

KnowTheChain: Questions regarding forced labour risks in your company's sugar cane supply chain

In answering these questions, **please indicate where your companies' policies and practices specifically apply to sugar cane sourcing or processing countries at risk of forced labour or human trafficking** such as Bolivia, Brazil, Dominican Republic, Guatemala, India, Malawi, Myanmar, and Pakistan¹ or other countries where you might have identified forced labour risks.

Please note the following questions focus on sourcing of sugar cane (not sugar beets). Where available, please include URLs to existing disclosure.

Please see below the response from Nestle in italic type.

Traceability:

- 1. Which countries does your company and/or your suppliers source sugar cane from (option to indicate percentage or volume of supply from each country)?**
- 2. What are the names and addresses of your company's sugar mills and/or sugar suppliers? Please indicate the nature of suppliers, e.g. traders or mills, and your relationship to them, e.g. direct owned or purchasing only (option to indicate workforce data you deem relevant, such as workforce composition or rate of unionisation).**

Responsible sourcing and traceability remain essential aspects to ensuring the integrity and sustainability of our supply chains and therefore business, which is why we have established targets for both responsible sourcing and traceability of all 12 priority global commodities including sugar.

Nestlé's sugar supply chain includes over 250 sugar suppliers from around the world, accounting for both the sugarcane and beet sugar supply.

Nestlé sources sugarcane from most of the world's sugarcane producing countries. As three of the top four largest sugarcane producers, Brazil, Mexico and India are priority sourcing locations for sugarcane purchased by Nestlé. Nestlé also sources sugarcane from other sugarcane producing countries including Argentina, Indonesia, Thailand, Philippines, Central America (e.g. Colombia, Dominican Republic), USA, and Australia.

Within our sugarcane supply chain, we work with suppliers of differing sizes, from small, local sugarcane suppliers and mills to large multinational traders. Globally, Copersucar, based in Brazil is one of Nestlé's largest sugarcane suppliers.

Responsible sourcing and traceability across our sugar supply chain vary by sourcing region, reflecting the stage of the responsible sourcing journey a country or supplier may be on. In order to ensure that we continue to make progress with securing the traceability of our sugar supply, we have targets in place.

For specific origins, we established traceability targets to at least the sugar mill in the following years:

- 2012/13: Brazil, Mexico and India;*
- 2014: Australia, Thailand and EU (sugarcane imports); and*

¹ Sugar sourced from Dominican Republic, Bolivia, Brazil, Myanmar, Pakistan has been identified as being at risk of forced labour by the [US Department of Labor](#). [Verite](#) has collected reports in forced child labour in Malawi, and debt bondage of sugar workers in India. [Coca-Cola](#) identified forced labour incidents at sugar farms and mills in Guatemala. For further information on forced labour risks in sugar sourcing, please see [Verite's Responsible Sourcing Tool](#).

- 2015: Indonesia, Malaysia, Central America and the USA.

2016 data on progress in meeting our traceability target for sugar is as follows:

- Traceability: 70% target – 59.6% actual (at least back to mill)

We continue to work on meeting and exceeding these targets, and regularly review progress on this. As part of this continued work, in May 2017 we launched our Labour Rights in Agricultural Supply Chains Roadmap, which outlines our ambitions and activities relating to addressing our most salient labour rights issues across Nestlé's 12 priority commodities and 11 countries that present known levels of higher labour risks.

As part of this work, for our sugar supply chain we have identified which countries present the greatest risks to rights holders, in terms of potential violations to labour rights including forced labour. For more information on this including the complete detailed roadmap, please visit the human rights pages of our global website.

Risk assessment:

- 1. How does your company assess risks related to forced labour in sugar cane sourcing at mill and farm level?**
- 2. What risks has your company identified, and what actions has your company taken to address these risks?**

We believe that it is important to focus not only on farmers, but also on the farm workers who provide permanent and casual labour, primarily at harvesting season, but often throughout the year on larger farms. Farm workers are often migrant labour who are frequently 'invisible' to traditional support programmes.

Our Rural Development Framework pays particular attention to vulnerable worker groups, especially seasonal, migrant women and non-family workers. We seek to improve conditions of employment and work and to eradicate forced labour, and we support non-discrimination and freedom of association.

In 2016, following a thorough internal and external consultation process, Nestlé identified 11 salient human rights issues, including forced labour. As with most of our salient human rights issues, the issue of forced labour was identified as being a salient risk particularly at supplier and farm (worker) level across our agricultural supply chains, including sugar.

Harvest periods in some sugar growing countries see large numbers of temporary migrant workers living and working in sugarcane-growing areas. In addition to the issue of forced labour, we have identified specific risks for sugarcane workers linked to access to safe and healthy working conditions, as well as the risk of child labour. Child labour, and its root causes, are also part of a wider set of issues involving forced and migrant labour.

We work with Proforest to assess our suppliers and map our sugar supply chain. So far, we have mapped the supply chains back to the sugar mills and their supply bases across a wide number of countries including Brazil, Mexico, India, Australia, Thailand and Central America. The assessment process includes exploratory and full site visits, analysis of traceability data and supplier workshops. Findings inform the development of strategies for mills to improve practices, implement changes and roll out appropriate training across their supply bases. Over 50 assessments have been carried out in sugarcane and sugar beet growing origins. These include site visits, checking of traceability and employment data, and supplier workshops.

In 2016, Proforest continued to carry out assessments for Nestlé including on child labour in the sugarcane supply chain.

Worker voice:

- 1. Grievance mechanisms: Does your company ensure workers on sugar farms and mills, as well as local stakeholders have access to effective grievance mechanisms? If yes, please explain what mechanisms are available for local stakeholders and workers in both owned and third party sugar farms and mills. Please also explain how you ensure those mechanisms fulfil the [effectiveness criteria under the UN Guiding Principles for Business & Human Rights](#), in particular how you ensure mechanisms are communicated to, as well as trusted and used by both formal and informal sugar farm and mill workers.**
- 2. Worker engagement and empowerment: How does your company ensure that workers at sugar farms and mills you source from are made aware of their rights, and empowered to exercise their rights (e.g. freedom of association or, where there are regulatory constraints to freedom of association, alternative means of organising)?**

Our external whistleblowing channel, Tell Us, is designed to give all external stakeholders, including our indirect upstream suppliers, the opportunity to report any possible internal and external non-compliance incidents against the Nestlé Corporate Business Principles. This system helps us to achieve our commitment to ensure that all stakeholders can easily report possible compliance violations.

Although Tell Us is run by Nestlé, it is controlled by an independent, external body and allows stakeholders to report non-compliances confidentially or to seek advice on our practices. We have communicated the availability of the tool to more than 5,000 global suppliers. Going forward, we will continue this roll-out across our value chain and reinforce awareness of the existence of confidential reporting lines across the organisation.

More information on grievance mechanisms can be found in our integrated human rights report in our Nestlé in Society: Creating Shared Value report 2016.

Monitoring / certification:

- 1. How does your company monitor the labour performance of its sugar suppliers / farmers?**
- 2. If you undertake sustainable sugar sourcing, how does the certification or verification programme consider forced labour risks at mill and farm level?**

Nestlé's Responsible Sourcing activities focus on 12 priority categories including sugar, and work across three strands:

- Farmer Connect: farmers and co-operatives from whom we buy materials directly,*
- Tier 1 suppliers: suppliers with whom we deal directly,*
- Sub-tier suppliers: who supply our suppliers and from whom we do not buy directly.*

The Nestlé Responsible Sourcing Guideline sets out the acceptable means of verification and what constitutes the definition of 'Responsibly Sourced'. Our Responsible Sourcing activities define ingredients against these two benchmarks:

- Responsibly Sourced: where places of origin are assessed against our RSG requirements and found to be compliant, or corrective action plans are developed or equivalent standards implemented, and*

- Traceable; where ingredients we buy are identified back to their places of origin, such as mill, plantation or farm.

Our responsible sourcing activities build on best practice ethical trading codes including the Ethical Trading Initiative (ETI) Base Code. The Tier 1 audits promote continuous improvement in line with the standards established in the Nestlé Supplier Code, and aims to guide our Tier 1 suppliers towards full compliance with the Nestlé Supplier Code, identifying areas where compliance is not yet achieved.

As with all 12 priority categories, we have responsible sourcing and traceability targets in place for sugar. 2016 data on progress in meeting our responsible sourcing target for sugar (traceability data previously presented at the start of this document) is as follows:

- Responsible sourcing: 60% target - 46% actual

We work with independent verification and assessment partners across different levels of the supply chain to monitor human rights and labour performance across our supply chain. This is outlined below:

Our human rights monitoring mechanisms

	Policies	Programme	Monitoring mechanisms		Partners
			Audits/assessment	Grievance mechanisms	
Nestlé facilities	Corporate Business Principles Human rights-related policies	CARE Programme Nestlé Group Audit (NGA) Programme	CARE audits NGA audits	Integrity Reporting System	Danish Institute for Human Rights (DIHR) SGS Intertek Bureau Veritas
Tier 1 suppliers	Nestlé Supplier Code	Responsible Sourcing Audit Programme	Sedex Members Ethical Trade Audits (SMETA) 4-Pillar	‘Tell us’	DIHR SGS Intertek Bureau Veritas
Upstream suppliers	Responsible Sourcing Guideline	Responsible Sourcing Traceability Programme	Responsible Sourcing Guideline		

For our upstream sugar supply chain, we work with Proforest to assess our suppliers, and work to support continuous improvement through individual action plans. All verification and certification assessments include specific consideration for forced labour. In some circumstances, Nestlé accepts Bonsucro certification as verification of compliance for the production of sugarcane.

Remedy:

1. What steps does your company take to ensure workers are fairly compensated and provided remedy when labour abuses have been identified (e.g. during the recruitment process of workers, at farm level or mill level)?
2. Please provide examples of outcomes of this remedy process (e.g. support reintegration of victims in the labour market).

Working with Proforest, we have been supporting mills to address child labour where it has been identified as an issue. It is important that mills develop their own programmes, which they can implement in their specific supply base. Proforest provides the technical support to assess the robustness of the plans and then independently verifies in the field whether or not they are being implemented effectively.

Additional information

Please provide any further information regarding your company's activities on forced labour risks in sugar sourcing or your supply chain structure which you think is relevant (e.g. related to local stakeholder engagement, recruitment, supplier training or purchasing practices). Country specific examples are welcome, e.g. in the example of Brazil, participating in initiatives like [Brazil's National Pact to Eradicate Slave Labour](#), or ensuring not to source from companies on [Brazil's Transparency List on Contemporary Slave Labour](#).

Many of the workers in the sugarcane industry in Mexico are migrant workers from poor areas, including children. Since 2015, Nestlé has been working with Proforest to tackle this issue with Tier 1 supplier (mill), La Gloria.

As part of this work, we have implemented a number of checks, including ID inspections, to avoid children entering field work, or people working improperly with chemicals. We also worked with La Gloria to develop policies stating that it was not appropriate or permissible to employ children in harvesting, and in particular, the cutting of sugar cane. These policies were shared with the cabos, the leaders of the cutting teams who were responsible for hiring workers. Nestlé then trained the cabos in what was expected of them, and made sure that they understood the relevant law and sanctions relating to employing children. Following this training, the mill subsequently monitored the cabos to ensure the policies were followed. The number of children employed at the mill has since fallen significantly, and our expectation is that within three years, child labour will have been eliminated at La Gloria.

Sources:

- Responsible Sugar sourcing: <http://www.nestle.com/asset-library/documents/creating-shared-value/responsible-sourcing/sugar-progress-report.pdf>
- Responsible sourcing – sugar: <http://www.nestle.com/csv/rural-development-responsible-sourcing/responsible-sourcing/sugar>
- CSR Report 2014: http://www.nestle.com/asset-library/documents/library/documents/corporate_social_responsibility/nestle-csv-full-report-2014-en.pdf
- CSR Report 2016: http://www.nestle.com/asset-library/documents/library/documents/corporate_social_responsibility/nestle-csv-full-report-2016-en.pdf
- 2016 KnowTheChain research and questionnaire
- Modern Slavery and Human Trafficking Report 2016: http://www.nestle.co.uk/asset-library/documents/39506_nestle_mod-slave-act_ab_30sep.pdf