



Company Engagement Questions:

KnowTheChain Food & Beverage benchmark

Companies can use these questions to provide additional information relevant to KnowTheChain's benchmarking of companies' commitments and programs targeted at addressing human trafficking and forced labor in the supply chain.

Please note that answers to these questions will be made publicly available on the [website of Business & Human Rights Resource Centre \(BHRRC\)](#), one of the partners in KnowTheChain. The project will maintain a strict standard of only including information provided via a company's public website or BHRRC's website in the evaluation.

Please send your answers to Felicitas Weber, KnowTheChain Project Lead: weber@business-humanrights.org, with a cc to Megan Wallingford, Senior Advisor, Advisory Services, Sustainalytics: megan.wallingford@sustainalytics.com.

We encourage companies to answer as many of the questions as possible. You may wish to focus particularly on those for which your company currently does not have information available on its website. We particularly welcome disclosure on evidence of implementation of policies and processes related to addressing forced labor, such as specific examples of outcomes or an analysis of trends in progress made.

Name of company: Nestlé

Name of respondent: Yann Wyss

Position of respondent: Human Rights Manager

Respondent's contact information (email): yann.wyss@nestle.com

Note: For companies with vertically integrated supply chains, any reference to 'suppliers' in the following questions includes manufacturing and production sites owned by the company.

Documents

1. Please share links to any policy statements, reports, or other documents that you would like to be taken into account in a review of your company's approach to managing forced labor risks in the supply chain.

Note: You may be aware that the [Corporate Human Rights Benchmark \(CHRB\)](#) is analyzing companies' broader human rights policies and performance. Where the KnowTheChain benchmark indicators are related to [indicators of the CHRB](#), this is indicated under each engagement question.

We welcome that some companies have disclosed information on their human rights policies and practices for the [Corporate Human Rights Benchmark \(CHRB\)](#). Where companies have disclosed information on specific CHRB indicators, as well as any links available from the

company website, these will be considered in the KnowTheChain analysis. Third party information and links to third parties' websites will not be considered.

Commitment and governance

Awareness and commitment

2. Has your company made a formal commitment (e.g. adopted a policy) to address human trafficking and forced labor? Please include a link to the commitment.

Related to indicator A.1.2 of the CHRB

Nestlé is against all forms of human rights violations, including labour rights violations, and is committed to developing and conducting its business in a way that complies with all applicable national laws and international human rights standards.

We are committed to respecting human rights, including labour rights in our entire supply chain, and we require our suppliers to operate accordingly and similarly respect all human rights, including labour rights, throughout their supply chains. This is explicitly stated in the “Nestlé Commitment on Labour Rights in Agricultural Supply Chains (Appendix to The Nestlé Supplier Code, see below), which specifically addresses the issue of forced labour:

http://www.nestle.com/asset-library/documents/library/documents/corporate_social_responsibility/nestle-commitment-labour-rights-agricultural-supply-chains.pdf

In addition, forced labour has been identified as a salient human rights issue for Nestlé according to the definition provided by the UN Guiding Principles on Business and Human Rights Reporting Framework: http://www.nestle.com/asset-library/documents/library/documents/corporate_social_responsibility/nestle-csv-full-report-2015-en.pdf (p.227-228).

Now that these salient human rights issues have been identified, we have publicly committed to, by 2016, “develop action plans and targets for each human rights risk identified as salient (Freedom of association and collective bargaining; Working time; Workers’ accommodation and access to basic services; Safety and health; Living wage; Data protection and privacy; Child labour; Forced labour; Land acquisition; Access to water and sanitation; Access to grievance mechanisms): http://www.nestle.com/asset-library/documents/library/documents/corporate_social_responsibility/nestle-csv-full-report-2015-en.pdf (p.227).

Supply chain standards

3. Does your company have a supply chain standard that requires suppliers to uphold workers' fundamental rights and freedoms, including the elimination of forced labor? Please include a link to the standard, and provide information on how frequently the standard is updated.

Related to indicator A.1.2 of the CHRB

The Nestlé Supplier Code sits at the heart of every business relationship with our suppliers. This document reflects our commitment to conducting our business activities in full compliance with applicable laws, and to being guided by integrity and honesty. It sets out the non-negotiable minimum standards and best practices that we require our suppliers and their own suppliers – right down to the individual farm level – to respect and adhere to when doing business with us. The document is available at: <https://www.nestle.com/asset->

[library/documents/library/documents/suppliers/supplier-code-english.pdf](http://www.nestle.com/asset-library/documents/library/documents/suppliers/supplier-code-english.pdf). It was last updated in December 2013 and it is planned to be updated next in 2017.

The Nestlé Responsible Sourcing Guideline (RSG), which complements the Nestlé Supplier Code, is applicable at all stages of the upstream value chain back to the primary production level: http://www.nestle.com/asset-library/documents/library/documents/corporate_social_responsibility/nestle-responsible-sourcing-guidelines.pdf.

The Guideline helps our suppliers improve practices as they are expected to engage in a process of continuous improvement, with Nestlé's support; conduct their business with Nestlé in an open and transparent way; and continuously monitor and verify their performance and progress, complying with independent assessments where necessary. The RSG were last updated in September 2014; the next update is planned for 2017.

Management

4. Who within your company is responsible for the implementation of your company's supply chain policies and standards relevant to human trafficking and forced labor? Please indicate the committee, team or officer, and describe the scope of their responsibility and how they interact with other internal teams, groups or departments

Related to indicator B.1.1 of the CHRB

The Responsible Sourcing team is in charge of the implementation of Nestlé's supply chain policies and standards relevant to human trafficking and forced labour. The Head of the Responsible Sourcing team reports directly to the Head of Procurement, who in turn reports to the Head of Operations (member of the Executive Board).

In addition, Supply Committees review progress and provide strategic direction for the 12 commodities that we have identified as priorities in the Nestlé Responsible Sourcing Programme: http://www.nestle.com/asset-library/documents/library/documents/corporate_social_responsibility/nestle-csv-full-report-2015-en.pdf (p.105). Supply Committees gather representatives from the Responsible Sourcing team, Strategic Business Units and Zones Management.

Forced labour as a whole (identification of risks across business activities, specific issues related to countries or commodities, reporting requirements, legal trends, etc.) is also discussed as part of the Issues Round Table (chaired by the Head of Operations, member of the Executive Board), Group Compliance Committee (chaired by the Head of Corporate Governance, Compliance and Corporate Services, member of the Executive Board) and the Human Rights Working Group (chaired by the Head of Global Public Affairs and the Head of Employee Relations). For more information about our overall internal governance structure on human rights, please see: http://www.nestle.com/asset-library/documents/library/documents/corporate_social_responsibility/nestle-csv-full-report-2015-en.pdf (p.236).

Training

5. Does your company conduct training programs for internal decision-makers and suppliers' management teams on risks, policies and standards related to human trafficking and forced labor (this may include training on elements such as passport retention, payment of wages, and vulnerable groups such as migrant workers)? Please describe.

Related to indicator B.1.5 (internal training) and B.1.7 (training of suppliers) of the CHRB

At the corporate level, we seek to raise the awareness and the skills of our employees in order to make their work-related decisions and actions aligned with human rights. We have thus developed and rolled out a human rights training tool in high-risk countries (as defined by FTSE4Good based on information and data provided by Freedom House, Amnesty International and Human Rights Watch). The objectives of this training is to make all employees aware of the company's position regarding human rights and inform them about the relevant Nestlé policies and procedures; share with them good practice examples based on our experience in this area; and make them think – individually and collectively – about human rights issues, challenges and opportunities in their own work environment.

Since the launch of our online human rights training tool in 2011, 72,778 (27.71%) employees in 66 countries have been trained. Direct engagement with the relevant departments allows us to tailor human rights training to the specific issues they face in their daily activities:

http://www.nestle.com/asset-library/documents/library/documents/corporate_social_responsibility/nestle-csv-full-report-2015-en.pdf (p.233).

We also share knowledge and information with our field staff, providing education and training on a wide range of social and sustainability issues, including human rights and labour rights.

Stakeholder engagement

6. In the last three years, has your company engaged on human trafficking and forced labor, especially as it relates to the supply chain a) with local stakeholders such as NGOs, trade unions or policy makers or b) in multi-stakeholder initiatives? Please describe with whom your company has engaged, the purpose of the engagement and how it relates to forced labor and human trafficking in the supply chain, and your company's role and level of engagement.

Related to indicator A.1.4 of the CHRB

We engage with global and local stakeholders on the issue of forced labour at different levels:

- **At the global level:** As part of the Nestlé Stakeholder Convenings that we held twice a year, we organize a human rights breakout with human rights experts to talk about the progress made as part of our Human Rights Due Diligence Programme and to discuss specific issues. Forced labour (particularly the situation in Thailand in seafood sector) has been particularly discussed during the last two Convenings (Washington, D.C., December 2015 and Geneva, March 2016).
- **At the local level:** As part of our overall Human Rights Due Diligence Programme, together with the Danish Institute for Human Rights, we carry our human rights impact assessments in high-risk countries. External stakeholder engagement is an integral part of the assessment process (see "[Talking the Human Rights Walk: Nestlé's Experience Assessing Human Rights Impacts in its Business Activities](#)"). Forced labour has been

systematically discussed with local stakeholders in countries where this issue has been assessed as high.

- **At the multi-stakeholder level:**

- **Fair Labor Association (FLA):** As an FLA affiliated company we regularly discuss the issue of forced labour as part of the audits that the FLA carries out in our cocoa and hazelnuts supply chains and as part of our participation in the FLA Board meetings.
- **UN Global Compact (UNGC):** We are a member of the UNGC Human Rights Working Group as well as the UNGC Supply Chain Advisory Group where we regularly discuss about issues that are directly or indirectly linked to forced labour.
- **Consumer Goods Forum (CGF):** As part of the CGF's new Sustainability Steering Committee, we actively promoted a resolution on forced labour that is aligned with the UN Guiding Principles and clearly recognized the importance of working closely with other industries, with governments and with civil society (see <http://www.theconsumergoodsforum.com/strategic-focus/social-sustainability/our-social-sustainability-work> for more).

Traceability and risk assessment

Traceability

7. Please describe your company's supply chain tracing processes.

Does your company publicly disclose a) the names and locations of first-tier suppliers, and b) some information on suppliers beyond the first tier? If yes, please provide a URL.

Related to indicator D.1.3 of the CHRB

Responsible sourcing, which includes tracing our supply chain, is an essential part of ensuring a sustainable future for our business. More details about traceability in our supply chains is available at http://www.nestle.com/asset-library/documents/library/documents/corporate_social_responsibility/nestle-csv-full-report-2015-en.pdf (p.105, Responsible sourcing through our procurement activities). This process includes auditing our direct suppliers, work with them to map the upstream supply chain back to origin and assess the implementation of our RSG on farms and plantations, and identify any issues that exist. We see responsible sourcing as an investment in our future and in the futures of the farmers and producers on whom we depend for the ingredients in our foods and beverages. It requires continuous improvement, and all parties in the supply chain are responsible for addressing economic, social and environmental issues that can affect supply, livelihoods and sustainability.

Risk assessment

8. Please describe your companies' risk assessment processes. Please include specific examples of when your company has conducted forced labor risk or impact assessments focused on a particular commodity, region or group (e.g. migrant workers in a specific context), as well as the forced labor risks identified through these risk assessment processes (e.g. high risk commodities or high risk sourcing countries).

For examples of commodities where forced labor risks have been identified - such as tomatoes from Italy, rice from India or strawberries from the United States - see Verite (2016) – “[Strengthening protections Against Trafficking in Persons in Federal and Corporate Supply Chains Research on Risk in 43 Commodities Worldwide](#)”.

Purchasing practices

Purchasing practices

9. Does your company make an effort to avoid purchasing practices that increase the risk of human trafficking and forced labor in the supply chain (e.g. short-term contracts, excessive downward pressure on pricing, sudden changes of workload?) Please elaborate.

Related to indicator D.1.2 of the CHRB

Nestlé Responsible Sourcing policies set out practices for buyers. Such practices include, for example, the evaluation of supplier's profitability to ensure a 7% EBITDA model can be sustained. Preference is not systematically given to lowest cost supplier and our competitive bidding process include nonnegotiable requirements in regards to responsible production practices.

Supplier selection

10. Does your company assess risks of forced labor at potential suppliers prior to entering into contracts with them (this may include aspects such as passport retention and payment of wages)? Please describe.

Related to indicator B.1.7 of the CHRB

Yes a risk assessment evaluation is done by a 3rd party organization called Ecovadis, which benchmarks suppliers' name and business in a database of NGO, unions, and newspaper articles.

11. How does your company take into consideration the capacity of suppliers to meet fluctuating demands (to reduce the risk of undeclared subcontracting)?

Nestlé Technical Assessment of Supplier [NTAS] capabilities survey this risk and define a production threshold (demand) that shall not be met.

12. Does your company integrate its supply chain standards addressing forced labor and human trafficking into supplier contracts?

Related to indicator B.1.4.b of the CHRB

The Nestlé Supplier Code, which includes a full, dedicated section on forced labour (see above), is attached to all the contracts we sign with suppliers. If suppliers' requirements are equivalent to the ones in our Supplier Code, a memorandum of understanding recognizing the equivalence of the two documents is signed with suppliers.

Cascading standards

13. Does your company have a process to cascade standards on forced labor down the supply chain (e.g. requiring first-tier suppliers to ensure that their own suppliers implement standards that are in line with the company's standards)? Please describe.

Related to indicator A.1.2 of the CHRB

The Nestlé Supplier Code includes the following provision: “We, the undersigned hereby confirm that: [...] We will inform all of our employees/ sub-contractors of the content of the Nestlé Supplier Code, and that we will ensure that they also comply with the provisions incorporated therein” (<https://www.nestle.com/asset-library/documents/library/documents/suppliers/supplier-code-english.pdf>, p. 7, Supplier’s acknowledgement).

Recruitment

Recruitment approach

14. Please describe your company's recruitment approach, including a) whether your company requires recruitment agencies in its supply chain to uphold workers' rights (this may include aspects such as written contracts, access to passports, and regular payment of wages), b) whether it has a policy on direct employment (i.e. a policy prohibiting suppliers in its supply chain from using recruitment agencies), and c) whether it requires suppliers to disclose to the company the recruiters that they use.

Related to indicator D.1.5.b of the CHRB

- a) The Nestlé Supplier Code that includes a full, dedicated section on forced labour (see above) applies to companies that we buy goods and services from, including recruitment agencies.
- b) We do not have a policy on direct employment but according to our Supplier Code (see <https://www.nestle.com/asset-library/documents/library/documents/suppliers/supplier-code-english.pdf>, “Supplier’s Acknowledgement” section), we would expect that our suppliers apply the same requirements to their employees/subcontractors
- c) We do not require suppliers to disclose to the company the recruiters that they use.

Recruitment fees

15. Please describe your company’s approach to recruitment fees in the supply chain, including whether your company requires that no fees be charged to supply chain workers during recruitment processes, and whether and how your company ensures that fees paid by workers are reimbursed.

Related to indicator D.1.5.b of the CHRB

Nestlé requires no fees to be charged to supply chain workers, as defined in our Nestlé Supplier Code stipulating good practices to be applied *“In the case of employment through third party labour agencies the Supplier shall comply with Convention No. 181 of the International Labour Organization on Private Employment Agencies.”*

Recruitment audits

16. Does your company audit recruiters used in its supply chain, to assess risks of forced labor and human trafficking, and/or require suppliers to audit their recruiters?

For further information, see Verité – [Fair Hiring Toolkit. Conducting Interviews with Labor Recruiters](#).

The Nestlé Supplier Code that includes a full, dedicated section on forced labour (see above) applies to companies that we buy goods and services from, including recruitment agencies. Therefore, recruitment agencies are part of our Responsible Sourcing Programme and are

audits against the Sedex Members Ethical Tradit Audit (SMETA) protocol.
(<http://www.sedexglobal.com/wp-content/uploads/2014/11/1b.-Publicly-availability-SMETA-Measurement-Criteria-4-Pillar-5.0.pdf>)

Worker voice

Communication of policies to workers

17. Please describe how your company communicates its human trafficking and forced labor related policies and standards to workers in its supply chain, and whether your company makes its policies and standards available in the languages of suppliers' workers (including migrant workers).

Related to indicator B.1.4.b of the CHRB

The Nestlé Supplier Code includes the following provision: “We, the undersigned hereby confirm that: [...] We will inform all of our employees/ sub-contractors of the content of the Nestlé Supplier Code, and that we will ensure that they also comply with the provisions incorporated therein” (<https://www.nestle.com/asset-library/documents/library/documents/suppliers/supplier-code-english.pdf>, p. 7, Supplier’s acknowledgement).

The Nestlé Supplier Code has been translated into 26 languages:
<http://www.nestle.com/aboutus/suppliers>

In addition, awareness-raising materials (leaflets, posters, videos, etc.) have been developed in local languages to raise local stakeholders’ (farmers, farm workers, community members, etc.) awareness, according to the level of development (illiteracy, etc.) and cultural context of the region. See for example the illustrated Supplier Code developed for hazelnuts in Turkey:
<http://www.nestle.com/asset-library/documents/creating-shared-value/responsible-sourcing/hazelnut-progress-report-may-2015.pdf>

Worker voice

18. Please describe how your company engages with workers in its supply chain on labor related issues and rights outside of the context of the factories/farms in which they work? (whether directly or in partnership with stakeholders).

[Example available here](#)

Related to indicator B.1.8 of the CHRB

Nestlé partners with The Forest Trust, Proforest, Verité, World Animal Protection and other expert organisations to carry out community engagement and interviews to assess the potential impact of the farm or factory operations present in Nestlé Supply Chains. As an example, the Verité report on seafood highlights root causes of human trafficking that have been identified through community engagement and empowerment activities at the village level.

Worker empowerment

19. Please explain how your company encourages its suppliers to ensure workplace environments where workers are able to organize, including through alternative forms of organizing, where there are regulatory constraints on freedom of association.

For additional information on worker empowerment, see context in [“Responding to Challenges of Freedom of Association” chapter of Ethical Trading Initiative’s practical guide on “Freedom of Association in Company Supply Chains”](#), and related company example on page 35

Related to indicator D.1.6.b of the CHRB

The Sedex Members Ethical Trade Audit (SMETA) protocol that we use for all our tier-1 suppliers includes guidance to auditors on such situations (see for example section “Freedom of association: Current systems and evidence examined”: <http://www.sedexglobal.com/wp-content/uploads/2014/11/1b.-Publicly-availability-SMETA-Measurement-Criteria-4-Pillar-5.0.pdf>, p. 58)

Grievance mechanism

20. Please describe your company's grievance mechanism, and clearly indicate whether it is available to workers in the supply chain, and how it is communicated to workers in the supply chain. Please also note whether you require your suppliers to establish a grievance mechanism, and to convey the same expectation to their suppliers.

Related to indicator C.1 and C.5 of the CHRB

See Nestlé Supplier Code: <https://www.nestle.com/asset-library/documents/library/documents/suppliers/supplier-code-english.pdf>

- “Grievance mechanisms” (p.6)
- “Next steps: I. Reporting violations” (p.6)

Monitoring

Auditing process

21. Please describe your company’s supplier auditing process including whether the process includes a) scheduled and non-scheduled visits, b) a review of relevant documents (documents may include wage slips, information on labor recruiters, contracts, etc.)ⁱ, and c) interviews with workers.

For further details on document reviews see Verite – [Fair Hiring Toolkit. Conducting a Review of Documentation](#).

Related to indicator B.1.6 of the CHRB

See “Responsible sourcing through our procurement activities”, http://www.nestle.com/asset-library/documents/library/documents/corporate_social_responsibility/nestle-csv-full-report-2015-en.pdf (p.105).

Audit disclosure

22. Does your company disclose
- a) the percentage of suppliers audited annually
 - b) the percentage of unannounced audits
 - c) information on who carried out the audits (this may include further information on the expertise of auditors such as relevant certifications, in cases where third-party audits are used, the names of the auditors, and in cases where internal auditors are used, details on department/team/group within which the auditor(s) sits), and
 - d) a summary of findings, including details of any violations revealed?

Please provide a URL with the relevant information.

Related to indicator B.1.6 of the CHRB

- a) See, “The results”: http://www.nestle.com/asset-library/documents/library/documents/corporate_social_responsibility/nestle-csv-full-report-2015-en.pdf (p.108) + volumes (percentage and total) of commodities that are traceable and responsibly sourced in the following pages
- b) No
- c) See, “Our human rights monitoring mechanisms”: http://www.nestle.com/asset-library/documents/library/documents/corporate_social_responsibility/nestle-csv-full-report-2015-en.pdf (p.237).
- d) See “The results”: http://www.nestle.com/asset-library/documents/library/documents/corporate_social_responsibility/nestle-csv-full-report-2015-en.pdf (p.108) + majors findings for our 12 priority commodities in the following pages

Remedy

Corrective action plans

23. Does your company have a process for creating corrective action plans when violations are discovered through an auditing process? Please describe this process and the elements of a corrective action plan.

Related to indicator B.1.6 of the CHRB

See, “The results”: http://www.nestle.com/asset-library/documents/library/documents/corporate_social_responsibility/nestle-csv-full-report-2015-en.pdf (p.108).

Remedy

24. Does your company have a process to provide remedy to workers in its supply chain in cases where violations are discovered, including for responding to instances of forced labor and human trafficking? If yes, please provide examples of outcomes.

Related to indicator C.7 of the CHRB

See:

- Assessment from Verité “Recruitment Practices and Migrant Labor Conditions in Nestlé’s Thai Supply Chain: An Examination of Forced Labour and other Human Rights Risks Endemic to the Thai Seafood Sector” (accessible through our corporate website: <http://www.nestle.com/csv/rural-development-responsible-sourcing/responsible-sourcing> or directly: http://www.verite.org/sites/default/files/images/NestleReport-ThaiShrimp_prepared-by-Verite.pdf)
- “Responsible Sourcing of Seafood – Thailand: Action plan 2015-2016”: http://www.nestle.com/asset-library/documents/library/documents/corporate_social_responsibility/nestle-seafood-action-plan-thailand-2015-2016.pdf
- “Action Plan to Tackle Seafood Supply Chain Abuses: Update, 23 March 2016”: <http://www.nestle.com/asset-library/documents/media/news-feed/thai-seafood-update-23march2016.pdf>

