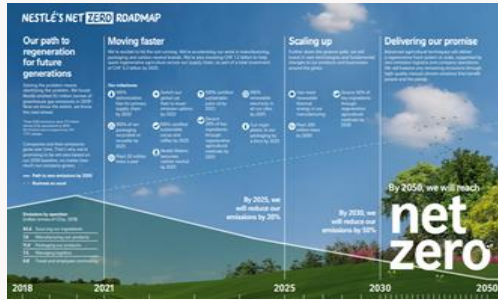


# **Sustainable livelihoods: reducing child labor risks in cocoa**

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Yann Wyss, Human rights, Public Affairs

# Nestlé: our sustainability agenda is evolving

Dec.  
2020



Sept.  
2021

**Regenerative agriculture**

**Biodiversity**  
Increase plant and animal biodiversity above and below the ground.

**Water**  
Reduce chemical farm inputs, optimize organic fertilization, biological pest control and irrigation techniques.

**Soil**  
Scale up farming practices that protect soil health and increase soil organic matter.

**Livestock**  
Integrate livestock and optimized grazing in farming systems where feasible.

**Farmers**

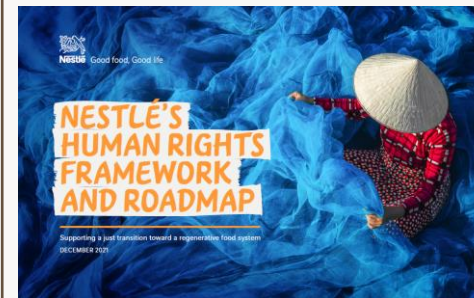
Jan.  
2022



Jun.  
2021



Dec.  
2021





# Putting purpose into practice



## Agenda

Advance regenerative food systems at scale

## Focus

Beyond sustainability: protect, renew and restore

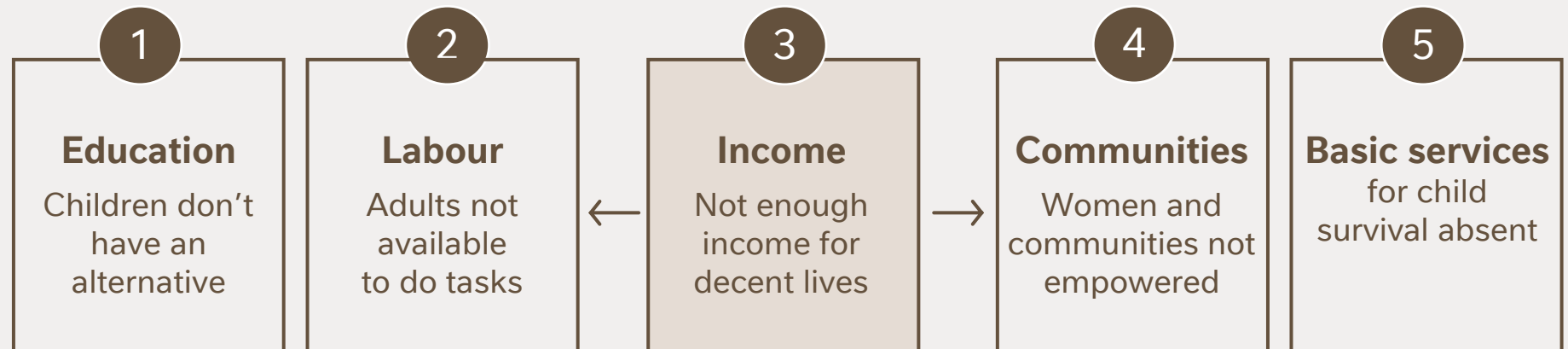
## The business case

Future-proof the business by enhancing consumer relevance and supply chain resilience

# Child labor in West Africa's cocoa supply chains:

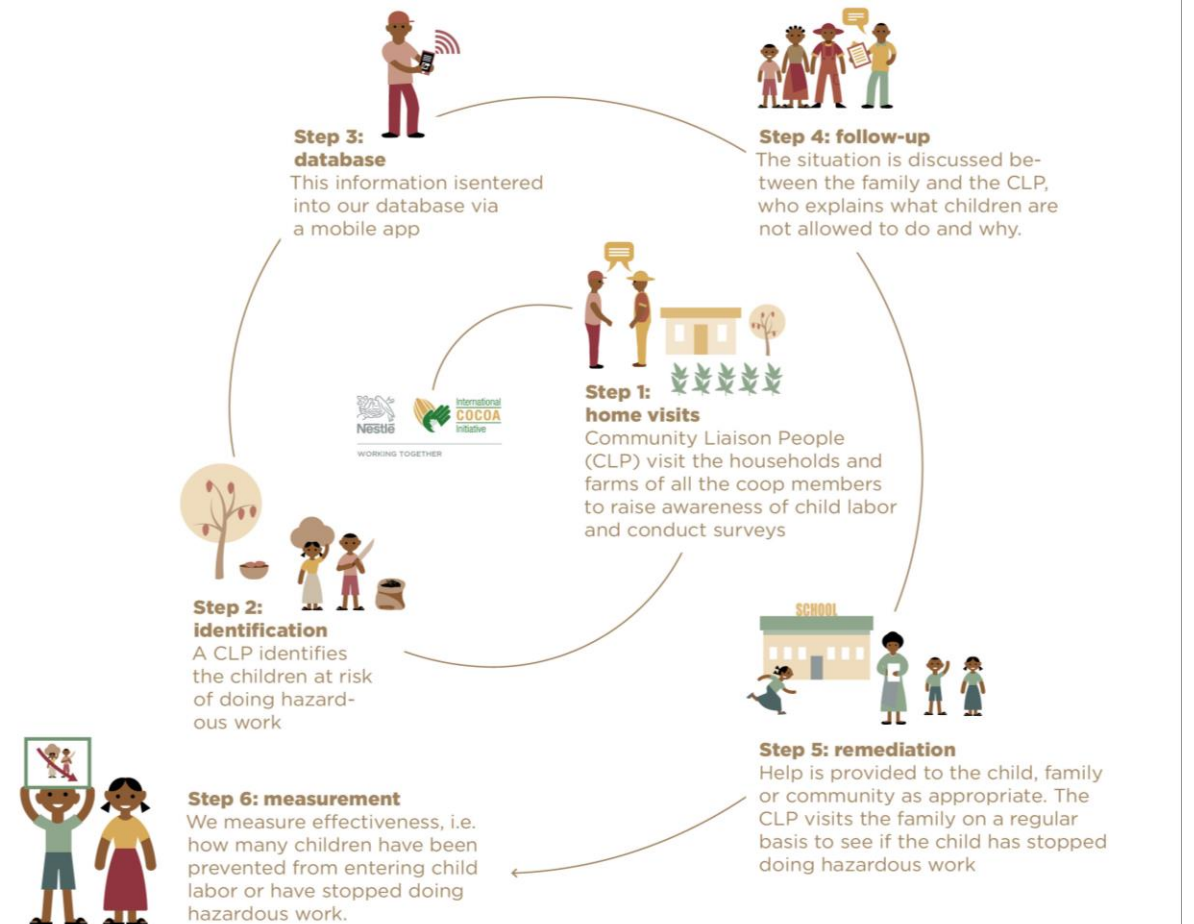


## A complex challenge with interrelated root causes



# Due diligence systems have helped drive industry action

Pioneered community-based Child Labour Monitoring & Remediation System to trace, assess, address & report on issue





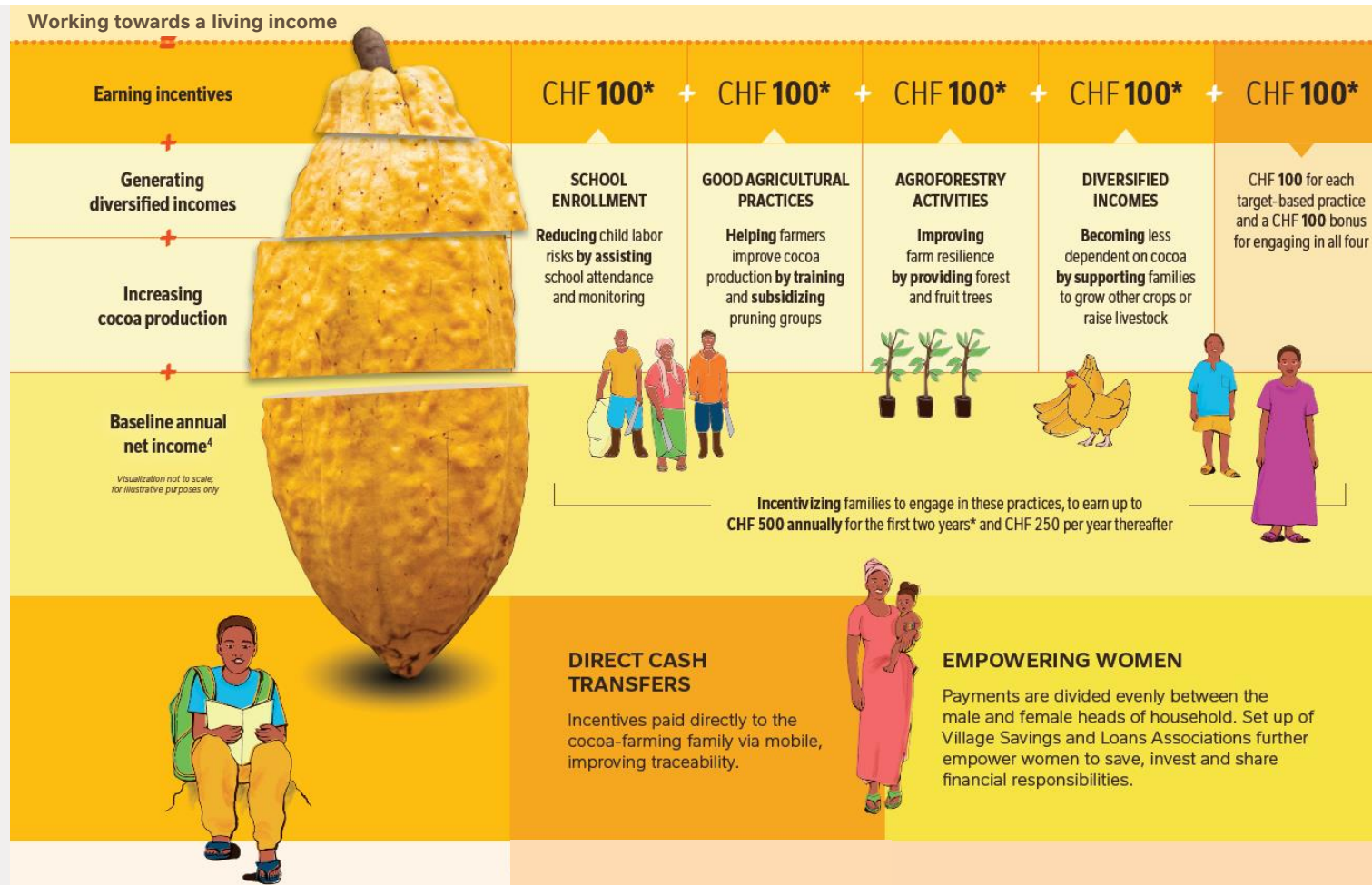
# From mitigating to redressing risks:

“Cocoa-farming families **rewarded** not only for the **quantity and quality** of cocoa beans they produce but also for the **benefits they provide** to the **environment and local communities**”.

# re**g**eneration



# Incentivizing & enabling change



## Mobile payments

Payments delivered via a secure mobile transfer to ensure traceability directly from Nestlé suppliers to the intended recipient

## Payment calendar

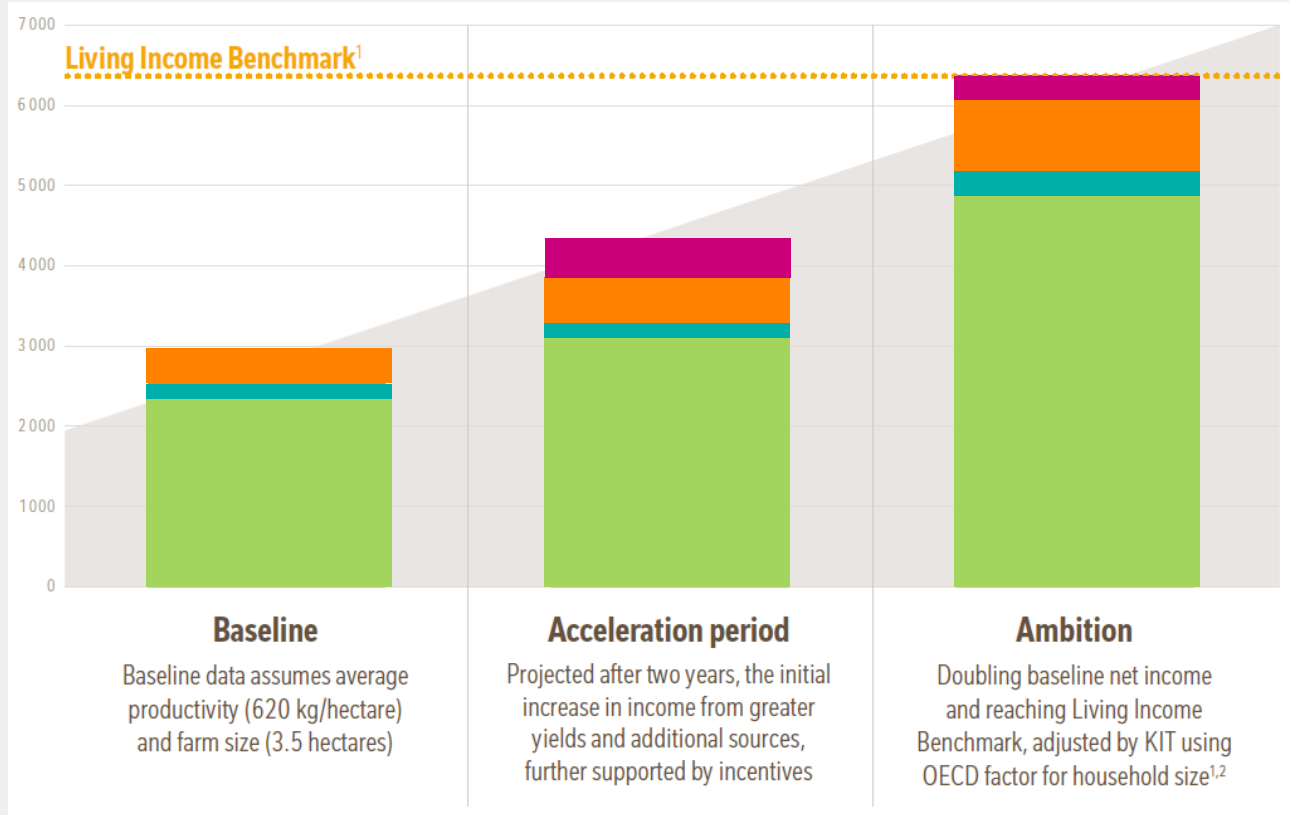
Managing cash flow throughout the year is often a challenge. Incentives will be distributed when they are needed most

## Leaving no farm behind

Fixed incentive not paid on the volume of cocoa sold in order to provide smaller farmers meaningful support

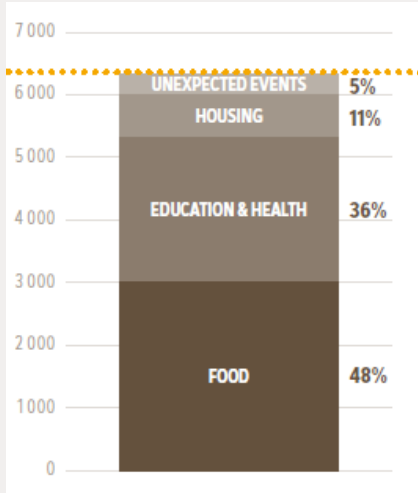
# Aiming to reach a living income

Estimated annual net income for a cocoa-farming family in Côte d'Ivoire (CHF)<sup>2,3</sup>



● Net cocoa income ● Premium ● Diversified income ● Incentive = Net income

Average cost of living for a cocoa-farming family in Côte d'Ivoire (CHF)<sup>1</sup>



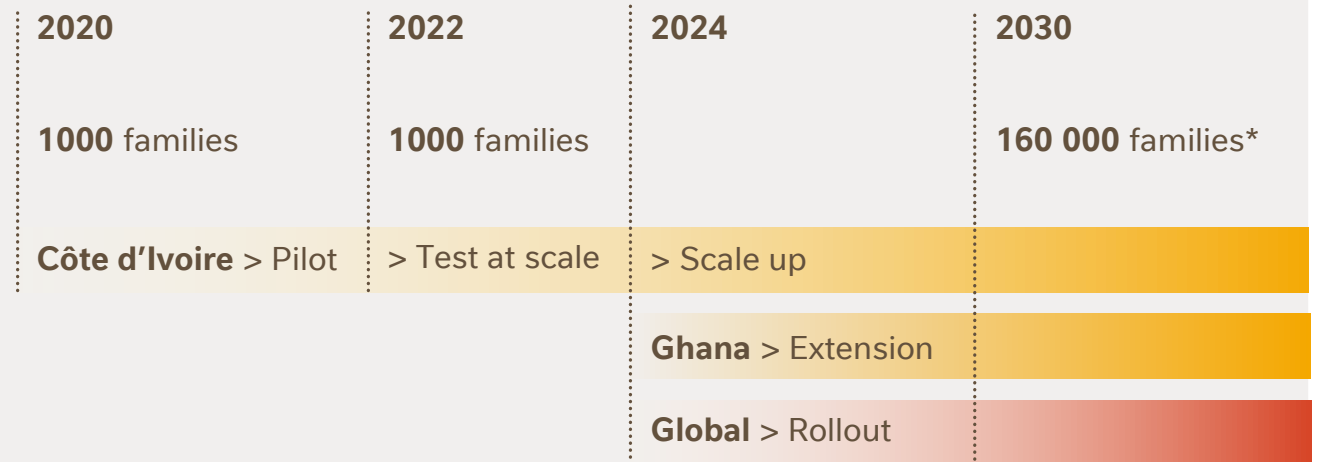
## Living Income Benchmark

Living income benchmark, adjusted by KIT using OECD factor for household size of 3.82 adults and 2.96 children<sup>2</sup>



# Phased expansion to cover entire cocoa supply by 2030

- **CHF 1.3 billion invested over 10 years**
- End goal is to **transform value chain and reach 100% segregated supply**
- Approach enables Nestlé and partners to continuously assess progress and learnings



\* Estimation



and local cooperatives, cocoa farmers, including the Governments of Côte d'Ivoire and Ghana.

# Due diligence at the heart of our Human Rights Framework

Regulatory changes mean all companies need to build effective due diligence systems to address environmental and human rights impacts along their value chains

## Salient issues

- **Child labor and access to education**
- Forced labor and responsible recruitment
- **Living income and living wage**
- Safety and health at work
- Freedom of association and collective bargaining
- Gender equity, non-discrimination and non-harassment
- Right to water and sanitation
- Indigenous peoples and local communities' land rights
- Data protection and privacy
- Right to food and access to nutritious, affordable and adequate diets



# Key takeaways

- Pioneering a holistic approach to supply chain resilience
- Providing conditional incentives, delinked from production, to close living income gap
- Tailoring program to benefit smallholders and directly address child labor risks
- Moving industry beyond due diligence to focus on positive impact





# Discussion



# Appendix



# Child labor definitions

In Ivory Coast and Ghana, we estimate that **>95%** of child labor occurs within the family context

## Light work

Children between the ages of 13 and 15 years old may do light work, as long as it does not threaten their health and safety, or hinder their education or vocational orientation and training.

## Child Labor

Any light work done for such a long period or in such conditions that it deprives children of their childhood, their education, their potential and their dignity, and that is harmful to physical and mental development.

## Conditional worst forms of child labor (hazardous work)

Work which, by its nature or the circumstances in which it is carried out, is likely to harm the health, safety or morals of children. List of hazardous work defined by States.

## Unconditional worst forms of child labor

Slavery, trafficking, forced labor and recruitment of children in armed conflict.

**A child is any individual below the age of 18 years**



# Nestlé: cocoa supply chain

