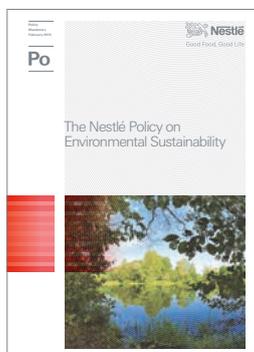


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## Appendix to The Nestlé Policy on Environmental Sustainability

# Nestlé Commitment on Land & Land Rights in Agricultural Supply Chains

Agriculture and forestry represent an opportunity for rural development and long-term value creation for farmers, governments and companies in the food value chain. Secure rights to land and natural resources are an essential element to achieve rural development by helping to reduce uncertainties and to facilitate long term investments by farmers and by public and private investors. In contrast, poverty, land degradation and forest conversion are often rooted in insecure land rights.

It is estimated that 235 million rural households<sup>1</sup>, affecting 1100 million people worldwide, lack secure legal rights to land. These households depend upon land and natural resources not only for habitation but, in the vast majority of cases, as their source of income, nutrition, credit and services. Of special note are the 370 million Indigenous Peoples<sup>2</sup>, many of whose customary rights to forests and lands are not recognized. In addition to these numbers, hundreds of millions of women live in households where men hold secure legal land rights, though they themselves lack them. This is important as when women share in the rights to land, farm productivity increases, and more of the family income is invested in children's nutrition and education.

Investments in agriculture improve food security by increasing agricultural yields, increasing access to markets for small holder producers, raising incomes and increasing government tax revenues. Without clearly defined and protected land rights, farmers and investors face substantial risks, and poor rural families are at risk of displacement. This is particularly the case with investments that involve land acquisition.

Land acquisition mostly occurs legally and without any associated social conflict in many countries. However, the frequency of legal and other, often violent disputes on rights to land

and natural resources are increasing in some countries. This is often driven by large-scale commercial land acquisitions that are illegal and/or have an adverse impact on local communities' livelihoods<sup>3</sup>. Sometimes referred to as land grabs, these disputes often involve conflicting land claims and unclear or unprotected underlying land rights, and are exacerbated by the inadequate recognition of customary rights to land and natural resources.

Governments have a duty to protect human rights, including the rights to land and natural resources. Businesses have to follow national law and have a responsibility to respect international human rights standards, including those relating to rights to land and natural resources. While businesses cannot make or enforce laws, they can support governments to do this better, and align their strategies and operations with national action plans favouring the responsible governance of tenure.

Recognising and clarifying rights to land and natural resources, through an inclusive and equitable process, is essential for business to assist in the realization of sustainable agricultural development. Clarity, security, transparency and equity regarding land and related rights requires that governments lead processes that include all rights-holders.

Nestlé therefore believes that effective land rights need to be legally and socially recognised, well-defined, enforceable in the short and long-term, transferable, able to withstand changes in

1 Landesa

2 UN data

3 The term "livelihood" refers to the full range of means that individuals, families, and communities utilize to make a living, such as wage-based income, agriculture, fishing, foraging, other natural resource-based livelihoods, petty trade, and bartering.

the structure of families and communities and equal for women and men.

Nestlé is against all forms of land acquisitions that are illegal and/or have an adverse impact on local communities' livelihoods (land grabs). It is committed to develop its business in a way that complies with national laws and respects human rights, and particularly the customary rights to land and natural resources of Indigenous Peoples, traditional peoples, and communities that are impacted or potentially impacted by the company's business activities.

This public Commitment has been prepared to complement The Nestlé Corporate Business Principles, The Nestlé Supplier Code, our Responsible Sourcing Guidelines, The Nestlé Policy on Environmental Sustainability, including its appendix on Nestlé Commitment on Water Stewardship, and the Nestlé Commitment on Rural Development.

Specifically Nestlé commits to:

### **1. Legal Compliance and International Framework**

Nestlé will follow all applicable national laws and respect international human rights standards relating to the rights to land and natural resources.

We will adopt the FAO's Voluntary Guidelines on the Responsible Governance of Tenure of Land, Fisheries and Forests in the Context of National Food Security, and other relevant and accepted instruments that codify the rights of communities in relation to their land and natural resources.

We will:

- Promote and support their adoption by industry partners and governments.
- Work with stakeholders to develop operational guidelines and standards for companies, which can guide the implementation of the Voluntary Guidelines.

### **2. Continuous Improvement**

We will promote and implement operational practices to manage and address land acquisition that is illegal or has an adverse impact on local communities' livelihoods by:

- Integrate this topic into our annual corporate wide human rights risk assessment process and our country-based human rights impact assessment.
- Encouraging the continued development of public information, early warning systems and grievance mechanisms to ensure timely, and widely-accessible information on areas of high risk, infringements and other non-compliance.
- Operating an external company grievance mechanism and responding to all cases brought to our attention in a timely manner.

- Taking action to address infringements on individual, community or Indigenous Peoples' land rights, both in our direct operations and through our supply chains.
- Including specific commitments on land, natural resources and human rights in our Responsible Sourcing Guideline for high risk commodities, including provisions by suppliers to ensure that:
  - They have a zero tolerance for land grabs.
  - They engage with and seek the support of those who could be affected by investment decisions prior to decisions being taken and respond to their contributions. They take into account existing power imbalances and ensuring active, free, effective, meaningful and informed participation of affected individuals and groups.
  - They seek free, prior, and informed consent with regard to the rights of Indigenous Peoples.
- Working with suppliers to implement actions to improve land rights wherever gaps are identified.
- Including respect for land rights in our due diligence review in relation to acquisitions and joint ventures that involve land acquisition.

### **3. Stakeholder Engagement and Advocacy**

Nestlé will work with Governments, communities, farmers, and other relevant stakeholders to improve the effectiveness of land rights by:

- Identifying opportunities for landless men and women to gain access to land and become farmers, whilst respecting existing customary claims and uses
- Strengthening the recognition of land rights for men & women, communities and Indigenous Peoples with access to land but whose rights are not recognized and respected
- Promoting the security of tenure for women whose rights under the law or in practice may not be equal to those of men in their household
- Advocate for and support the implementation of mechanisms and processes that can facilitate this work, and engage with partners to implement solutions on the ground.

### **4. Report on progress**

We will report publicly on a regular basis on the progress of meeting this Commitment as part of our annual Nestlé in Society report, including:

- i. Actions and progress to improve the effectiveness of land rights of the men and women small holder farmers in our supply chain.
- ii. The material risks within our commodity supply chains relating to land rights and our strategic responses.
- iii. Our contribution through advocacy work towards more effective land tenure.