



## Responsible Sourcing of Seafood at Nestlé 2020 Thailand Action Plan Progress

In 2015, Nestlé launched a [Thailand Action Plan](#) for the Responsible Sourcing of Seafood, detailing our commitment to help eliminating labor and human rights abuses in the seafood supply chain in Thailand. This was developed based on an [assessment](#) of recruitment practices and migrant labor conditions in our Thai seafood supply chain carried out by our implementation partner, Verité, on our behalf.

This update provides an overview of the progress made in 2020 in the implementation of this Action Plan.

### Knowing where our seafood comes from and how it is produced

Most seafood used in Nestlé products is for our pet food brands, which primarily uses fish by-products – the parts of a fish that remain after the fillets have been removed for human consumption. Our fish and seafood originate from a wide variety of sources, including wild fisheries and aquaculture farms around the world. In 2020, Nestlé sourced approximately 200,000 MT of seafood globally, with around 9% of this coming from Thailand.

As in prior years:

- 100% of our suppliers that source seafood from Thailand have incorporated our [Responsible Sourcing Standard](#) requirements in their policies and have included them in their relationships with their own suppliers.
- We are able to identify Thai flagged vessels used to catch our seafood used in our products by name and vessel number using non-scheduled traceability tests twice a year. We can trace 99% of our seafood of Thai origins back to the vessel or farm level and will continue to update our traceability information on an annual basis.
- We continued to support vessel audits for the Thai flagged vessels in our supply chain. Audits are the first step in understanding the challenges faced in the seafood industry. The gaps we identify form the basis of our strategy to engage vessels in capacity building activities.

### Collaborating on responsible vessel working conditions

At the end of 2019, Nestlé, The J.M. Smucker Company and Mars Petcare, together with our supplier Thai Union, signed a Memorandum of Understanding (MOU) to collaboratively fund projects from 2020 to the end of 2021 to improve the working conditions of fishermen on vessels, with a focus on results from vessel audits since 2017 conducted by independent consultants against the Thai Union [Vessel Code of Conduct](#) (VCoC).

In 2020, although there were delays due to Covid-19 restrictions, two projects got underway. The first project built on the previous health and safety workshops which Thai Union delivered in collaboration with the International Transport Workers Federation (ITF) – Fishers Rights Network (FRN). This project is to upgrade the workshop curriculum and expand on the sessions to include additional modules on topics such as: grievance procedures, freedom of association, support services, contracts, discrimination and employee rights. The workshop project would once again purchase health and safety medical kits for distribution to workers at the sessions, and train fishermen in CPR and first aid. The training will also now include provisions for a logbook to record illness/sickness, a folder containing the Thai Union VCoC and long sleeve t-shirts with messages about the importance of health and safety. Due to restrictions on travel and forming group activities, the workshops have been delayed. However, it has been possible for Thai Union and ITF-FRN to prepare the curriculum which was circulated to the parties for their reference. It has also been possible to order all of the required materials and organize with suppliers and ITF-FRN so that the workshops can be held as early as possible in 2021.

The second project was to work with [Creative Contracts](#) to develop and implement a Comic Contract project for vessels supplying Thai Union to use with their crew. The contract content, translations and instructional video was developed in 2020. The project is to be implemented in two phased steps. The first step is to trial the paper contract together with the video induction. Feedback from this trial will be used to make any adjustments and inform the second implementation step to roll out all components of the contract, including the electronic version of the comic contract and the e-signature.



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The Parties are committed to develop additional projects in 2021 based on the results of the third-party audits and will focus on any areas identified for continuous improvement. Findings of the third-party audit program were published in the [2019 sustainability report of Thai Union](#).

### The Business Case for Safe Working and Living Conditions

Since 2016, one focus of our work has been to demonstrate safe working and living conditions on vessels. We found that in a challenging business environment for small and medium vessel owners, implementing safe conditions requires not just knowledge of what best practice looks like, but as well knowledge of how to realize them while staying in business.

In 2019 and 2020, Nestlé funded Verité to develop a business case in Thailand for safe working and living conditions at sea. The business case aimed to examine the financial and labor impact that vessel mechanization enables, taking into account the following macro-context: (a) despite recent efforts, labor conditions in the Thai fishing sector continue to be a challenge, (b) severe labor shortage in the Thai fishing sector poses a high risk to business continuity, and (c) labor improvements at sea are viewed with high financial trade-offs.

The Thai vessel structure and onboard work processes, which drive labor practices, have remained largely unchanged in decades. The business case report demonstrated that through mechanization, worker welfare and business imperatives can align. The business case documented the mechanization of a medium-size purse seiner, which is the vessel category with the largest share of all fish caught in Thailand.

**The report's central finding is that mechanization presents an emerging business case for investing in manpower-reducing gears that improve working and living conditions on vessels while generating cost savings for vessel owners.** The main upgrades to the mid-size purse seiner included a hydraulic net hauling system to reduce manpower needs and physical demands of fishers and a refrigeration system to improve catch quality. Structural changes allowing for more deck space

and the addition of built-in restrooms, were also introduced. As a result, manpower requirements, which have been a major driver of recruitment-related forced labor risks in Thailand, were reduced by 40%. The smaller crew size, increased deck and living space, and significant reduction in the time and physical strains of net hauling and other strenuous tasks, combined to substantially reduce health and safety risks to the fishers. Fishers described less physical strain, fewer working hazards, more rest time and more food among other improvements to their working conditions. The operating costs of the vessel owner were reduced by 25%, calculating a payback on the upgrades within two years, which demonstrates the potential scalability of this solution.

The report emphasized that the upgrades by themselves do not address other human rights and Illegal Unreported, and Unregulated (IUU) fishing issues, but can be seen as key part of a holistic approach to improving the sustainability of the industry.

Publication of the business case is set for early 2021.

### Worker Voice and Remediation

Nestlé is a strategic partner of the Issara Institute, a nonprofit organization focusing on strengthening labor conditions in Southeast Asia through worker voice, partnership and innovation. This collaboration is driving improvements for workers and suppliers across Nestlé's Thai seafood supply chain by gaining direct insights from workers, and through the provision of an independent grievance mechanism, responsible recruitment, and remediation actions.

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Figure 1. Burmese workers in Samut Sakhorn, Thailand, meet with the Issara team during worker housing outreach to test new features of Golden Dreams, Issara's worker voice application and information platform.

Empowered worker voice is central to Issara's approach. Since 2017, Issara uses its [Inclusive Labor Monitoring \(ILM\)](#) approach to provide an independent channel for workers, across all tiers of our supply chain, to safely share feedback - positive and negative - about workplace conditions, labor recruitment, migrants' rights, and issues of concern. Workers can contact Issara through a range of channels, including the Issara smartphone app Golden Dreams, Facebook pages in the worker's own language, smartphone messaging apps such as Line and Viber (both similar to WhatsApp), and a multi-lingual toll-free 24-hour helpline.

Issara works across all tiers of Nestlé's seafood supply chain. Their worker voice, ILM Assessments, and remediation covers 100% of our Tier 1 (direct supplier) facilities in Thailand.

In 2020 over 33,500 workers (up from 29,400 in 2019 and 19,000 in 2018) in Thai seafood processing facilities in Nestlé's supply chain had access to Issara's independent helpline and could seek assistance and support. In 2020, a total of 374 calls were received from sites supplying Nestlé. While the majority of contacts were requests for information, 108 calls were regarding alleged supplier code of conduct violations. The most common supplier code of conduct violations reported were unfair dismissal, unsafe or hazardous working conditions, issues with annual or sick leave, issues with involuntary overtime, unresponsive grievance mechanisms, and poor treatment by managers. Issara Institute worked closely with workers, suppliers and Nestlé on the remediation of issues raised, including providing recommendations on systems strengthening.

Our ambition is that all workers in our supply chains will have access to independent worker voice and remediation mechanisms.

### Responsible Recruitment

In working on labor rights abuses in our supply chains, we have found that such abuses can only be solved by addressing unethical recruitment practices. A key focus of our strategy therefore is on the responsible recruitment of workers throughout our seafood supply chain. We expect that workers in our supply chains are recruited responsibly, meaning that they do not pay for a job, are not indebted or coerced to work, and have freedom of movement.



Issara Institute supports Nestlé suppliers in Thailand in analysing current recruitment practices and channels and in implementing responsible recruitment pathways. Working on the ground in the source countries of Myanmar and Cambodia with recruitment agencies, grassroots partners and government, Issara works to ensure worker voice and remediation of grievances from first mile recruitment through employment. Through work with Issara and other partners, all Nestlé seafood suppliers in Thailand have implemented responsible recruitment practices for all workers since 2018.

Our work with Issara extends to upstream sites in our supply chain including fishing vessels where our aim is to adapt and apply the same tools used in our Tier 1 facilities to reach workers at the vessel level (including worker voice at sea and related remediation and ethical recruitment). We have contributed to Issara's [Fishery Labor Improvement Program \(FLIP\)](#) since 2018. Since 2019, over 200 vessel owners and six provincial fishing associations in Thailand were engaged via FLIP to discuss labor challenges and new recruitment processes for migrant fishers. FLIP worked with vessel owners to connect them with progressive Myanmar recruitment agencies and experienced Burmese fishers, and coordinated recommendations to government actors for conditions needed to ensure ethical recruitment. Due to Covid-19, all worker recruitment from Myanmar was suspended in early 2020, but Issara is continuing to support fishers in Thailand to navigate changing



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regulations and conditions. A case study on FLIP was published as part of [Issara's 5-Year Impact Report](#) (pages 47-49), showcasing learning and next steps.

highlighting success stories of the employer pays model through a series of webinars.



*Figure 2. Issara team members hold discussions with Thai fishing vessel owners and local government representatives in the southern border province of Ranong on ethical recruitment of migrant fishers and current challenges, as part of the FLIP initiative*

In 2019, Nestlé initiated a partnership with the Fair Hiring Initiative, Inc. (TFHI), to conduct capacity building on ethical recruitment for agencies and employers who are enrolled in TFHI's 'On The Level' certification program pilot in order to increase the number of responsible recruitment agents available in the industry.



Through industry engagement, six labor agencies took part in the On The Level pilot certification program in 2020. Participating agencies attended training sessions, and Nestlé supported the provision of additional capability building programs to implement corrective action plans for the agencies to put ethical recruitment into practice. TFHI developed corrective action plan guidance to help agencies meet On The Level standards, addressing common issues across all agencies as well as individualized focus areas. Then, TFHI worked with the participating employers using the participating agencies to understand the performance of their agencies and develop policies, procedures, and tools to embed ethical recruitment in their supply chains. Based on the identification of key areas for improvement, TFHI developed a mentoring program for recruitment agents with recruiters talking to recruiters in a series of modules

### Multi-stakeholder collaboration

In order to drive industry-wide change, Nestlé participates in several platforms and supports several multi-stakeholder initiatives in this area. Nestlé is a member of the [Seafood Task Force](#). We participate in their Responsible Recruitment sub-group, working to develop and deploy industry-wide tools and principles.

### For additional information

For inquiries about responsible sourcing of seafood at Nestlé, please contact us at [publicaffairs@Nestlé.com](mailto:publicaffairs@Nestlé.com)