

Nestlé S.A.

TICKER
 SWX:NESN

MARKET CAPITALIZATION
 US\$259 billion

HEADQUARTERS
 Switzerland

COMPLIANCE
UK Modern Slavery Act: [Statement of subsidiary available, but not compliant](#)
California Transparency in Supply Chains Act: [Not applicable](#)
COMMITMENTS
[Yes](#)
OVERALL RANKING

5 out of 38

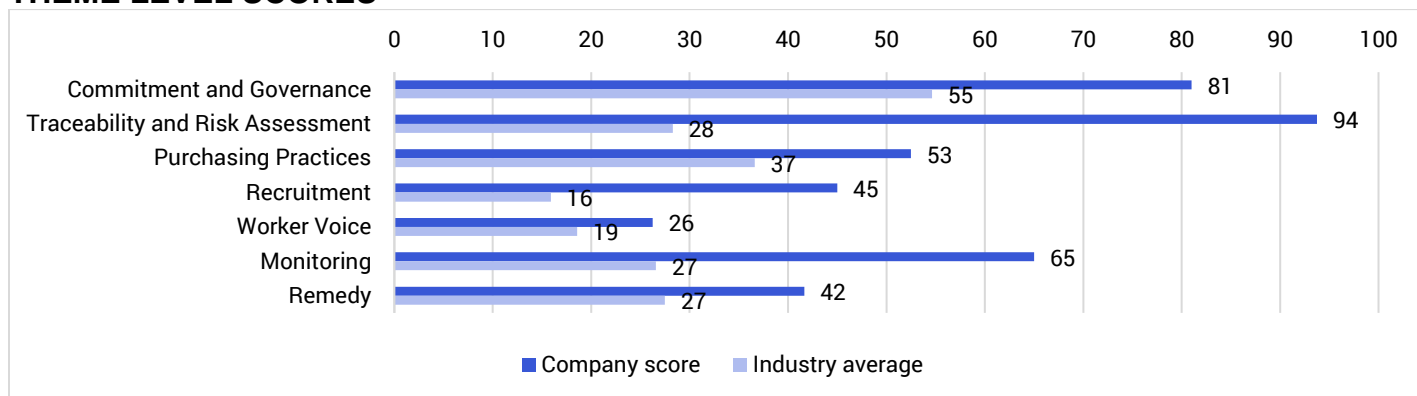
(2016: 3 out of 20)

OVERALL SCORE

58 out of 100

SUMMARY

Nestlé S.A. (Nestlé), the world's largest food company whose products include chocolate, confectionery, and coffee, among others, ranks fifth out of 38 companies, disclosing more information on its forced labor policies and practices than its peers across all themes. Compared to 2016, the company improved by disclosing the list of its palm oil suppliers, a requirement for suppliers not to use "production targets or performance indicators that lead to forced labour or work above reasonable limits", and a collaboration with the Issara Institute, which provides workers in its Thai seafood supply chains access to grievance mechanisms. Notably, the company achieved the highest scores on themes of traceability and risk assessment, as well as monitoring, and it has strong and specific commitments to addressing forced labor in place. KnowTheChain identified three allegations of forced labor in the company's supply chains. The company discloses public responses to the allegations, and steps taken to address forced labor risks going forward. However, it did not disclose remedy outcomes for workers. Additional steps the company could take to address forced labor risks in its supply chains include strengthening its disclosure and practices on the themes of purchasing practices, worker voice, and remedy.

THEME LEVEL SCORES

 Research conducted through March 2018, or through June 2018 where companies provided additional disclosure or links. For more information, see the full dataset [here](#).

LEADING PRACTICES

Risk Assessment: Nestlé states that it regularly re-prioritizes areas for labor rights due diligence based on information from human rights impact assessments, certification and verification schemes, engagement with NGOs and civil society, and third-party resources. The company discloses it has worked with the Danish Institute for Human Rights to conduct human rights impact assessments and with Verité to assess recruitment practices in its supply chains in Thailand. Additionally, the company discloses that it has worked with palm oil suppliers, the Danish Institute for Human Rights, and the Forest Trust to assess labor risks in its upstream supply chains in Indonesia. It also discloses labor risks identified across supply chain tiers, including forced labor risks.

Worker Voice: Nestlé states that it seeks to improve working conditions and to eradicate forced labor amongst vulnerable rural workers by improving farmers' and workers' understanding of the benefits of improved working conditions through its "Rural Development Framework". It refers to activities such as educational measures, capacity building, and enhancing dialogue between workers and their representatives. Topics of these interventions include human rights, labor rights, and living wages.

Monitoring: In addition to its audit program which applies to first-tier suppliers, Nestlé states that the Fair Labor Association conducts audits on hazelnut gardens and selected cocoa-growing cooperatives in Côte d'Ivoire in its supply chains. It also discloses that, in 2017, a third party had undertaken audits of 10% of the vessels in its upstream seafood supply chains in Thailand.

NOTABLE FINDINGS

Supplier Training: Nestlé discloses that it worked with Verité to train 150 Thai port and boat workers on migrant workers' rights. Together with the Thai government and a supplier, it also developed a vessel which can be used in trainings on safe working and living conditions.

Traceability: Nestlé discloses data about traceability, including the product volume and level of traceability for 12 priority product categories. In its supplier code, the company also asks suppliers to provide "transparency of business activities, especially pertaining to traceability back to the potential sources of primary origin". The company discloses a list of the names and parent companies of its palm oil suppliers, as well as a list with the names and sourcing countries of its palm oil mills. It further discloses the sourcing countries for sugarcane, and some sourcing countries for other commodities. Nestlé discloses information on the workforce in its hazelnut supply chains in Turkey, which includes information on workers' gender, age, literacy, languages, land-ownership, marital status, and other demographic characteristics.

Grievance Mechanism: Nestlé's "Tell Us" grievance mechanism is available to external stakeholders, including indirect upstream suppliers. The mechanism is available in more than 50 languages and is run by an independent party. Nestlé states that it has communicated the availability of its grievance mechanism to more than 5,000 global suppliers and discloses the number of grievances filed, addressed, and resolved. Further, the company is a member of the Fair Labor Association, which in addition to requiring that member companies have functioning grievance systems at suppliers in place has a third-party complaint procedure whose aim is to provide a means for anyone to report serious violations of workers' rights at suppliers used by member companies. Nestlé also discloses it is working with the NGO Issara Institute "to help workers in the Thai seafood industry raise any concerns they might have."

OPPORTUNITIES FOR IMPROVEMENT

Purchasing Practices: The company is encouraged to disclose details on how it assesses forced labor risks at potential suppliers and the outcomes thereof. To enable the company to enforce its expectations with its suppliers, the company may consider integrating its supply chain standards addressing forced labor and human trafficking into contracts with its suppliers. Further, the company is encouraged to provide procurement

incentives to its first-tier suppliers to encourage or reward good labor practices (such as price premiums, increased orders, and longer-term contracts).

Worker Voice: The company may consider ensuring its human trafficking and forced labor policies and standards are available and communicated to supply chain workers in their native languages. In addition, to support collective worker empowerment, the company is encouraged to work with suppliers to improve their practices in relation to 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 outlines a child labor monitoring and remediation system, the company is encouraged to consider establishing and disclosing a process to ensure remedy is provided to workers in its supply chains in any cases of labor rights violations (including forced labor), and disclosing details on this process, such as timeframes, engagement with affected stakeholders, responsible parties, or approval procedures. In cases where the rights of supply chain workers have been violated, the company is encouraged to ensure remedy is provided to the satisfaction of the impacted workers and to disclose the outcomes thereof.

COMPANY PROVIDED ADDITIONAL DISCLOSURE

[Yes.](#)