



Making sense of the Living wage and Living income agenda's

2nd November 2022



Housekeeping instructions

- All participants are **muted**
- Please add your **full name and company** to your Zoom profile
- You can ask questions verbally and using the **Q&A function**

Use the Q&A function in the main control tab
to type in your questions

Making sense of the Living wage and Living income agenda's

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Welcome and
introduction

2

Taking Action :
Living Income
Community of
Practice

Stephanie
Daniels
Sustainable
Food Lab

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Case study: Human
rights roadmap and
Implementation of
Nestle Income
accelerator

Yann Wyss
Nestle

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Discussion and
Q&A

Facilitated by
Louise Nicholls

5

Breakout groups
for reflections
and input into
next steps

Living Income Community of Practice: Taking Action

Stephanie Daniels

Senior Program Director, Agriculture & Development
Sustainable Food Lab





SUSTAINABLE FOOD LAB

Co-founder:

**The Living Income
Community of Practice**





Sustainable Food Lab



An action learning community on market based sustainability strategy since 2004





STRATEGY
DEVELOPMENT

PRE-
COMPETITIVE
COLLABORATION

SYSTEMS
LEADERSHIP

MEASUREMENT
TOOLS &
FRAMEWORKS

OUR WORK

The Living Income Community of Practice

International Forum for Multi-Stakeholder Engagement

Objectives



**Increase
understanding**
of living income
measurement and the
income gap



**Identify & discuss
strategies**
for closing the
income gap



**Share learning
and facilitate
collaboration**
between actors

Activities

**Technical Advisory
Committee**

News & Events

Tools & Resources

**Facilitation and
Strategy Advisory**

The Living Income Concept

What is the Living Income Concept?

The concept of a Living Income focuses on the households' ability to afford a decent standard of living.

What does it mean to be able to afford a decent standard of living?

The net annual income of a household, which comes from a variety of sources, is sufficient to cover the cost of a decent standard of living for a typical household in a particular place.

What does decency mean in this context?

Elements of a decent standard of living include access to food, water, housing, education, healthcare, transport, clothing, and other essential needs including provision for unexpected events.

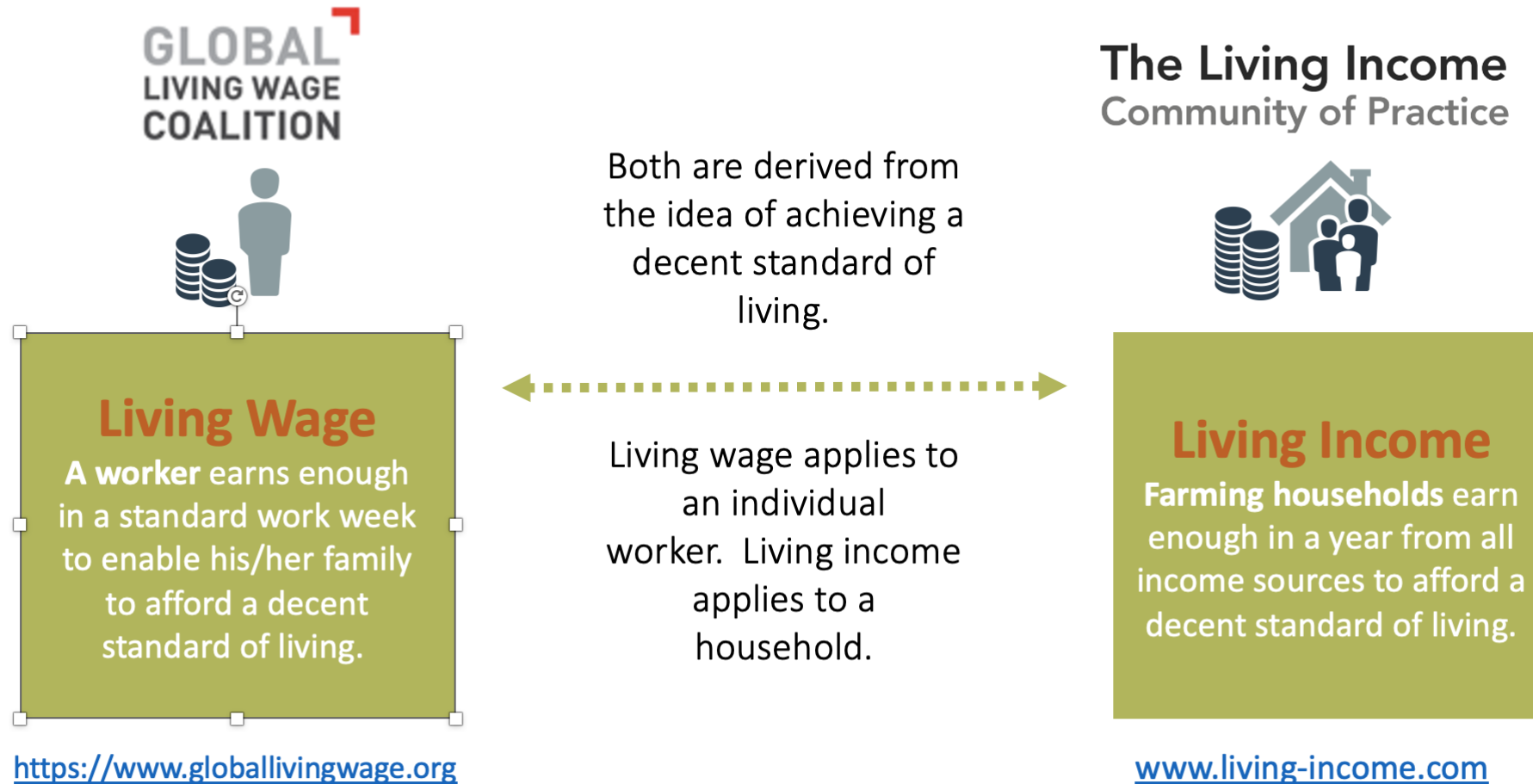
Supported by the



Implemented by



What is the difference between living income and living wage?



LICOP Foundations of the Living Income Movement



**GLOBAL
LIVING WAGE
COALITION**

From Living Wage to Living Income

- Creating space for LI discussion

2014-2015



Development of Living income concept

- Providing clarity on the core elements of Living income

2016-17



Development of Tools & Guidance

- Benchmarks
- Measurement
- Toolkits
- Strategies to close income gap

2018-2019



World Business Council for Sustainable Development

FARMER INCOME LAB



Sustaining Momentum

- Supporting action in particular sectors
- Strategic partnerships
- Building Alignment with existing Initiatives

2020-2021

ALIGN

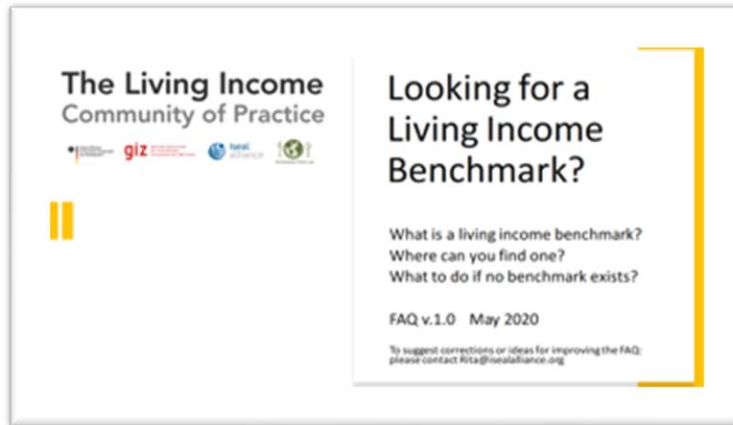
Scaling LI Pathway

- Strengthen digital backbone for LI
- Technical foundations for sector initiatives
- Strengthen position as Focal point on LI

2022- beyond

LICOP Public Tools

Measurement Resources



Company Toolkit & Government Guidance



Many resources also available in Spanish and French

Download at:

www.living-income.com

Living Income Toolkit



Make the Case

Prepare
for Action

Take
Action

Monitor
Results

Resources

Download at

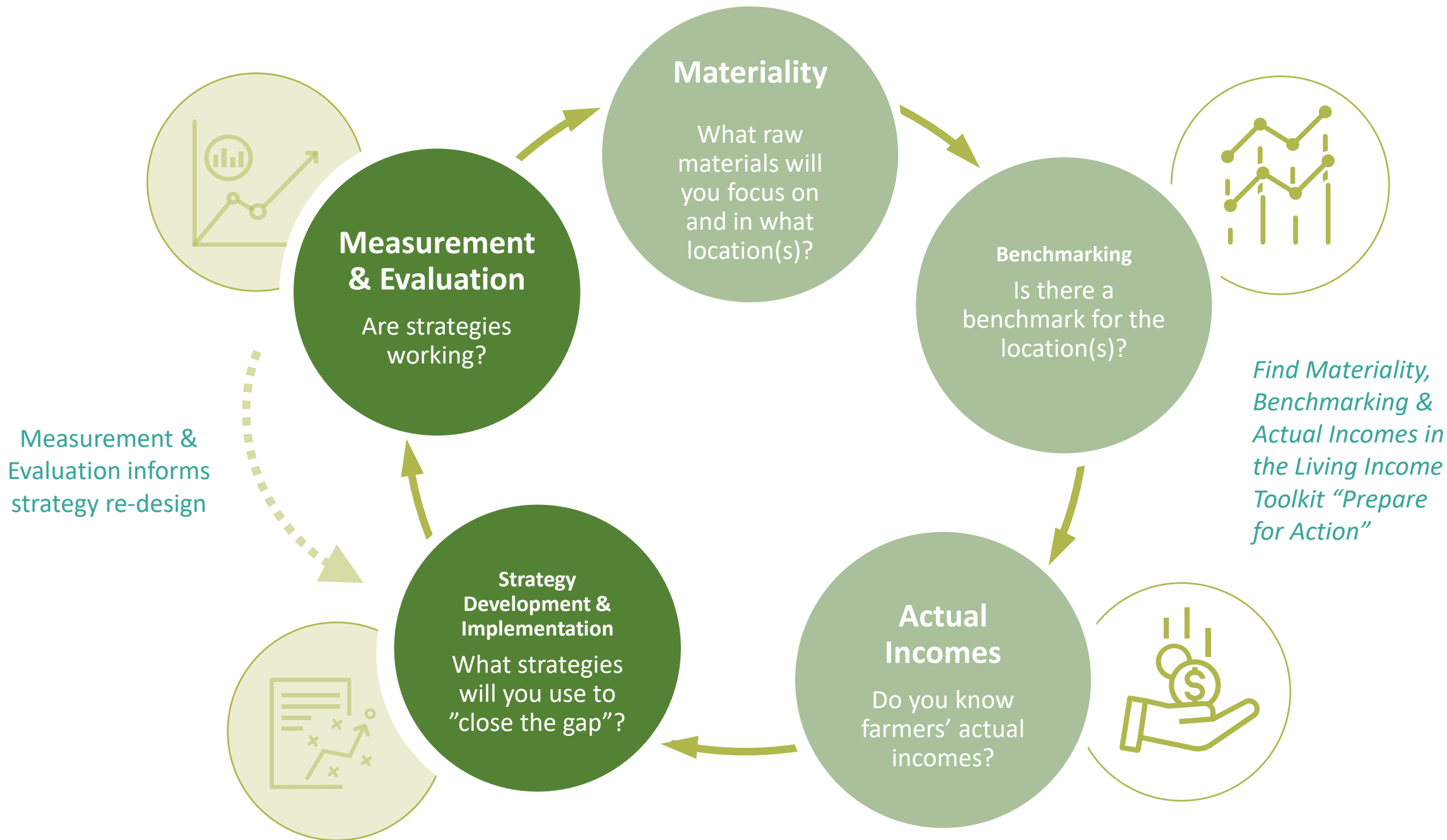
www.living-income.com/li-toolkit

Strategy Development

Prepare for
Action

Take
Action





Barriers to Implementing Living Income

Commercial Barriers

- Companies only buy % of any supplier's production
- Commodity prices are seen as out of the control of procurement
- Long supply chains lack traceability
- Need to shift suppliers to avoid risk
- Farmers are not employees and auditing incomes is complicated

Contextual Barriers

- Poverty is multi-dimensional and a result of multiple factors, not only those in the supply chain
- Agriculture often a last resort for the rural poor
- Emerging economy governments often struggle to fund and sustain adequate social services and infrastructure for competitive agriculture

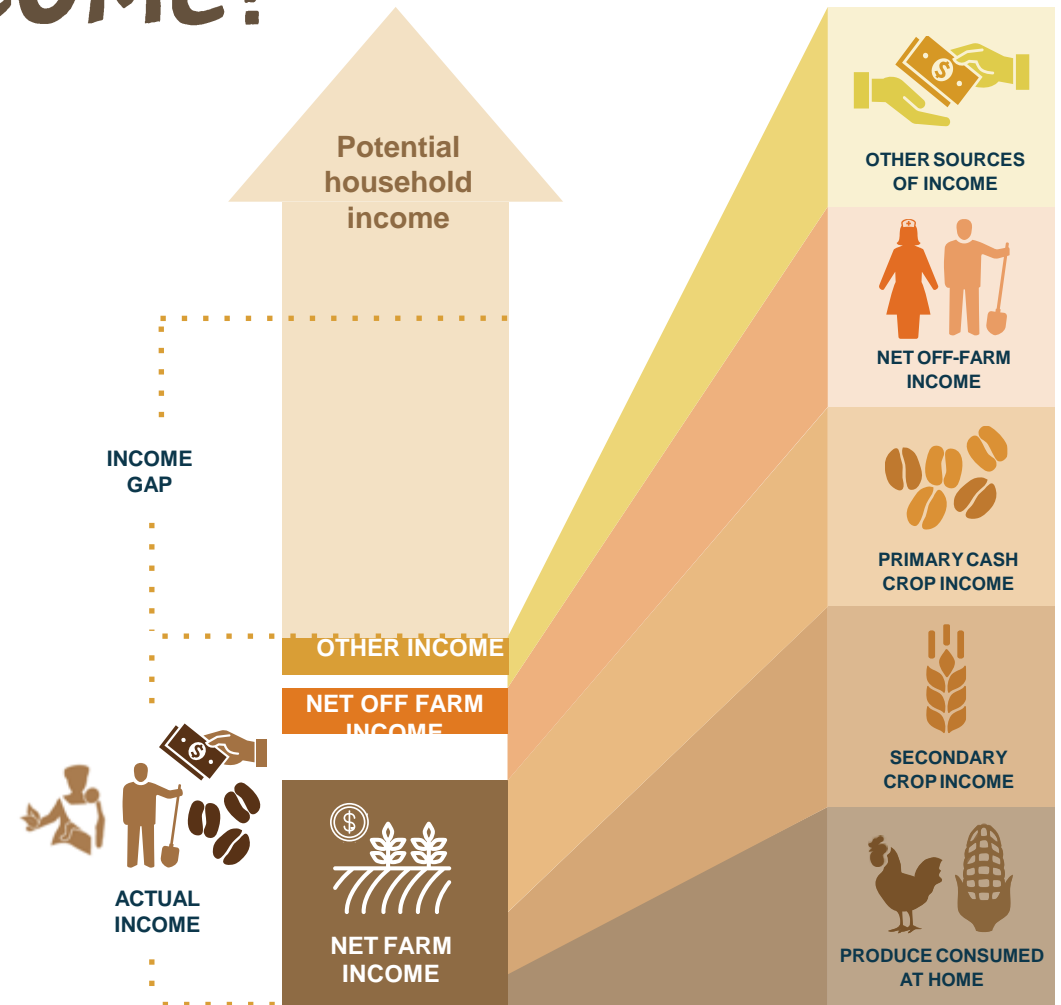
HOW CAN YOUR COMPANY HELP CLOSE THE GAP TO A LIVING INCOME?

After prioritizing your focus supply chains, the next step is to assess the challenges and opportunities facing farmers and to identify how your company can contribute through:

- Business practices
- Value chain investments
- Precompetitive sector collaboration

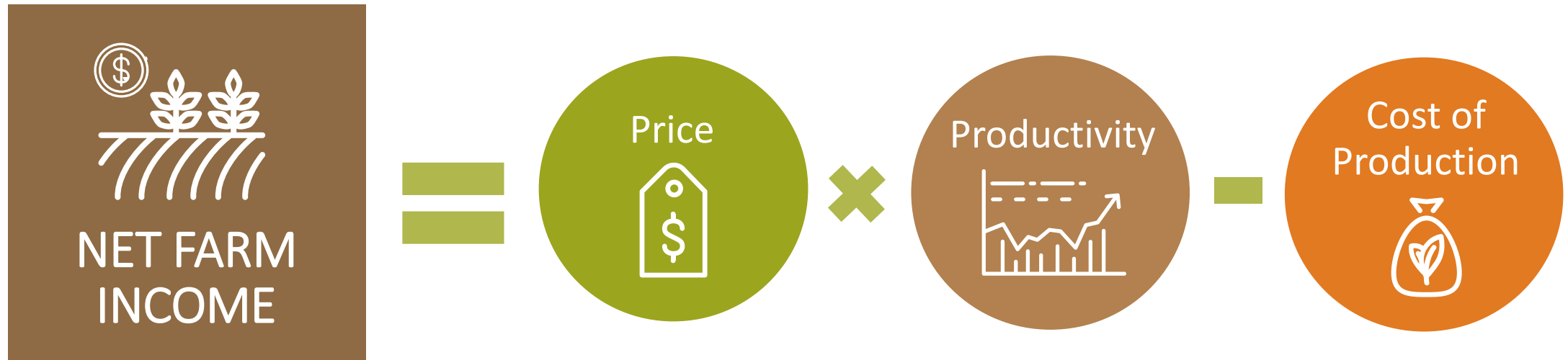
Income for a farming household comes from four main sources:

- Revenue from your company's primary crop
- Revenue from other crops
- Off-farm income
- Food crops grown on-farm



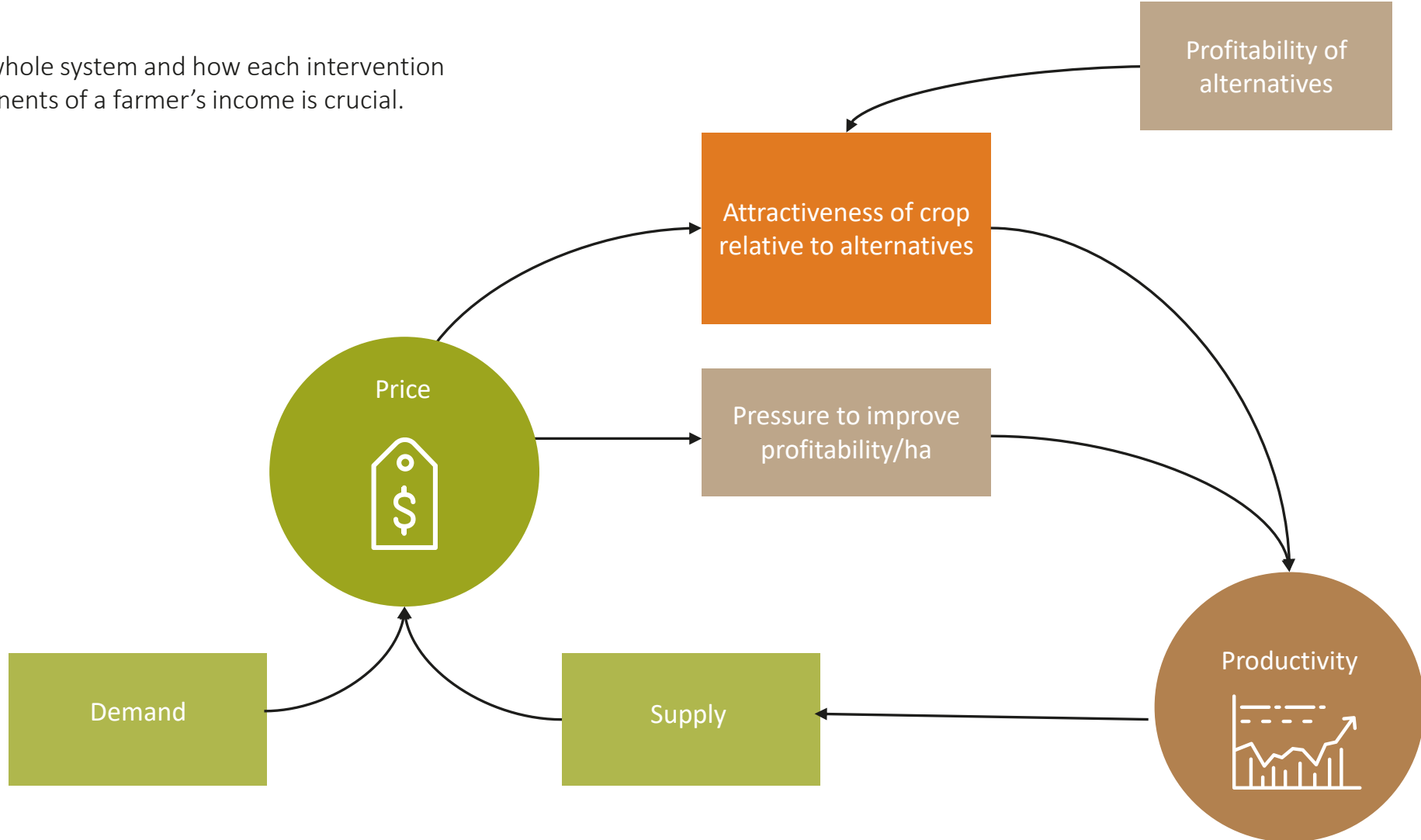
Key Levers

A Living Income strategy must include multiple interventions. At minimum interventions should include Net Farm Income Levers: including price, productivity and cost of production.



INTERVENTIONS ARE INTERCONNECTED

Understanding the whole system and how each intervention effects other components of a farmer's income is crucial.



Strategies for Closing Income Gap



3 Pathways of Action

INVEST IN YOUR VALUE CHAIN



Can we contribute towards programmes and services that help farmers earn more from their farms (productivity, quality, etc.) and be more resilient?

ADAPT YOUR BUSINESS PRACTICES



How do my **trading practices** affect farmers, ability to reach a living income?

How do improved farmer livelihoods benefit my ability to **market my company and products**?

COLLABORATE AT SECTOR LEVEL



What are the **structural issues at the sector level** that are preventing my company's supply chain initiatives from being successful?

What are challenges at the **landscape / community level** (watershed management, deforestation) preventing my company's supply chain initiatives from being successful, that I can't address alone?



Invest in Your Value Chain

INVEST IN YOUR VALUE CHAIN



Can we contribute towards programmes and services that help farmers earn more from their farms (productivity, quality, etc.) and be more resilient?

FARMER SUPPORT PROGRAMMES

- Professional producer organisations
- Farm service delivery
 - access to inputs
 - access to finance
 - market mitigation tools
 - technical assistance
- Women's economic empowerment
- Income diversification

- 1) Identify current barriers to farmer success
(low crop yield, poor quality, etc.)
- 2) Understand root causes
(insufficient access to quality inputs, poor agricultural practices, no access to finance, climate change adaptation needed, etc.)
- 3) Design corresponding solutions that address root causes
(price premiums, subsidised access to inputs, farmer field schools, promote income diversification, provide direct credit, etc.)
- 4) Identify partners and roles
- 5) Prioritize action based on severity of the need and potential for progress



EXAMPLES: Invest in Your Value Chain



Granos De Esperanza

Initiative to employ all living income and sustainability drivers to achieve 100% sustainable coffee in Nariño, Colombia.



Income Accelerator

Cocoa Program designed to address fundamental economic drivers of better agricultural and child protection practices in cocoa.

Martin Bauer Group

Zimbabwe Spices

Address quality and food safety aspects to improve the profitability and access to high quality markets for small scale spice producers

All based on full income gap assessments and robust monitoring with 3rd party partners



Adapt your Business Practices

ADAPT YOUR BUSINESS PRACTICES



How do my **trading practices** affect farmers, ability to reach a living income?

How do improved farmer livelihoods benefit my ability to **market my company and products**?



TRADING PRACTICES

- Supplier management
- Pricing and transparency
- Certifications and premiums

MARKETING

- Public reporting
- Consumer engagement
- New product development

- 1) Work with Procurement to review business practices
 - Supplier Management
 - Pricing and transparency/traceability
 - Sourcing Standards, Certification and premiums
 - Marketing, product R&D and consumer education
- 2) Adaptation of business and trading practices that include the introduction of risk-sharing mechanisms that can deliver certainty or more consistent value to the farmer
- 3) Creation of transparent and inclusive business practices that benefit farmers through the clear communication of standards, quality requirements and pricing



EXAMPLES: Adapting Business Practices



Impact Sourcing Groups

Select coffee supply chains to test improved programs to link sourcing, pricing guarantees with certification & farm improvement programs



Living Income Private Label

Efforts to create private label products (chocolate, rice, banana) which embed LI and LW pricing

All based on full income gap assessments and robust monitoring with 3rd party partners



Collaborate at the Sector Level

COLLABORATE AT SECTOR LEVEL



What are the **structural issues at the sector level** that are preventing my company's supply chain initiatives from being successful?

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SECTOR GOVERNANCE

- Sector price mechanisms
- Supply management
- Rural economic development policy

LANDSCAPE / COMMUNITY INTERVENTION

- Watershed / forest protection
- Community based income projects
- Social protection
- Land tenure

- 1) Identify sector platforms that are addressing structural issues that are difficult for your company to address alone
- 2) Consider how your company can support, leverage or influence those platforms
- 3) Understand the regional social and environmental challenges faced by the smallholders in your supply chain
(water, social services, land tenure, etc.)
- 4) Provide leadership or support through partnerships to address those issues

Many platforms and initiatives are working towards a living income

ALIGN



FARMER INCOME LAB





EXAMPLES: Collaboration at Sector Level



Cocoa

Alliance on Living income in Cocoa

- World Cocoa Foundation
- Swiss Platform for Sustainable Cocoa
- Beyond Chocolate (Belgium)
- German Initiative on Sustainable Cocoa
- Dutch Initiative on Sustainable Cocoa
- VOICE Network
- ICCO Strategic Action Plan



Coffee

ICO Coffee Public Private Task Force

Sustainable Coffee Challenge



Vanilla

Sustainable Vanilla Initiative



Tea

Ethical Tea Partnership
Global Tea Coalition



Tobacco

Sustainable Tobacco Partnership



Other

Palm
Cotton
Banana

How to Get Involved



THERE ARE MULTIPLE PATHWAYS TO A LIVING INCOME

In any one supply chain there might be multiple ways to close the Income Gap depending on assets and goals.

Status Quo



Specialization



Farming family invests in productivity, quality, market knowledge and land allocation to main cash crop.

Diversification



Farming family increases productivity and quality of main cash crop, while investing in other crops with viable markets.

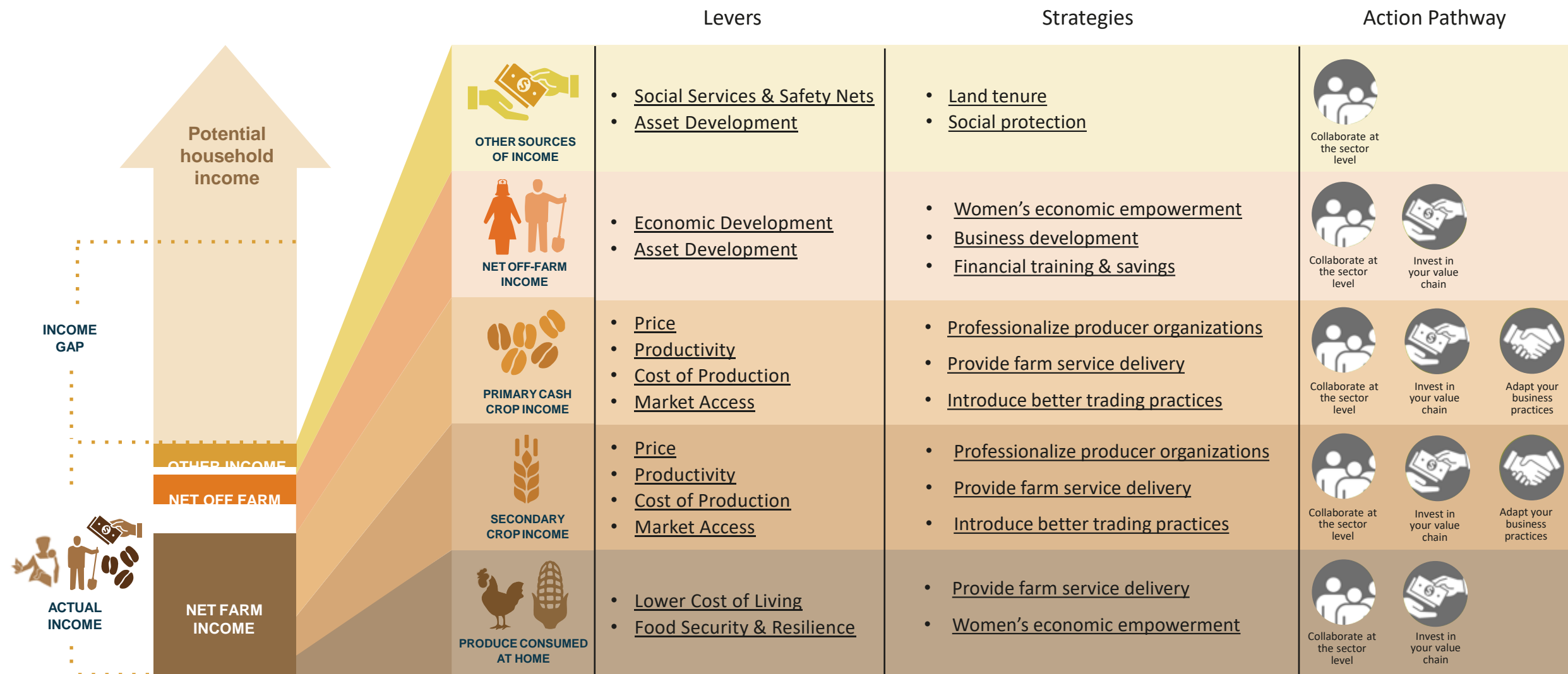
Transition



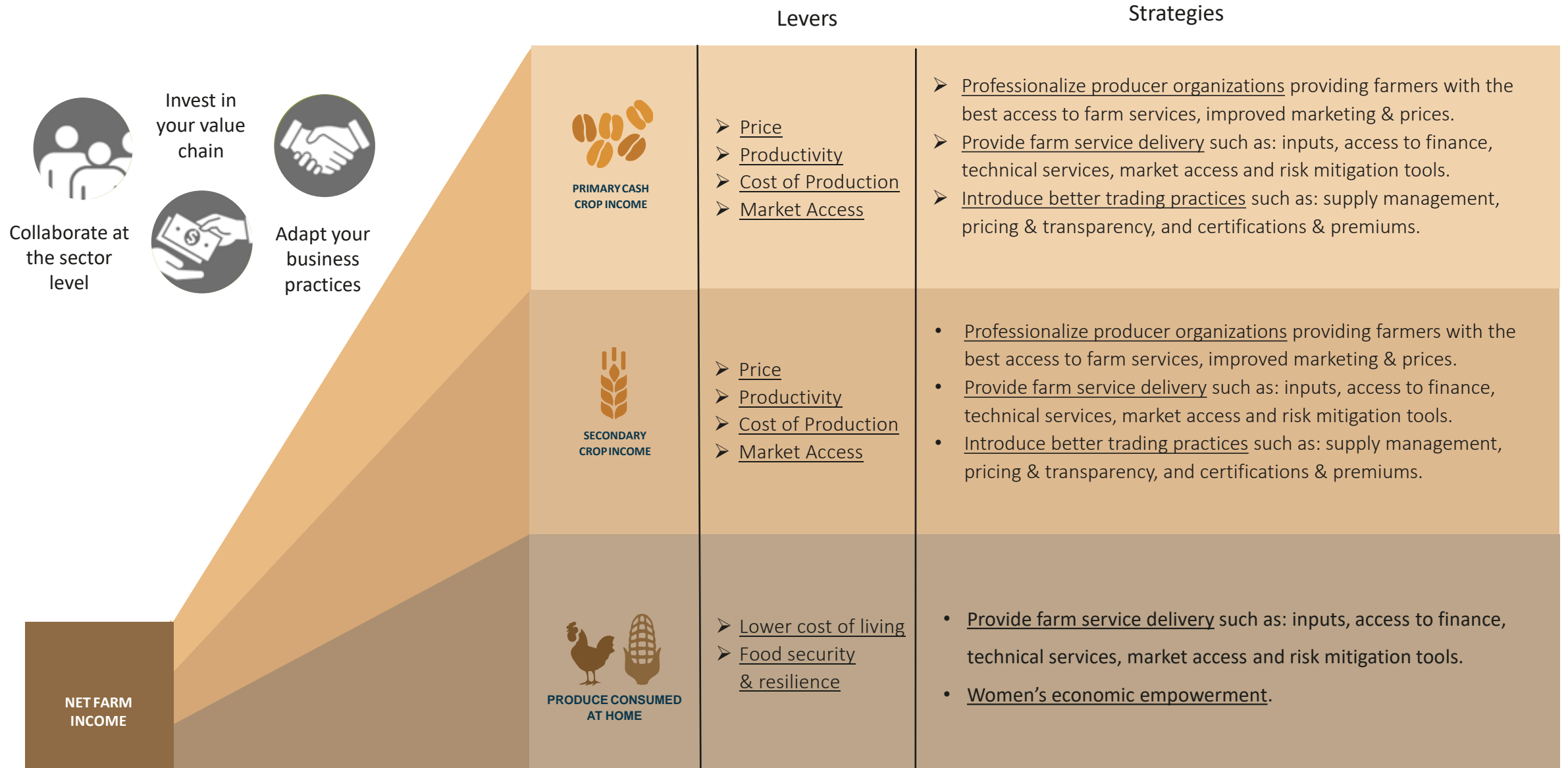
Farming family is not able to reach a living income from only agriculture because of external challenges (i.e. land size) and employ alternative livelihood strategies that result in off-farm income.

Inclusion first: Leaving farmers who need to transition out of a strategy is not part of a living income strategy.

Choosing Interventions by Income Type



Increasing Net Farm Income



Learn More About Living Income

The Living Income Community of Practice is an alliance of actors from various sectors (private sector, civil sector, academia). Its aim is to improve smallholders' income by combining the levers of the different actors. Within this collaboration, businesses can learn from the experiences of their alliance partners and make use of the methods and guidance offered by these in order to contribute to closing the income gap.

Join the conversation on www.living-income.com

About

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Measurement

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[Actual Income](#)

[Living Income Benchmarks](#)

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Closing the Gap

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Case study: Human rights roadmap and Implementation of Nestle Income accelerator

Yann Wyss

Global Lead Social Impact at Nestlé





Nestlé Good food, Good life

NESTLÉ'S HUMAN RIGHTS FRAMEWORK AND ROADMAP

Supporting a just transition toward a regenerative food system



A PROUD HISTORY OF EMBEDDING HUMAN RIGHTS IN OUR BUSINESS ACTIVITIES

■ 2011

Human Rights Due Diligence program launched based on UN Guiding Principles on Business and Human Rights

Human rights training tool rolled out to all employees

■ 2012

Specific human rights included in our CARE audits covering all Nestlé sites



■ 2013

Human rights requirements strengthened in Nestlé's Supplier Code and Responsible Sourcing Guideline (now the *Responsible Sourcing Standard*)

■ 2008

Human rights gap analysis of our policies and procedures conducted by the Danish Institute for Human Rights (DIHR)

■ 2009



First human rights impact assessments (HRIAs) conducted with DIHR in Colombia and Nigeria

■ 2010

First corporate human rights risk assessment conducted together with Nestlé's Group Risk team

■ 2017

First ***Tackling Child Labor*** report on addressing child labor in our cocoa supply chain published



■ 2020

Internal Human Rights Community launched

Board of Directors



Executive Board



Human Rights Community

■ 2021

Nestlé Human Rights Framework and Roadmap published



OUR HUMAN RIGHTS FRAMEWORK & ROADMAP



Our framework will help us address risks in a strategic way, with the following objectives:

- **Strengthen our level of due diligence across our value chain**, by developing and implementing dedicated salient issue action plans, leveraging enablers such as governance and policies, and reporting transparently on progress and challenges.
- **Support enabling environments for the respect and promotion of human rights through collaborative action and advocacy**, by brokering global and local partnerships for more effective on-the-ground collaboration, by steering a Market-based network of experts in importing and producing countries, and by shaping the regulatory and non-regulatory environment.

OUR 10 SALIENT ISSUES / PRIORITIES



Child labor and access to education



Forced labor and responsible recruitment



Living income and living wage



Gender equity, non-discrimination and non-harassment



Safety and health



Freedom of association and collective bargaining



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

SALIENT ISSUES ACTION PLANS: TEMPLATE



1. Background

- Definition
- Context and trends
- Challenges and steps needed

2. Nestlé's position and action

- Why is this issue relevant and important for us?
- Our vision and position
- Relevant commitments and policies
- Our actions so far (and identified gaps)

3. 2022-2025 action plan

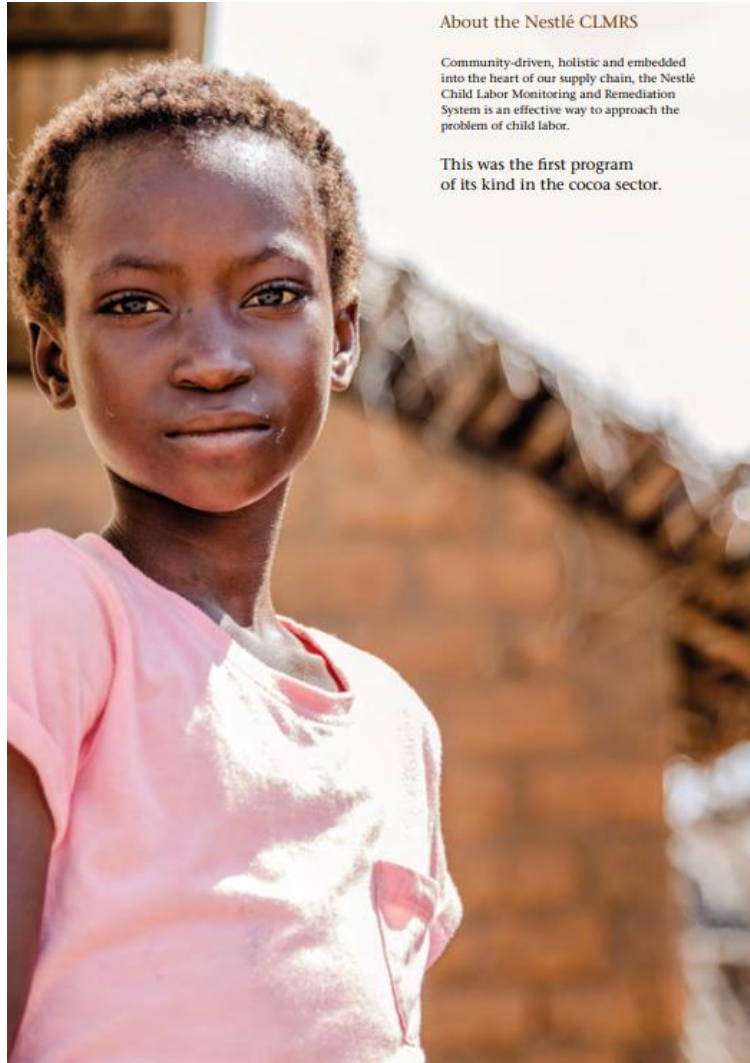
- **Assess:** Our risk exposure
- **Address:** Our priority actions
 - Nestlé: Taking action on the ground
 - Collective action: Helping tackle root causes with stakeholders
- **Report:** KPIs (same across the value chain), overall performance and challenges

4. Governance for this issue

- Issue owner, department/function
- ESG Council
- Human Rights Community

FOCUS ON CHILD LABOR RISK IN COCOA

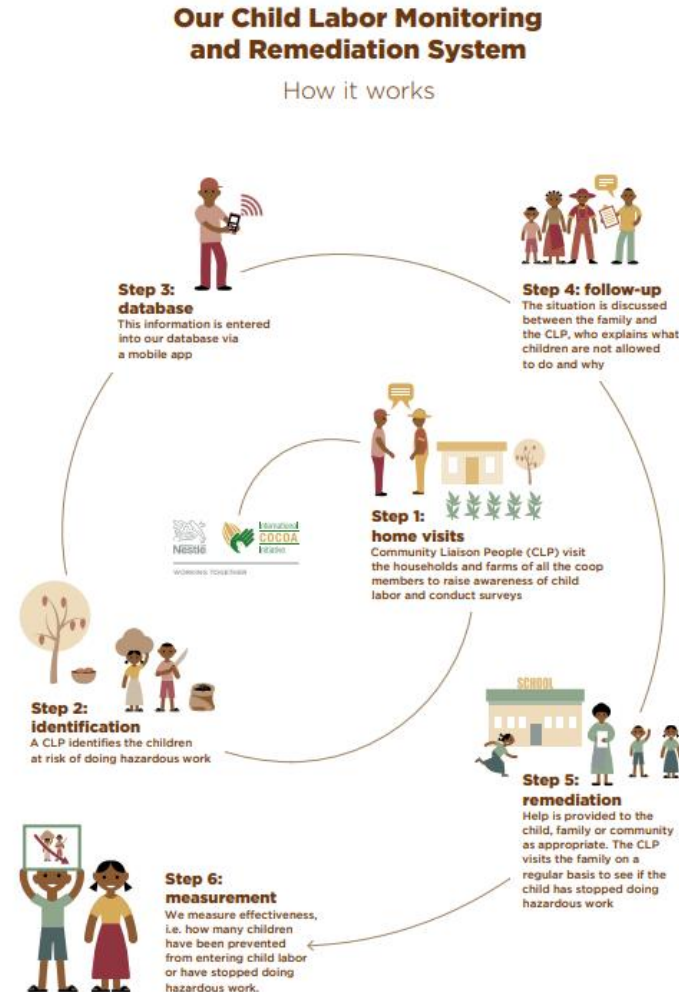
Pioneered supply chain-based **Child Labour Monitoring & Remediation System** to trace, assess, address & report on issue; has helped **drive industry action**.



About the Nestlé CLMRS

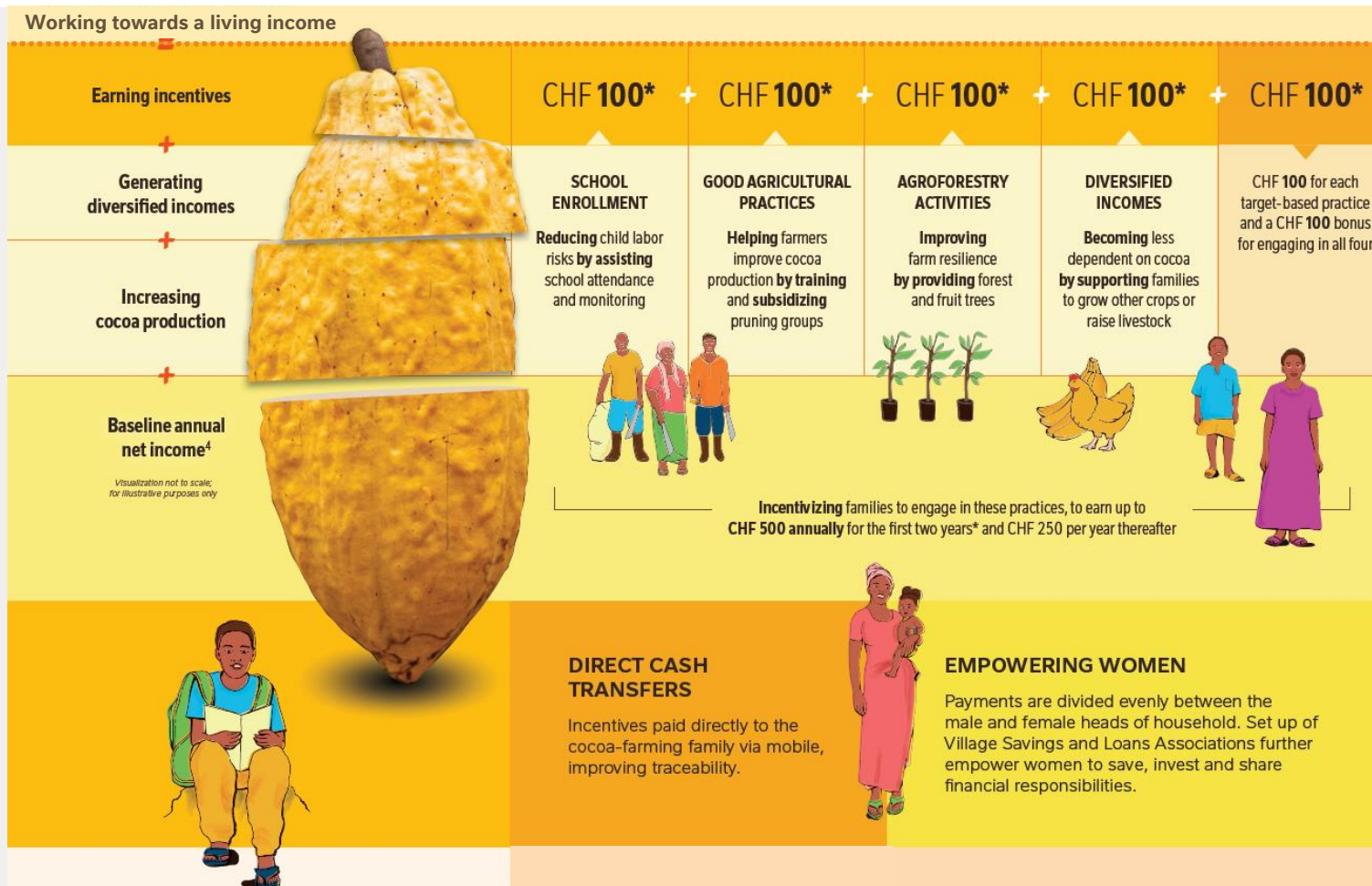
Community-driven, holistic and embedded into the heart of our supply chain, the Nestlé Child Labor Monitoring and Remediation System is an effective way to approach the problem of child labor.

This was the first program of its kind in the cocoa sector.



INCENTIVIZING & ENABLING CHANGE

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**.



Mobile payments

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

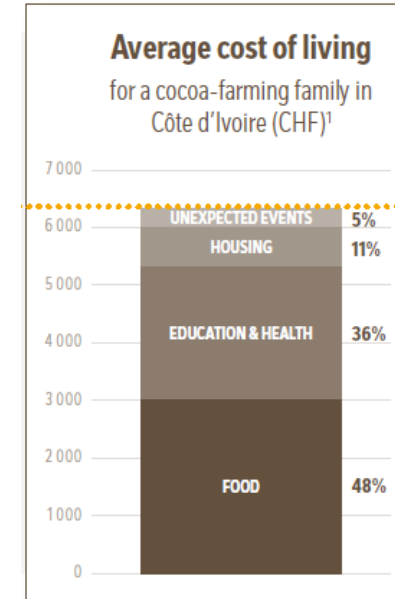
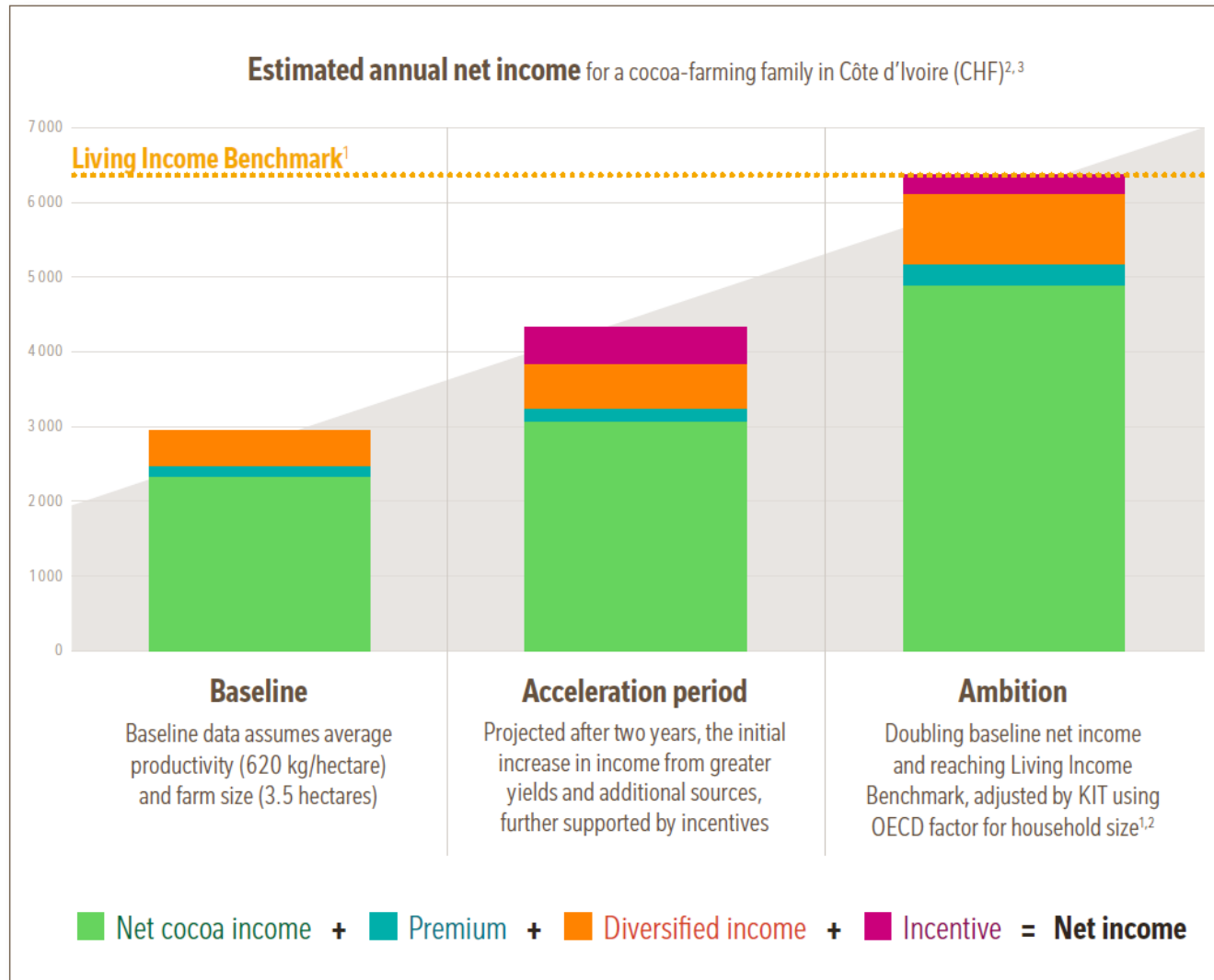
Payment calendar

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



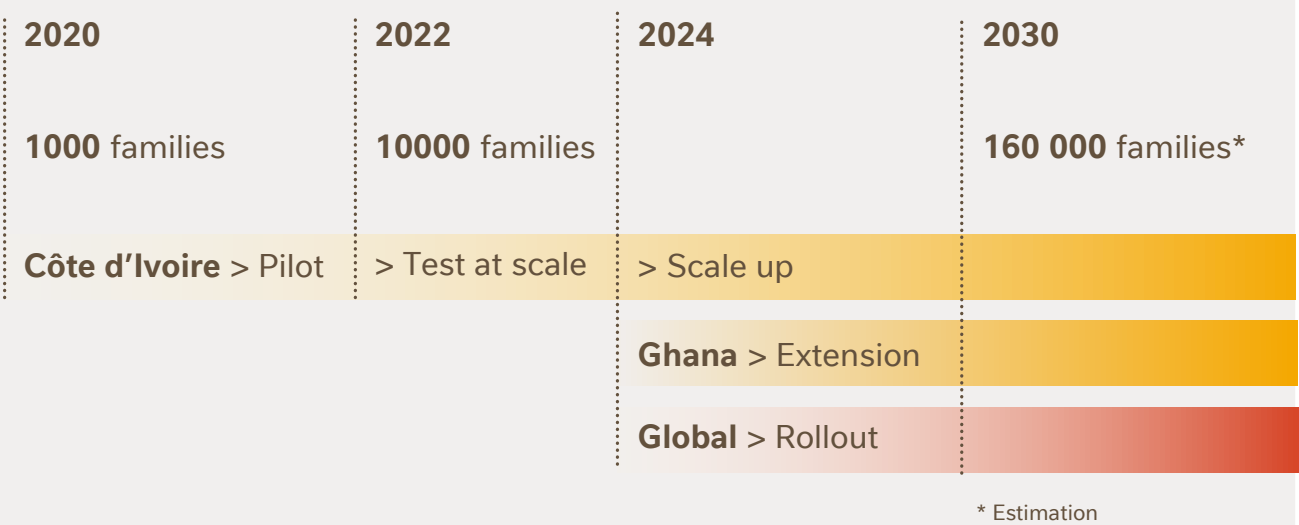
Living Income Benchmark

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



PHASED EXPANSION TO COVER ENTIRE COCOA SUPPLY CHAIN 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



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

Making a just transition...

TO REGENERATIVE FOOD SYSTEMS

We are focused on transforming farming practices at the heart of the food system while enabling a just and equitable transition.

People and respect for human rights are at the core of Nestlé's culture and values. We are committed to raising awareness, promoting best practices and empowering people across our value chain.

We are using our size, scale and reach to inspire others and help drive collective action.

re**generation**

Discussion: Closing the gap on Living wage and Living income



Stephanie Daniels

Sustainable Food Lab



Yann Wyss

Nestlé

How could FNET usefully contribute to supporting members to accelerate their living wage and income action?

