

Nestlé S.A.

TICKER:
VTX:NESN

MARKET CAPITALIZATION:
US\$ 235 billion

HEADQUARTERS:
Switzerland

3 OUT OF 20

Company’s Overall Ranking

57 OUT OF 100

Company’s Overall Score

Nestlé S.A. (Nestlé) ranks third on the benchmark, demonstrating a higher degree of transparency in its approach to managing forced labor risks in its supply chain. Nestlé also ranks among the top three in thematic areas, including commitment and governance, traceability, and risk assessment, and worker voice. Most notably, the company ranks first in the worker voice theme, displaying some leading practices in this area. Despite its strong overall performance, Nestlé has an opportunity to improve its performance in the areas of purchasing practices, recruitment, and remedy programs.

THEME LEVEL SCORE

Commitment and Governance	81 out of 100
Traceability and Risk Assessment	88 out of 100
Purchasing Practices	56 out of 100
Recruitment	17 out of 100
Worker Voice	65 out of 100
Monitoring	53 out of 100
Remedy	38 out of 100

LEADING PRACTICES

Risk Assessment

Nestlé discloses a risk assessment process through which it rates human rights risks across its operations (including at its Nestlé facilities) amongst first-tier and upstream suppliers (including farmers) and within local communities, and it discloses information regarding the most frequently encountered human rights issues in its supply chain. Notably, the company partnered with Verité* to examine forced labor and other human rights risks in the Thai seafood sector with the findings published in a public report. Nestlé has also collaborated with the Fair Labor Association (FLA) to investigate human rights risks in its hazelnut supply chain in Turkey and cocoa farming in Côte D’Ivoire, where issues including labor conditions and child labor were highlighted.

Worker Voice

Nestlé (worker voice): Nestlé partners with third party organizations to carry out community engagement and interviews to assess the potential impact of the farm or factory operations present in Nestlé Supply Chains. Among other things, those partnerships enable the company to identify “root causes of human trafficking” through community engagement and empowerment activities at the village level.

**Verité, a partner of KnowTheChain, is a global, independent, non-profit organization that provides consulting, training, research, and assessment services with a mission to ensure that people worldwide work under safe, fair, and legal working*



conditions. Verité was not involved in ranking, researching, or evaluating company disclosures for the benchmark.

NOTABLE FINDINGS

Commitment and Governance

Nestlé articulates a strong commitment to addressing forced labor and human trafficking and has a Supplier Code that requires suppliers to uphold workers' fundamental rights and freedoms, including a prohibition of forced labor. Nestlé defines clear responsibility and accountability for its forced labor policies and standards, disclosing that its Responsible Sourcing team reports directly to the Head of Procurement and is tasked with the implementation of the company's supply chain policies and standards. Its Head of Procurement reports directly to the Head of Operations, who is a member of the Executive Board and Chair of its Issues Round Table, where forced labor is discussed.

Traceability

Nestlé lists traceability as a key material issue on its materiality matrix. The company discloses that in 2015, 54% of its 12 priority commodities (including palm oil, sugar, coffee, seafood, cocoa, among others) are traceable, which exceeds its 2015 goal of 40%. Nestlé is also collaborating directly with its first-tier suppliers in order to trace its supply chain beyond the first-tier. Specifically, it has provided its first-tier and beyond first-tier suppliers with access to a program for "tracing ingredients back to their places of origin."

Worker Empowerment

Nestlé discloses that it uses the Sedex Members Ethical Trade Audit (SMETA) protocol, which includes the following requirement regarding freedom of association: "where the right to freedom of association and collective bargaining is restricted under the law, the employer facilitates and does not hinder the development of parallel means for independent and free association and bargaining." Nestlé is one of only two companies in the benchmark that address freedom of association in contexts where this is restricted by law.

OPPORTUNITIES FOR IMPROVEMENT

Purchasing Practices

While Nestlé has a process for assessing suppliers' capacity to meet fluctuating demands, the company is encouraged to take steps to mitigate the risk of forced labor and human trafficking caused by certain purchasing practices, such as avoiding short-term contracts, excessive downward pressure on pricing, and sudden changes in workload.

Recruitment

Nestlé may consider disclosing a policy that requires recruitment agencies in its supply chain to uphold workers' rights and suppliers to disclose to them the recruiters that they use. Although the company requires that suppliers do not charge fees "directly or indirectly" to their workers, the company is encouraged to disclose how such fees are reimbursed in the event that they are discovered. Nestlé is also encouraged to audit recruiters in its supply chain to assess the risks of forced labor and human trafficking.

Remedy

Nestlé is encouraged to implement a remedy program for workers in its supply chain whose rights have been violated, and to disclose a process for responding to reported violations. The company may also consider disclosing the outcomes of such a remedy program.

COMPANY PROVIDED ADDITIONAL DISCLOSURE:



[Yes.](#)