



Nestlé Good Food, Good Life

2019 Modern Slavery and Human Trafficking Report



Contents



- 02 Introduction
- 03 Our Approach
- 04 Salient & Material Human Rights Issues



- 05 Due Diligence & Governance

- 06 Human Rights Mitigation Across the Global Supply Chain
- 07 Responsible Sourcing in 2019 – Priority Raw Materials



- 09 Taking Action On Our Goals: Progress Overview
- 13 Spotlight On The UK
- 14 Our Challenges & Looking Forward

Introduction



“Eliminating modern slavery from food and beverage supply chains remains central to our commitment to protect the human rights of everyone who contributes to our business. We can only succeed in creating shared value for people throughout our value chain by ensuring that the most vulnerable are protected from exploitation.”

Stefano Agostini
Chief Executive Officer
Nestlé UK and Ireland

Modern Slavery is a complex, pressing issue in today's society, affecting an estimated 45.8 million people worldwide. Victims are typically deceived or coerced into situations of exploitation and abuse, their suffering hidden from view. Within global supply chains, modern slavery could extend to forced labour, child labour, withholding workers' passports or even human trafficking. The International Labour Organization estimates that some 24.9 million people are subject to forced labour, of whom 16 million people are exploited in the private sector, and the majority are women and girls.

All aspects of modern slavery go against our fundamental commitment to respecting human rights. As the world's largest food and beverage manufacturer, we have a responsibility to protect the rights of people working within our organisation and supply chains. Our ability to safeguard our business from the risk of modern slavery is also integral to our future success.

We began our current journey to raise our human rights performance in 2008, working with the Danish Institute for Human Rights to strengthen our approach (for our full timeline [click here](#)). We have since integrated human rights into the core of our work, building an ever deeper understanding of the most relevant and serious risks to our business, and developing robust policies, procedures and assessments. While we still have work to do, we have reached 125,321 employees with human rights training, established an effective governance structure covering all our markets, and conducted four major human rights impact assessments.

We remain committed to playing our part in stopping modern slavery and disclosing our performance transparently, with a focus on our work to prevent, identify and address potential risks or instances of modern slavery within our operations and supply chain. Through this report, we share our progress during the period September 2018 to September 2019.

Our Approach

Creating Shared Value is fundamental to how we do business at Nestlé.

Creating Shared Value

Creating Shared Value (CSV) is fundamental to how we do business at Nestlé. We can only be successful in the long term by creating value both for our shareholders and society.

Our strategy will help us navigate the challenges of producing more food sustainably to nourish the growing global population. We also have a major goal to improve 30 million livelihoods in communities that contribute directly to our business by 2030. Central to this is upholding the human rights of employees, farmers and farm workers.

Nestlé's greatest challenges to human rights are found in our supply chains, and include modern slavery. To prevent and address instances of modern slavery and human trafficking, we maintain high levels of ethics, operating according to the [Nestlé Corporate Business Principles](#), and focus on four key priorities. We continuously seek to improve our human rights performance, collaborating with experts to deepen our understanding, address evolving challenges and maximise our positive impact.

We work closely with organisations such as the [Danish Institute for Human Rights](#) (DIHR), the [Fair Labor Association](#) (FLA), the [International Cocoa Initiative](#), [Verité](#), [Issara Institute](#), [Earthworm Foundation](#) and [ProForest](#). In 2019, Nestlé was appointed to chair a new committee established by the FLA to help coordinate industry efforts on improving human rights in agricultural supply chains.

Importantly, we comply with all relevant human rights legislation, and respect international guidelines and standards, including the UN's Guiding Principles for Business and Human Rights (UNGPs) and Sustainable Development Goals (SDGs), the OECD Due Diligence for Responsible Business Conduct and the ILO's Fundamental Conventions. Our work on respecting and promoting human rights contributes to the UN's 2030 SDGs.

Creating Shared Value for our communities



Helping develop thriving, resilient communities

Our four priorities:

- Assess and address human rights impacts across our business activities
- Improve workers' livelihoods and protect children in our agricultural supply chain
- Provide effective grievance mechanisms to employees and stakeholders
- Enhance a culture of integrity across the organisation



What is a 'Tier 1' supplier?

Suppliers are grouped into 'tiers' according to the level of direct interaction with a company buying products/services. Tier 1 suppliers are organisations that directly supply a company with products/services. Tier 2 suppliers are the key suppliers to Tier 1 suppliers.

Our business and supply chains

Global



Operations in 120 countries



161,000 direct (also known as 'Tier 1') suppliers



5 million+ farmers we work with

UK



6,100+ direct and indirect farmers in the UK market

Salient & Material Human Rights Issues

Modern slavery risks can occur throughout our operations, posing the greatest threat to people in our supply chains. To identify, prevent and address instances of modern slavery, we have worked with the [DIHR](#) to determine **11 salient human rights issues**. Defined by the scope, scale and the extent to which it is possible to address the impact, these 11 issues stand to generate the most severe negative impacts, and have the highest likelihood of occurrence.

Through our Human Rights Due Diligence (HRDD) programme, which guides all our human rights efforts, we regularly review our salient issues and determine how we can best focus our activities for the greatest positive impact. In particular, we are currently developing a list of sites, commodities and countries where our salient issues arise, in order to ensure that we measure risks and implement tangible action plans.

Our work in defining these issues forms part of our broader efforts to define and address the social, economic and environmental issues that are most relevant to our business and stakeholders through our [materiality assessments](#).

Based on the 11 salient issues, we have identified six groups of people who are particularly at risk:

- Our own employees;
- On-site contractors;
- Suppliers and, in particular, their employees;
- Farmers and farm workers;
- Local communities; and
- Consumers.

Supporting the Sustainable Development Goals

Our partner, the DIHR, has assessed the links between our 11 salient human rights issues and specific SDGs and targets, ranking the connection from strong to medium.

To amplify our positive impact, we are taking action to ensure a consistent approach to supporting the SDGs through our HRDD programme and Creating Shared Value strategy.

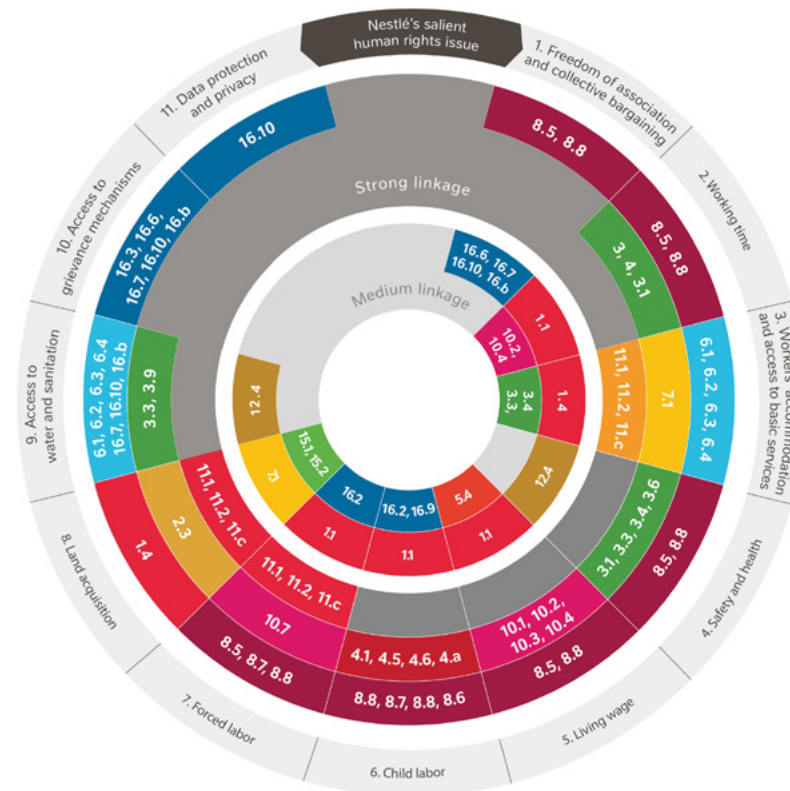


Diagram key



[Learn more about the SDGs and goals here](#)

Due Diligence & Governance

Our business is built on strong principles and sound governance. We have defined clear roles and responsibilities to ensure respect for human rights is reflected at every level of our organisation.

Our system of boards and committees is central to this, continuously assessing our progress and leading the strategic implementation of human rights work. The responsibility for Human Rights Due Diligence at the Executive Board level lies with our General Counsel, who is also in charge of Corporate Governance and Compliance.

Our Human Rights Due Diligence (HRDD) programme comprises eight components:

- Policies
- Stakeholder engagement and partnerships
- Training and awareness
- Risk and impact assessments
- Salient issues
- Governance
- Grievance mechanisms
- Monitoring and reporting.

Our programme and policy framework

To help prevent instances of modern slavery in our supply chains, we require all Nestlé suppliers and contractors to comply with our Corporate Business Principles and [Nestlé Responsible Sourcing Standard](#) (pdf). We have specific commitments on preventing child labour, promoting labour rights in agricultural supply chains and helping to ensure good conditions of work and employment. We monitor suppliers' compliance with our requirements through initiatives including third-party audits, independent assessments, and contractual and relationship reviews.

 [Read more on Nestlé's Policy Commitments](#)

 [Learn more about Nestlé's Governance and policies](#)



Human Rights Risk Mitigation across the Global Supply Chain

Our responsible sourcing programme plays a key role in securing a supply of high quality agricultural ingredients for our products by confirming where and how they are produced.







This is essential to ensuring the long-term sustainability of our business, and enables us to take action on related environmental and social issues such as human rights, deforestation and animal welfare. In this way, we aim to create a positive impact within our sourcing communities.

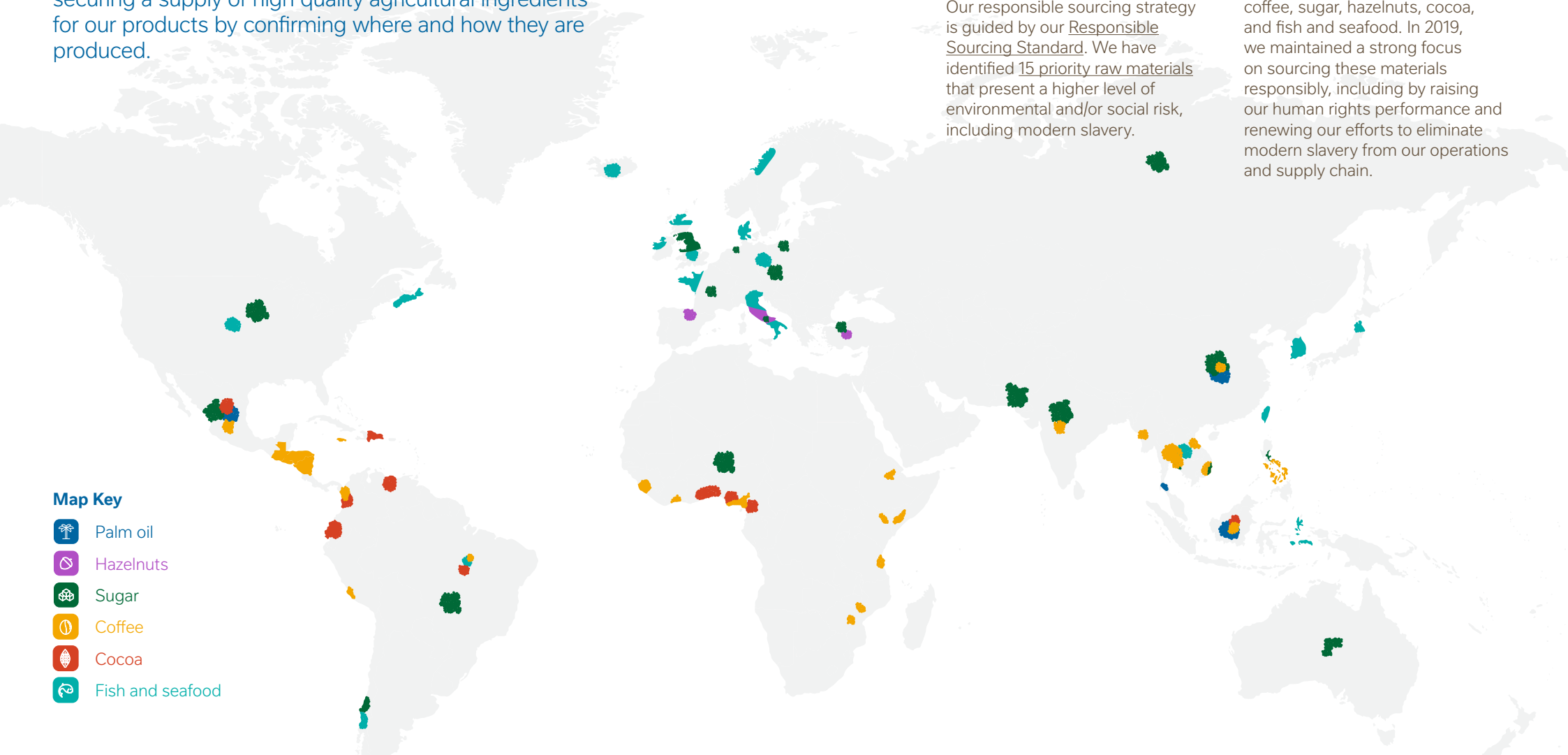
Our responsible sourcing strategy is guided by our [Responsible Sourcing Standard](#). We have identified [15 priority raw materials](#) that present a higher level of environmental and/or social risk, including modern slavery.

We manage these risks through our responsible sourcing programme, [mapping our supply chains](#) with our direct suppliers, and conducting farm assessments with partner organisations such as [ProForest](#) and [Earthworm Foundation](#).

Our six most important raw materials (by volume) are palm oil, coffee, sugar, hazelnuts, cocoa, and fish and seafood. In 2019, we maintained a strong focus on sourcing these materials responsibly, including by raising our human rights performance and renewing our efforts to eliminate modern slavery from our operations and supply chain.

Map Key

-  Palm oil
-  Hazelnuts
-  Sugar
-  Coffee
-  Cocoa
-  Fish and seafood



Responsible Sourcing in 2019 – Priority Raw Materials



Palm oil

79% of our palm oil was responsibly sourced in line with Roundtable for Sustainable Palm Oil (RSPO) criteria, and 62% of our palm oil could be traced back to the plantation where it was grown.

We continued to implement our [Action Plan on Labour Rights in Palm Oil Supply Chains](#), listened to workers' concerns, and helped suppliers improve recruitment and employment practices, prevent child labour, improve access to safe water and resolve conflicts.

Our partner Verité assessed seven mills and 11 palm oil estates in Indonesia and Malaysia that collectively employ over 4,000 workers, interviewing over 200 workers. It found that challenges remain in implementing responsible sourcing policies throughout the chain, particularly among smaller, less visible suppliers. We will address this in 2020 by strengthening and updating our Action Plan.

[Learn more about our Palm oil sourcing](#)



Hazelnuts

84% of our hazelnuts were traceable and 69% were responsibly sourced.

The hazelnut supply chain contains serious challenges, particularly in terms of labour conditions and child labour. In particular, with families lacking access to schools and childcare, children sometimes work alongside their parents in the hazelnut gardens. As a major purchaser of hazelnuts, sourcing around 3,895 tonnes annually, primarily from Turkey, we work closely with the FLA, the Turkish government and our suppliers to address these issues. In 2019, we published [our list of hazelnut suppliers](#), providing further transparency on our hazelnut supply chain.

[For more information, please see our case study on page 10](#)



Sugar

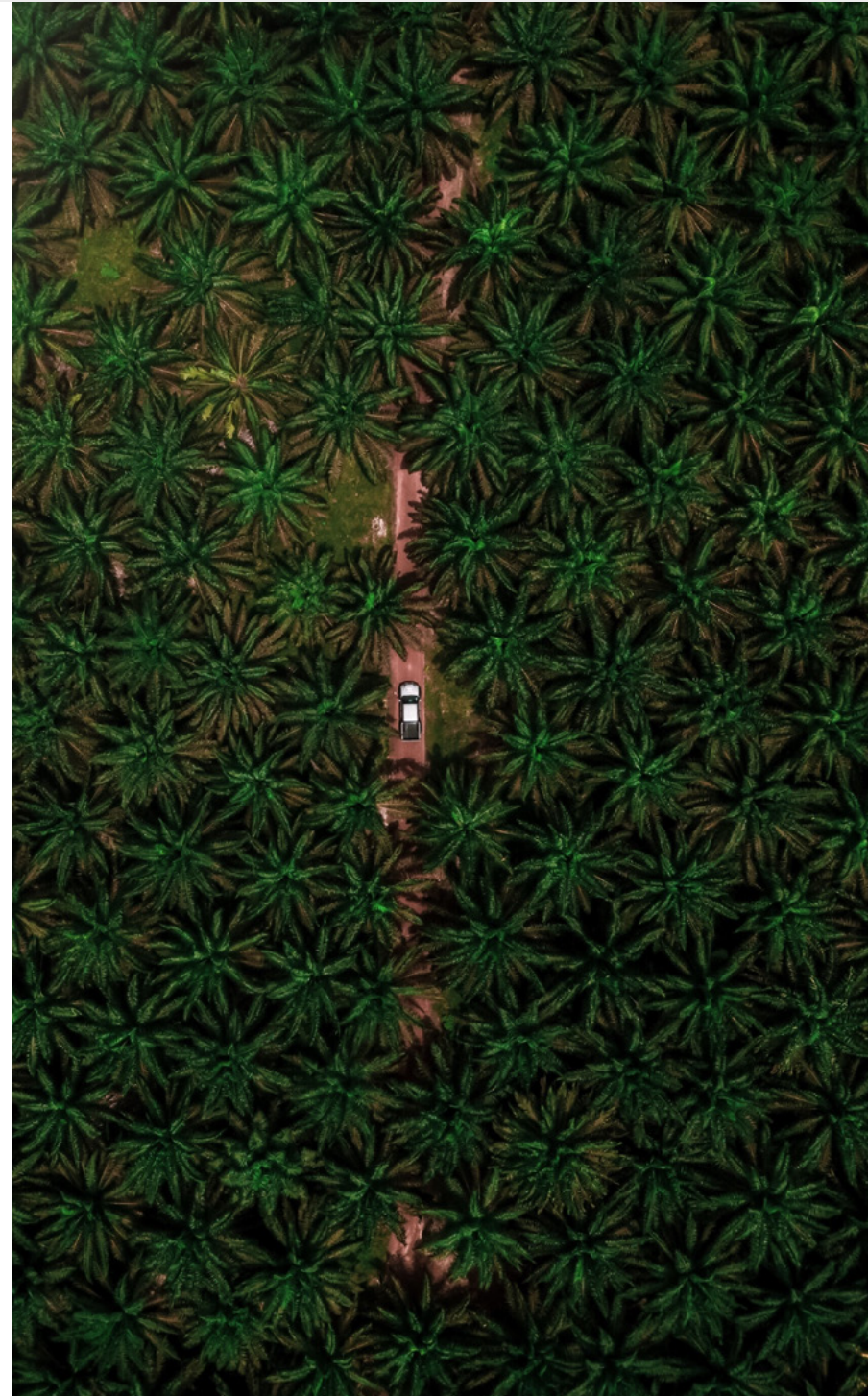
81.5% of sugar was traceable and 66% was responsibly sourced.

We strive to source sugar from mills with operations and supplying farms that comply with both local laws and regulations and our Responsible Sourcing Standard. This covers topics including no forced or child labour, pay and conditions, providing safe, healthy work and living places, health and safety, freedom of association and collective bargaining (where this is legally permissible). In 2019, 81.5% of sugar was traceable and 66% was responsibly sourced.

Together with our suppliers and implementing partners such as [Proforest](#), we are working to address challenges ranging from improving working and living conditions for sugarcane labourers to preventing deforestation. In Mexico, for example, we expanded our work to rehabilitate shelters for migrant workers helping with the sugarcane harvest.

Our lists of [Tier 1 sugar suppliers and mills in our supply chain](#), along with the country of origin, are publicly available.

[Learn more about our Sugar sourcing](#)



Responsible Sourcing in 2019 – Priority Raw Materials continued



Coffee

Coffee is one of Nestlé's most important commodities.

As global demand for coffee rises, we are expanding our farmer training. We delivered 7,228 training sessions in 2019, with some major markets, such as Brazil, Japan and Thailand, making significant advances.

To raise labour rights performance, we are taking part in collaborative initiatives led by the [Sustainable Coffee Challenge](#) (global), [Verité](#) (Colombia, Mexico and Brazil) and [InPacto](#) (Brazil). Nestlé is also participating in the [Taskforce for Coffee Living Income](#), coordinated by [IDH](#), the [Sustainable Trade Initiative](#), and partnering with coffee certifier [4C services](#) to better support coffee farmers in the Philippines.

In Mexico, coffee certifier [Certificadora de Productos Sustentables](#) (PPS) visited 293 medium to large farms in 2019 to conduct labour rights assessments. We removed five farms from our value chain and requested improvements at four others as a condition of doing business.

For more information, visit our [Nescafé Grown Respectfully programme](#)



Cocoa

Child labour is a complex and challenging issue in our cocoa supply chain.

In West Africa, we work with supply chain partners and local communities to address child labour, a complex and challenging issue in our cocoa supply chain. In 2019, we released our second Report on Tackling Child Labour, sharing the progress made by our Child Labour Monitoring and Remediation System (CLMRS). In particular, the number of children leaving child labour – being free from carrying out hazardous tasks across two inspection visits in six months – had increased to 2,459 in 2019. And we are now monitoring a total of 78,580 children, a significant increase on 42,728 in 2017.

Our support saw four more schools refurbished or built in 2019, and we maintained our cooperation with the Jacobs Foundation on bridge schools, helping at-risk children reintegrate into normal schools.

We remain committed to addressing ongoing challenges in Côte d'Ivoire and taking action to protect both children and workers.

Learn more about the [Nestlé Cocoa Plan](#)



Fish and seafood

We work to ensure our [fish and seafood are sourced responsibly](#), and collaborate to tackle the sector's shared challenges, particularly in Thailand.

These include poor labour conditions and wages, forced labour, insufficient grievance mechanisms and even trafficking.

To address labour abuses and enable workers to voice their concerns, we partner with [Verité](#) and the [Issara Institute](#). Working with the Royal Thai Government, the [Seafood Taskforce](#) and our suppliers, we have banned the transferral of goods from one vessel to another while in transit. We have also partnered with The Fair Hiring Initiative to help recruitment agencies and employers develop more responsible practices, and committed to fund projects to improve the working conditions of fishermen on vessels.

Finally, to promote industry-wide transparency, we have published the [list of our seafood fishing zones in our supply chain and countries of origin](#) and continue to [share our progress](#) publicly.

Learn more about our [Fish and seafood sourcing](#)



Taking Action On Our Goals: Progress Overview

We operate a zero tolerance approach towards human rights abuses in our value chain. Our work to protect and uphold human rights is integral to our values and helps to improve the resilience of our business. We report progress on our four key priorities.

Our commitment

1. Assess and address human rights across our business activities

In 2019 we started our partnership with Unseen training our employees and working with partners to implement supply chain action plans. In particular, we extended our human rights training programme, developed with the [DIHR](#), to a further 23,708 employees. Despite this progress, we will not meet our objective of training all Nestlé employees on human rights by 2020. To address this challenge, we have developed an in-person training course to help expand access to the training.

We have a functioning governance structure in place in all markets to oversee human rights risks and opportunities, and have conducted four human rights impact assessments in our upstream supply chain. To achieve six assessments by 2020 (revised from 2018), we are working with the FLA to strengthen and inform our efforts.

Finally, in 2019, together with key stakeholders, we began reviewing and re-evaluating our HRDD programme to ensure it continues to comply with evolving regulations and maximises our impact. We aim to launch the revised HRDD in 2020.

[Read more about our human rights performance in our 2019 Creating Shared Value report](#)

Our objectives

By 2018 (2020): Carry out six human rights impact assessments in our upstream supply chain*

In progress

In progress By 2019: Have a functioning governance structure in place in all markets that looks after human rights risks and opportunities

Achieved

Achieved By 2020: Train all Nestlé employees on human rights

In progress

*Our partner the Fair Labor Association has an ongoing programme of assessments in our upstream supply chain, which will inform our human rights work. Because of this, we have extended this objective to 2020.



Case study

Bringing modern slavery risks to life for Nestlé UK employees

In 2019, we continued to partner with Unseen, a major charity tackling modern slavery in the UK, to bring modern slavery risks to life for our employees and key suppliers through dedicated, interactive training and virtual reality technology. 80 Nestlé UK employees took part in the training, including purchasers who are responsible for sourcing our products. Virtual reality headsets took them straight to the fields and offices where vulnerable workers in the UK shared how they became exposed to modern slavery and how they are coping. This added an important additional dimension to our employees' understanding of modern slavery and raised their awareness of the risks it poses to our own supply chains.



"Collaboration to end modern slavery is vital. Through our partnership with

Nestlé, we are encouraging the company's employees and suppliers to question what they see around them and adopt behaviours and practices to prevent more people from becoming victims. This a vital first step towards ridding our communities of this scourge."

Justine Currell

Executive Director, Unseen

Taking action on our goals: progress overview continued

Our commitment

2. Improve worker livelihoods and protect children in our agricultural supply chains

Seven of our salient issues involve labour rights in our agricultural supply chains. This includes education. We have made particular progress in our cocoa supply chain in Côte d'Ivoire and Ghana.

By collaborating with two major hazelnut suppliers, we have also helped to prevent child labour and improve employment and living conditions in Turkey, and continue to collaborate with the FLA to raise standards.

We are increasingly harnessing technology to help promote human rights. For example, in Thailand, we are working with [Issara Institute](#) to support seafood workers through the use of [an app](#) that provides access to advice and guidance. In Malaysia, technology is strengthening access to [grievance mechanisms](#) in our palm oil supply chain.

Looking ahead, we will continue to improve standards and create more job security and improved working conditions for workers.

[Read more in our 2019 Tackling Child Labour Report](#)

[Read more about how technology is enabling greater supply chain transparency](#)

Our objectives

By 2020: Start reporting on the number of workers in agricultural supply chains, having benefited from our interventions on all salient labour rights issues

In progress



Case study

Raising labour rights performance among hazelnut suppliers in Turkey

In Turkey, we continued to partner with the Fair Labor Association (FLA) to support our suppliers in improving working and living conditions for vulnerable workers including women, seasonal workers and children, who often work alongside their parents in the hazelnut gardens. Together, we delivered training activities and hold summer schools for children, while improving shelters and access to water and sanitation facilities. Together, we trained 5,089 farmers, workers, traders and labour brokers on workers' rights and child labour.

This improved employment conditions for workers, with 366 farmers and recruitment agents agreeing formal contracts ahead of the harvest. Some 2,008 children learnt about the importance of education and health and safety. Meanwhile, 413 workers benefited from improved water and sanitation, and 277 gained access to improved accommodation. We also distributed personal protective equipment (including first aid, hats, glove and masks) to 6,856 farmers.

Trained
5,089
farmers, workers, traders
and labour brokers



Taking action on our goals: progress overview continued

Our commitment

3. Provide effective grievance mechanisms to employee and stakeholders

To uphold mutual trust and respect and ensure a sustainable supply chain, it is essential that employees and other stakeholders have access to safe, effective grievance mechanisms. This enables us to address any issues and take steps to prevent their reoccurrence. In 2019, we reviewed our external and internal grievance mechanisms and took steps to encourage employees worldwide to share any concerns through the Nestlé Integrity Reporting System. We also incorporated our external reporting channel, *Tell us*, into customer service guidance and questionnaires used by [Nestlé Waters](#).

Overall, we received 1,740 messages through our reporting system, and 1,360 questions from employees seeking compliance advice. 1,496 (86%) cases were closed and 474 (31%) were substantiated. As a result, 135 employees left the company, there were 19 written warnings, and 17 suppliers' services were terminated.

In 2019, we received 1,178 messages via Tell us on topics such as labour practices, fraud, safety and quality. Overall, four warning letters were issued, six employees left the company, and one contractor employee and five service providers had their services terminated.

Our objectives

By 2019: Review grievance systems' effectiveness with internal and external stakeholders to define improvement opportunities

Achieved

By 2020: Grievance systems improvements implemented in pilot markets

In progress

Type of issues and messages received

Global



427

Abuse of power and/or mobbing/bullying



404

Labour practices



245

Discrimination and harassment



42

Private-to-private bribery



622

Other allegations

Taking action on our goals: progress overview continued

Our commitment

4. Enhance a culture of integrity across the organisation

A strong culture of business ethics and integrity helps us to foster a culture of respect and continuously create shared value for our business and activities, as well as for our consumers, shareholders and communities. In 2019, we achieved our goal of making our corporate compliance toolkit available to all managers globally, helping them to lead on ensuring compliance. In addition, all new employees completed Code of Business Conduct training as part of the induction process. All employees complete refresher training every three to four years. This training covers ten key topics, including fraud, conflict of interest and harassment, and is regularly updated to reflect evolving challenges.

Our objectives

By 2019: Markets reinforcing compliance as a leadership responsibility based on a corporate toolkit for training managers on business integrity

Achieved

By 2020: A proactive review is conducted for our compliance activities and policies in light of our evolving product portfolio

In progress

Promoting compliance with our ethical standards

We leverage our compliance audit programme, CARE, to promote high ethical standards across our business. This covers topics including conditions of work and employment, business integrity, safety and health, environmental sustainability, security, and local communities. The programme was developed with the input of the DIHR, which provided guidance related to best practice on human rights. In 2019, we performed 198 audits in 362 locations through our CARE programme. The majority of the issues we observed related to conditions of employment, followed by business integrity and security. We identified 293 opportunity 'gaps' to improve and closed 125 in 2019 by resolving issues and improving working environments.

Type of gap	Conditions of work and employment	Business integrity	Safety and health	Environmental sustainability	Security	Local communities
Observation	75	23	18	6	16	6
Minor	64	25	6	3	25	2
Major	18	1	2	1	2	0
Critical	0	0	0	0	0	0
Total	157	49	26	10	43	8

- Minor – a control failure.
- Major – a compliance failure.
- Critical – an issue against human rights. These require immediate notification to the Nestlé Group Compliance Team.

Spotlight on the UK

We are collaborating with our suppliers to help ensure compliance with the Nestlé Responsible Sourcing Standard and address any health, safety or wellbeing issues. As a result, we have actively made a positive difference to the working lives of employees across these sites.

Suppliers in the Midlands

Prohibiting excessive working hours

Working excessive hours is not tolerated within Nestlé or our supply base. When one UK supplier's employees were found to be working over 60 hours per week, we supported the company in recruiting an extra team member. The supplier now regularly reports all its employees' worker hours to demonstrate compliance with our policy.



Suppliers in North West England

Collaborating to ensure workers receive overtime premiums

Paying workers a premium for working overtime is not required by law; however, Nestlé encourages our suppliers to pay workers an overtime premium. Our UK Responsible Sourcing Manager helped a key UK supplier to make this change, helping to ensure that their workers feel valued and are financially rewarded for their time.

Reimbursing employees for lost pay

We expect all our suppliers to pay at least the legal minimum wage, and ideally a living wage. We required a UK supplier discovered to be deducting 75p from each employee's weekly pay to stop this practice immediately, reimburse each person and return their earnings to legal levels.



Our Challenges & Looking Forward

Within our human rights commitments, we set ourselves some ambitious 2020 targets on modern slavery and human trafficking.

We are making good progress, with a strong governance structure, multi-faceted due diligence programme and robust policies ensuring human rights remain at the centre of our work. However, we recognise that there is still much to be done. To continuously raise our performance, we evaluate and strengthen our approach, taking account of evolving challenges. Our human rights training will now incorporate an in-person course, for example, to reach more employees.

We will also continue to promote responsible sourcing and collaborate with expert partners to deepen our understanding of human rights risks and best practice in eliminating modern slavery from our business and supply chains. Our focus will remain on protecting the most vulnerable, ensuring that their voices are heard and taking action to address their concerns.



Our priorities by 2020

Protecting workers and children:

Start reporting on the number of workers in agricultural supply chains that have benefited from our efforts on all salient labour rights issues.

Grievance mechanisms and remediation:

Grievance systems improvements implemented in pilot markets (achieved in 2019: Review grievance systems' effectiveness with internal and external stakeholders to define improvement opportunities).

Our culture of business ethics and integrity:

A proactive review is conducted for our compliance activities and policies in light of our evolving product portfolio.

Assess and address human rights impacts:

Train all Nestlé employees on human rights (having achieved putting a functioning governance structure in place in all markets that looks after human rights risks and opportunities in 2019).

“As a business with an unerring focus on human rights, we remain committed to working with our suppliers to prevent and address instances of modern slavery in our supply chain. We are proud of our work to date and humble in the face of the challenges ahead. I look forward to continued collaboration with our stakeholders on this journey to protect the rights and livelihoods of those who contribute to our business.”

David Hix

Nestlé UK Supply Chain Director



Nestlé Good Food, Good Life

We hope you find this reporting engaging and informative, and welcome your input and views. You can share them with our team at **update@uk.nestle.com**

For further information on our priorities, you can consult our Creating Shared Value Report 2019.

Nestlé UK & Ireland

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