

Nestlé SA

TICKER
SWX:NESN

MARKET CAPITALIZATION
US\$270 billion

HEADQUARTERS
Switzerland

DISCLOSURES

UK Modern Slavery Act: Yes (Disclosure of Subsidiary)

California Transparency in Supply Chains Act: Yes (Disclosure of Subsidiary)

TARGETS

Yes

OVERALL RANKING

3 out of 43

([2018 Rank](#): 5 out of 38)

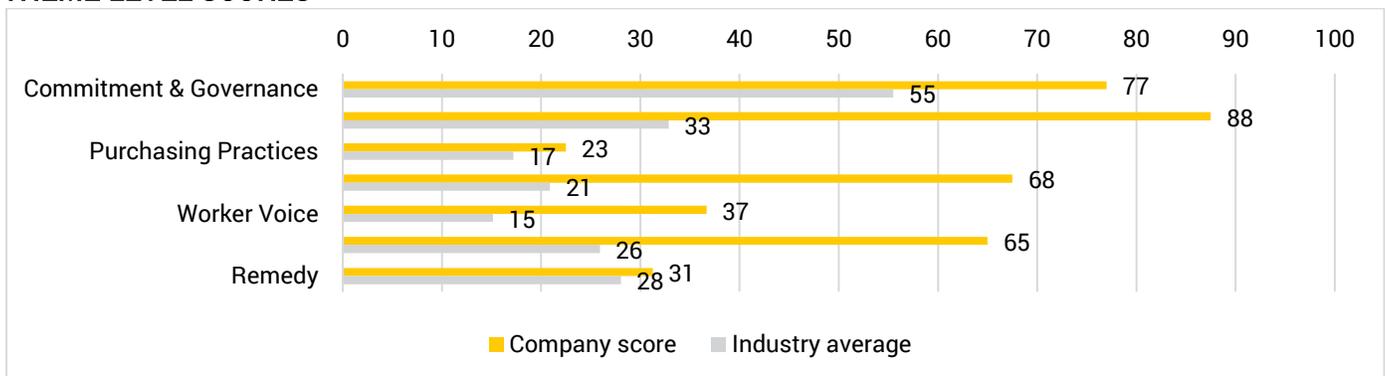
OVERALL SCORE

55 out of 100

SUMMARY

Nestlé SA (Nestlé), the world’s largest food company,¹ ranks 3rd out of 43 companies, disclosing more information on its forced labor policies and practices than its peers across all themes. Since 2018, the company’s rank has improved from fifth to third. This is because the company began disclosing that its supply chain standards are integrated into its contracts with suppliers; the names of its coffee, sugar, and some cocoa suppliers; the steps it has taken on responsible recruitment; and multiple examples of engaging with supply chain workers on their labor rights. Notably, the company has the highest score on the themes of Recruitment and Traceability & Risk Assessment. KnowTheChain identified three allegations of forced labor in the company’s supply chains. The company discloses that it has engaged with some of the suppliers in question on their remediation efforts. However, the company does not disclose engagement with affected stakeholders nor remedy outcomes for workers. The company has an opportunity to improve on the themes of Purchasing Practices, Worker Voice, and Remedy.

THEME-LEVEL SCORES



Research conducted through February 2020 or through May 2020, where companies provided additional disclosure or links. For more information, see the full dataset [here](#). For information on a company’s positive and negative human rights impact, see the Business & Human Rights Resource Centre [website](#).

KEY DATA POINTS**SUPPLIER LIST**

Yes (coffee, palm oil, sugar, cocoa)

SUPPORTS FREEDOM OF ASSOCIATION

No

HIGH-RISK COMMODITIESBeans, cocoa, coffee, and others²**NO-FEE POLICY**Yes ([Employer Pays Principle](#))**REMEDY FOR SUPPLY CHAIN WORKERS**

No

LEADING PRACTICES

Training: The company discloses that it sent twelve assessors, including five from its direct palm oil suppliers who conduct assessments of their own suppliers, to attend “ethical recruitment auditor” workshops in Malaysia. It reports that the assessors received training on how to better identify forced labor risks in the recruitment process and migrant workers’ journeys. Nestlé also discloses that 100% of its first-tier seafood suppliers have attended training by the Issara Institute on business and human rights and ethical recruitment.

Traceability and Supply Chain Transparency: Nestlé discloses a map that shows its sourcing countries for cocoa, coffee, fish and seafood, hazelnuts, palm oil, and sugar. The company also reports that it can trace 99% of its seafood “from Thai origins” to the vessel or farm level. It discloses second-tier supplier lists for palm oil mills, sugar mills, and coffee exporter warehouses.

Recruitment: The company reports that all its Thai seafood suppliers have implemented responsible recruitment initiatives and that, in 2019, “almost 5,000 foreign migrant workers in [its] Tier 1 facilities ... were newly recruited from Myanmar via the formal agreement between the Myanmar and Royal Thai governments (MOU channel).” It states that these workers were recruited through agencies that had undertaken training on responsible recruitment. In addition, it discloses that more than 300 “u-turn workers” renewing their contracts were processed through responsible recruitment systems.

NOTABLE FINDINGS

Stakeholder Engagement: Nestlé discloses that it partners with the Issara Institute, an NGO that tackles forced labor, for its seafood supply chains. The company is also a member of the Seafood Task Force, where it is involved with the responsible recruitment sub-group. It reports that it works with the group to develop industry-wide tools to address forced labor in Thai seafood supply chains. The company is also a member of the Leadership Group for Responsible Recruitment. Nestlé additionally reports that it has worked with the labor research and consultancy organization Verité to map recruitment paths and practices for Cambodian workers migrating to Thailand. The mapping included a gap analysis of pre-departure activities in Cambodia.

Risk Assessment: The company discloses that it carries out human rights impact assessments on high-risk countries and engages with civil society to gather information for assessment. It also reports using data from the ILO, ITUC, UNICEF, and the US Department of Labor and US Department of State. It states that it has carried out a specific assessment on coffee farms in Mexico to evaluate labor rights risks. The company discloses identifying forced labor risks, including fish and seafood in Thailand, beef in Brazil, and sugar in Brazil, the Dominican Republic (from which the company is no longer sourcing), and Pakistan. It also identified forced labor risks in the production of meat, poultry, eggs, cocoa, coffee, and hazelnuts.

Worker Engagement: Nestlé reports that it has conducted training for more than 6,000 farmers, workers, traders, and labor brokers in its Turkish hazelnut supply chain, including on the company's supplier code, which covers forced labor, and on responsible employment practices. It states that as a result of the training, formal recruitment was used for the first time. Additionally, it reports that migrant workers received training "after arriving for the harvest" on working conditions, labor rights, and grievance and support procedures. The company also discloses that it has worked with Thai Union and a labor rights consultancy and "inaugurated" a demonstration boat with the Thailand Department of Fisheries. It states 116 boat owners, captains, and crew were given training on good living and working conditions.

OPPORTUNITIES FOR IMPROVEMENT

Purchasing Practices: The company is encouraged to assess risks of forced labor at potential suppliers before entering into contracts with them. It is further encouraged to adopt responsible purchasing practices (such as prompt payment) and provide procurement incentives (such as price premiums or longer-term contracts) to its first-tier suppliers to encourage or reward good labor practices.

Worker Voice: To support collective worker empowerment, the company is encouraged to work with its suppliers to improve their practices regarding freedom of association and collective bargaining and to work with local or global trade unions to support freedom of association in its supply chains. Where there are regulatory constraints on freedom of association, the company may consider ensuring workplace environments in which workers in its supply chains are able to pursue alternative forms of organizing.

Remedy: While the company discloses some information on its process for responding to allegations, the company may consider providing more detail on its process to ensure that remedy is provided to workers in its supply chains in cases of human trafficking and forced labor, such as timeframes and engagement with affected stakeholders, or approval procedures. To demonstrate to stakeholders that it has an effective remedy process in place, the company is encouraged to disclose examples of remedy provided to its suppliers' workers, including in cases of specific allegations.

ENGAGED WITH KNOWTHECHAIN

Yes ([Provided Additional Disclosure](#)).

¹ The Forbes (13 May 2020), "[The world's largest food and restaurant companies in 2020.](#)"

² US Department of Labor lists these commodities as commodities that may be produced using forced labor. US Department of Labor (20 September 2018), "[List of Goods Produced by Child Labor or Forced Labor.](#)"