



Nestlé Good food, Good life

Nestlé's Salient Issue Action Plan:

# FREEDOM OF ASSOCIATION AND COLLECTIVE BARGAINING

February 14, 2023

[nestle.com/sustainability/humanrights](https://www.nestle.com/sustainability/humanrights)

This action plan is one of a series that forms part of our [Human Rights Framework and Roadmap](#). You can find all our action plans, which address Nestlé's salient issues, on our [dedicated human rights webpage](#).

These plans guide our due diligence approach and enable us to act as a force for good. They articulate our strategy for embedding, assessing, addressing and reporting on each salient issue, defining what we need to do across our value chain, as well as what collective action can be taken.

We harnessed the strengths and capacities of each Nestlé department to define the action areas we will focus on in the years to come, in consultation with external partners and stakeholders. With collaboration built into each action plan, we hope to spark new engagement and inspire collective action with peers, business partners, civil society, non-governmental organizations (NGOs) and governments. This way, we can work together to tackle the root causes of our salient issues and create positive impact at scale.

We want these action plans to be dynamic and reflect the evolution of stakeholders' expectations and of the contexts in which we operate. Input and feedback are welcome and can be sent to us by email: [humanrights@nestle.com](mailto:humanrights@nestle.com).

We will report on progress against the indicators identified in each action plan by the end of 2025.



<sup>1</sup> Nestlé throughout this document refers to the Nestlé Group.

# EXECUTIVE SUMMARY

## Definition of the issue

Freedom of association refers to the right of workers and employees to freely and voluntarily establish organizations and join one of their choosing<sup>1</sup>. Closely linked to this, collective bargaining is the process through which employers and their organizations can negotiate with employees and their chosen representatives/organizations regarding fair wages and working conditions. The objective of bargaining is to arrive at a collective agreement that regulates terms and conditions of employment, such as wages, working time, training, occupational health and safety, and equal treatment.

## Why it matters

The concept of worker voice and representation encompasses the fundamental rights of freedom of association and collective bargaining. These are considered key enabling rights, which allow workers to have their voices heard and to improve working conditions for themselves and the wider workforce.

No matter where Nestlé operates in the world, regardless of whether our employees are represented, we strive to provide our

employees with fair wages and a wide array of benefits to support them and their families. We also provide multiple tools and processes to maximize all employee voices.

We respect and support the rights to freedom of association and collective bargaining, as part of our willingness to work together with employees to create an environment built on mutual confidence and trust.

## Value chain priority



We recognize the importance of listening to and consulting employees and/or their chosen representatives on issues that affect them. As we implement this action plan, we will identify and engage with them to strengthen our understanding of risk and the impact and sustainability of our actions.

## Key actions

- Further strengthen our *Responsible Sourcing Standard*
- Further strengthen our and our suppliers' capacity to assess and prevent risks
- Maintain a high level of awareness among global and local teams
- Continue our engagement and dialogue with employee and union representatives

- Drive further awareness about our grievance mechanism and develop capacities among our suppliers

## Contribution to Sustainable Development Goals (SDGs)

The actions laid out in this action plan will contribute – directly and indirectly – to SDGs 8, 16 and 17.



## Geographical priority

Global



# BACKGROUND

## What we are talking about

Freedom of association and collective bargaining are among the founding principles of the International Labour Organization (ILO).

Freedom of association is a fundamental human right proclaimed in the Universal Declaration of Human Rights. It refers to the right of workers and employees to freely and voluntarily establish organizations and join one of their choosing. In addition, these organizations have the right to carry out their activities in full freedom and without interference.

Closely linked to this, collective bargaining is the process through which employers and their organizations can negotiate with employees and their representatives/organizations regarding fair wages and working conditions. The objective is to arrive at a collective agreement that regulates terms and conditions of employment, such as wages, working time, training, occupational health and safety, and equal treatment.

## Why it matters

The concept of worker voice and representation encompasses the fundamental rights of freedom of association and collective bargaining. These are considered key enabling rights, which allow workers to have their voices heard and to improve working conditions for themselves and the wider workforce.

### The following international instruments contain the general principles of freedom of association and collective bargaining:

- Universal Declaration of Human Rights (1948)
- International Covenant on Civil and Political Rights (1966)
- International Covenant on Economic, Social and Cultural Rights (1966)
- ILO Freedom of Association and Protection of the Right to Organise Convention (C87, 1948)
- ILO Right to Organize and Collective Bargaining Convention (C98, 1949) Article 2
- ILO Collective Bargaining Convention (C154, 1981) Article 5 (2): Article 8
- ILO Workers Representatives Convention (C135, 1973), Articles 1 and 2
- Tripartite Declaration of Principles concerning Multinational Enterprise and Social Policy (1977), Articles 48, 49, 50, 51 and 52

Not only can freedom of association and collective bargaining directly promote improvements in working conditions, but they can also contribute to broader economic and social development and, consequently, better business performance. A dialogue-based workplace that allows for employee

input contributes to empower and engage its workers, in turn enhancing morale and leading to improvements in productivity and performance. Where a company respects and supports the rights to freedom of association and collective bargaining, this indicates a willingness to work together with employees and create an environment built on mutual confidence and trust.

## Why this issue is relevant and important for us

No matter where Nestlé operates in the world, regardless of whether our employees are represented, we strive to provide our employees with fair wages and a wide array of benefits to support them and their families. We also provide multiple tools and processes to maximize all employee voices.

We also recognize that freedom of association and collective bargaining are key enablers for our employees to be able to claim rights at work and have a positive impact on their working and living conditions. Having a direct line of dialogue with our employees or their freely chosen representatives/organizations helps our workforce feel motivated by having a vested interest in setting the terms of its future. It also ensures everyone is connected with Nestlé's purpose and values, understands the strategic direction of the business, and is fully engaged with its success.

Effective social dialogue and respect for fundamental labor rights also play an important role in enabling a [just transition](#) to

a regenerative food system. Working with our suppliers to support and empower workers and communities across our value chain will help us drive equitable change and build stronger foundations for a fairer food system.

## The challenges in addressing this issue

One of the main challenges for companies to implement the rights to freedom of association and collective bargaining is that the legal systems governing it varies significantly from one country to another. In some contexts, these rights are protected by law, while in others there may be legal restrictions preventing workers from freely exercising them. For example: "In some countries workers are denied the right to associate, workers' and employers' organizations are illegally suspended or interfered with, and in some cases, trade unionists are arrested or killed."<sup>ii</sup>

The International Trade Union Confederation (ITUC)'s 2021 Global Rights Index also sheds light on the impact of the COVID-19 pandemic on workers' rights to freedom of association and collective bargaining, including increased restrictions on trade union activity and in workers' surveillance and the passing of repressive laws by governments.<sup>iii</sup>

A more recent challenge is the digitalization of the economy and the way it transforms jobs and employment relationships as well as the casualization of the workforce. According to the ILO, these also have a negative impact on freedom of association.<sup>iv</sup>

# NESTLÉ'S VISION AND APPROACH

## Our vision and approach

Across our global workforce, we are committed to further strengthening our culture of respect by:

- Upholding our employees' freedom of association and the effective recognition of the right to collective bargaining.
- Ensuring direct and frequent communication in the workplace.
- Making all necessary efforts to develop fair and constructive dialogue, reach sustainable agreements and implement them.
- Engaging with external stakeholders, continuously seeking areas of dialogue and mutual understanding, and exchanging views on labor-related subjects.

This vision is supported by our new *Nestlé Employee Relations Roadmap 2025*, communicated internally in 2022. This roadmap aims to guide our global and local Employee Relations teams in their mission to nurture employee engagement and a work environment where human rights are upheld.

We also aim to engage our suppliers on respecting and supporting the right to freedom of association and collective bargaining within their own operations. While we do not set terms and conditions of employment with respect to our suppliers, we will work with them to advance freedom of association and collective bargaining. If we identify actual or potential adverse impacts on freedom of association and collective bargaining among our suppliers, we will take action.

## 2025 Employee Relations Roadmap

Proactive EMPLOYEE RELATIONS	Social DIALOGUE	Social PERFORMANCE	LEADERSHIP in Employee Relations	Employee ENGAGEMENT and WELL-BEING
By building an Employee Relations strategy at global, Zone and local levels to support the respective Business Strategy and People Strategy.	By engaging with our employees and their representatives, and by including them as the company evolves.	By providing our employees with good working conditions, a safe and healthy work environment, and flexible and contemporary employment opportunities.	By developing people leaders and HR leaders who engage with employees and live by the values of respect and inclusivity.	By supporting our employees through life's experiences, while inspiring them to be their best selves at work.

### Our Employee Relations ambition:

**Nurturing employee engagement and a work environment exemplary of respecting human rights.**

Our employees and their representatives are **connected with Nestlé's purpose**, understand the **strategic direction of our business and are engaged with its future success**. They realize they are performing **meaningful work** and contributing to a **safe, healthy and inclusive work environment**.

Furthermore, we recognize that trade unionists can face multiple forms of reprisal, such as threats, intimidation, violence or other infringements of their rights, including through abusive legal proceedings and criminalization of their activities. Nestlé has no tolerance for violence, threats or intimidation of human rights defenders (HRDs), including trade unionists. We respect and promote the rights of HRDs and will require our suppliers to do the same.

To realize our vision, we will work on two complementary levels by:

1. Taking action in our own operations and through leverage with our direct suppliers to assess risks to freedom of association and collective bargaining, address risks and potential adverse impacts, and monitor and report on activities.
2. Using leverage, collaboration and collective engagement to address widespread, systemic freedom of association and collective bargaining issues and their root causes.

Our intent is to leverage our global presence for the achievement of the goals set forth in this action plan, recognizing that the protection and expression of freedom of association and collective bargaining vary from Market to Market. While the scope of this action plan leverages our global presence, it is designed to be tailored and applied by Nestlé Markets as best suited to local conditions.



### How we are currently addressing this issue

Freedom of association and collective bargaining are governed at the highest level of the company by the Human Resources Leadership Team. (See also *Governance* section for this issue.)

Nestlé has a longstanding commitment to respecting and promoting freedom of association and collective bargaining. These rights are integrated in several of our policies, including:

- Our *Corporate Business Principles* and *Employee Relations Policy* clearly state that we respect the right to freedom of association of our employees, including the organization and participation in associations and unions, and the right to collective bargaining.

- Our *Responsible Sourcing Standard* includes a dedicated section on freedom of association and collective bargaining and what we expect from our suppliers.

These documents also express our commitment to comply with the laws applicable in the countries in which Nestlé operates and to adhere to the eight fundamental Conventions of the ILO, Guidelines for Multinational Enterprises of the Organization for Economic Co-operation and Development (OECD), the United Nations' Global Compact, and the ILO Tripartite Declaration of Principles concerning Multinational Enterprise and Social Policy.

We verify compliance with our policies through:

- Our *CARE audit program* covering all the Nestlé sites we operate in the world.
- Our *Sustainable Sourcing Program* covering our prioritized direct suppliers, as relevant.
- *Speak Up*, our grievance mechanism, providing Nestlé employees and external stakeholders with a dedicated communication channel for reporting non-compliance concerns, anonymously if they wish.

In addition to engaging with employees and their chosen representatives at the local level, we also hold regular dialogues with trade unions and workers' councils at supra-national levels:

- In 1996, Nestlé management and employee representatives established a Nestlé European Council for Information and Consultation (NECIC) to maintain a meaningful dialogue at the European level between Nestlé and employee representatives on significant European transnational matters of importance to employees.
- Since 2013, we have held dialogues with union representatives on a biannual basis.

# NESTLÉ'S ACTION PLAN (2023–2025)<sup>2</sup>

## Embed: Policies and processes

### Objective

Further strengthen Nestlé's policies on freedom of association and collective bargaining in consultation with workers, their representatives and other relevant stakeholders.

### Action

### Scope

#### Governance, capacity-building and incentives

Reflect the actions laid out in the action plan in relevant management and employees' objectives.

Global

#### Policies and control systems

Review and update as needed Nestlé's *Responsible Sourcing Standard* on freedom of association and collective bargaining.

Global

Review and support sector-level commitments on freedom of association and collective bargaining as relevant.

Global

<sup>2</sup> Our action plan will be reviewed and updated as necessary as we increase our understanding of impacts and risks, and monitor the effectiveness of actions taken in delivering on our vision and approach.

## NESTLÉ'S ACTION PLAN (2023–2025) CONTINUED

### Assess: Our risk exposure

Prevention and mitigation of actual or potential adverse impacts on freedom of association and collective bargaining in our value chain starts with understanding the nature and scale of risks and impacts we may cause or contribute to through our own activities, or which may be directly linked to our operations or products by our business relationships.

We do this through the policies, control systems and a grievance mechanism we already have in place (see *How we are currently addressing this issue*).

Our approach to freedom of association and collective bargaining is global and applies across all geographies where we operate, in compliance with all applicable local laws and regulations.

For the purpose of this action plan the scope of risks and impacts includes direct suppliers as well.

### Own operations and supply chain

#### Objective

Further strengthen our operations and our direct suppliers' capacity to assess and prevent risks to freedom of association and collective bargaining.

#### Action

Incorporate questions on social dialogue, benefits of worker organizations/committees and access to grievance mechanisms in our employee surveys.

Use information gathered through our Supplier Human Rights and Environmental Due Diligence (HREDD) Assurance Framework to better understand direct suppliers' risks related to freedom of association and collective bargaining and prioritize those we need to engage and support.

Track direct suppliers' grievances related to freedom of association and collective bargaining through improved supply chain grievance mechanisms and management systems.

#### Scope

Global

Global

Global

## NESTLÉ'S ACTION PLAN (2023–2025) CONTINUED

### Address: Our priority actions

#### Nestlé: Taking action within our value chain

Nestlé is taking action within our own operations and is working with our direct suppliers to ensure they are also committed to respecting the right to freedom of association and collective bargaining in their own operations, and they have the adequate Human Rights Due Diligence systems in place.

#### Own operations

##### Objectives

- Maintain a high level of awareness among our global and local teams on the topic.
- Strengthen our strategies for own operations.

##### Action

Develop Employee Relations strategies in all Nestlé Zones and markets/countries, reflecting the importance of freedom of association and collective bargaining.

##### Scope

Global

Continue building the capacity of the Employee Relations professionals by reviewing the competency framework with a focus on the importance of social dialogue, communication, consultation, negotiation and freedom from discrimination.

Global

Engage in discussions with employee and union representatives including where the rights to freedom of association and collective bargaining are restricted under law.

Global

#### Supply chain

##### Objectives

- Engage prioritized direct suppliers on Nestlé's commitments on freedom of association and collective bargaining as part of our Supplier HREDD Assurance Framework.
- Engage and support prioritized direct suppliers to encourage actions to address freedom of association and collective bargaining impacts and risks in their own operations.

##### Action

##### Strengthen supplier engagement and capacity building

Engage and support direct suppliers prioritized through our Supplier HREDD Assurance Framework process on improving practices and addressing risks, impacts and grievances on freedom of association and collective bargaining (e.g. action plan development, capacity building, project co-funding).

##### Scope

Global



## NESTLÉ'S ACTION PLAN (2023–2025) CONTINUED

### Collective action: Helping tackle root causes with relevant stakeholders

Many of the issues and challenges around respect for freedom of association and collective bargaining are complex and linked to a wide range of factors (as outlined in *The challenges in addressing this issue* section above) that cannot be addressed by Nestlé on our own.

Tackling these issues and their root causes requires collaboration between many different stakeholders, including workers themselves and their freely chosen representatives, as well as companies, governments, multilateral, non-governmental and civil society organizations. We are, therefore, committed to collaborate with workers and their freely chosen representatives, as well as other stakeholders both at global and sectoral levels, to help strengthen the right to freedom of association and collective bargaining.

### Global and sectoral collaboration and advocacy

#### Objective

Continue developing meaningful collaborations with international and local worker representative organizations and other civil society organizations that protect and promote labor rights.

#### Action

Continue dialogue with union representatives at local, zone and global levels.

#### Scope

Global

Identify and leverage sector and/or collective initiatives that promote respect for freedom of association and collective bargaining at national level (e.g. certification schemes, sector or commodity collaboration groups).

Global

### Grievance mechanism

#### Objective

Further develop awareness about our grievance mechanism and develop capacities among our suppliers.

#### Action

Ensure our employees and workers in our supply chain potentially affected by our operations can raise grievances and have access to remedy, including through Speak Up (Nestlé's grievance mechanism).

Global

Ask direct suppliers to have grievance mechanisms and management systems in place.

Global

## NESTLÉ'S ACTION PLAN (2023–2025) CONTINUED

### Monitor and report on indicators, overall performance and challenges

We are committed to transparently communicating our progress on implementing this action plan, as well as sharing our learnings and the challenges we face.

We will publicly report on the following indicators in relation to this action plan by the end of 2025.

### Cross-cutting indicators:

#### 1. Audit performance

- Number of material non-conformities related to freedom of association and collective bargaining identified through third-party audits of our own operations and addressed.

- Number of material non-conformities related to freedom of association and collective bargaining identified through third-party audits of our direct suppliers and addressed.

#### 2. Grievance mechanism performance

- Number of material grievances received through Speak Up related to freedom of association and collective bargaining, of which number of material grievances substantiated and addressed.
- Number of material grievances received through other channels related to freedom of association and collective bargaining, of which number of material grievances under investigation and number addressed.

#### 3. Sustainable sourcing

- Number of direct suppliers with mature Human Rights and Environmental Due Diligence (HREDD) systems.

#### 4. Impact on people

- Number of cases employees, on-site contractors and workers in our supply chains benefited from our interventions on freedom of association and collective bargaining.

### Issue-specific indicator:

- Percentage of total employees covered by collective bargaining agreements.

As we progress toward implementation of this plan, we will develop more impact-focused indicators.



## CONNECTION WITH OTHER SALIENT ISSUE ACTION PLANS

Freedom of association and collective bargaining are enabling rights, rooted in the ILO Constitution. As such, they are intrinsically linked to multiple of our salient issue action plans, in particular:

#### Forced labor and responsible recruitment

Freedom of association and collective bargaining enable workers – without any discrimination – and their representatives to advocate and negotiate for continuous improvements in the areas of occupational, health and safety, working hours and rest periods, accommodation, fair wages, gender equity, non-discrimination and non-harassment, etc.

#### Gender equity, non-discrimination and non-harassment

#### Health and safety at work

#### Living income and living wage

# CONTRIBUTION TO SUSTAINABLE DEVELOPMENT GOALS (SDGs)

The actions laid out in this action plan will contribute – directly and indirectly - to SDGs 8, 16 and 17 as follows:

## Goal



**Promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all**

**Target 8.8:** Protect labour rights and promote safe and secure working environments for all workers, including migrant workers, in particular women migrants, and those in precarious employment.



**Promote peaceful and inclusive societies for sustainable development, provide access to justice for all and build effective, accountable and inclusive institutions at all levels**

**Target 16.10:** Ensure public access to information and protect fundamental freedoms, in accordance with national legislation and international agreements.



**Strengthen the means of implementation and revitalize the Global Partnership for Sustainable Development**

**Target 17.17:** Encourage and promote effective public, public-private and civil society partnerships, building on the experience and resourcing strategies of partnerships.

# GOVERNANCE FOR THIS ISSUE

## Nestlé Executive Board

Approves all the salient issue action plans.

## Nestlé Human Resources Leadership Team

Provides strategic leadership and execution for this topic.

## Nestlé ESG and Sustainability Council

Provides strategic leadership and execution on this topic in relation to direct suppliers.

## The Employee Relations Team

Is responsible for the implementation of the action plan in our own operations.

## Nestlé ESG Climate and Sustainable Sourcing Workstream

Is responsible for the implementation of the action plan in our supply chains.

## Nestlé Global Advocacy Coordinating Committee

Provides strategic leadership and execution on the engagement and advocacy strategy related to this action plan.

## Nestlé Human Rights Community

Leads the human rights agenda throughout the company. It coordinates and monitors the implementation of *Nestlé's Human Rights Framework and Roadmap* throughout the value chain.

## Nestlé markets

Support the implementation of this action plan in relation to our country operations, in alignment with the global team.

# KEY PARTNERS

## Main industry and multi-stakeholder collaborations

Platform	Workstreams	Nestlé's involvement
<b>International Labour Organization (ILO)</b>	Global Business Network on Social Protection Floors	The Global Business Network for social protection floors is a platform that allows us to make a significant contribution to the development of social protection systems and floors and to achieve impact for employees, workers of supply chain and communities at large.
<b>International Organization of Employers (IOE)</b>	Corporate Partner	As a Corporate Partner we gain access to IOE expertise in policy development through individualized support and services and knowledge-sharing activities on labor standards, human rights and responsible business conduct, industrial relations, international labor migration, sustainability, standardization, and skills development among others. We exercise leadership in policy circles relating to international employment and social affairs.
<b>International Union of Food, Agricultural, Hotel, Restaurant, Catering, Tobacco and Allied Workers' Associations (IUF)</b>		<ul style="list-style-type: none"><li>• Since 2013, we have held dialogues with the IUF.</li><li>• We have created joint working groups regarding social sustainability and gender equality with representatives from Nestlé and the IUF.</li></ul>

# REFERENCES

- i [Freedom of Association • Business & Human Rights Navigator \(unglobalcompact.org\)](#)
- ii [Freedom of Association • Business & Human Rights Navigator \(unglobalcompact.org\)](#)
- iii [2021 ITUC Global Rights Index: COVID-19 pandemic puts spotlight on workers' rights - International Trade Union Confederation \(ituc-csi.org\)](#)
- iv [wcms\\_722482.pdf \(ilo.org\)](#)

## **Disclaimer**

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