



Nestlé Good food, Good life

Modern Slavery and Human Trafficking Report 2020





Nestlé Modern Slavery and Human Trafficking Report 2020

About this statement

This document serves as a statement complying with the [Modern Slavery Act 2018](#) in Australia and the [Modern Slavery Act 2015](#) in the UK. It covers the structure, operations and supply chain of the Nestlé business in Australia and the UK for the period ending on December 31, 2020.

Nestlé in Australia ('Nestlé Australia') comprises Nestlé Australia Ltd, a wholly owned subsidiary of Nestlé S.A., and a number of subsidiaries: Uncle Tobys Foods Pty Ltd, The Uncle Tobys Company Pty Ltd, Supercoat Holdings Australia Ltd, Supercoat Feeds Pty Ltd, Supercoat Petcare Pty Ltd and Vitaflo Australia Pty Ltd. All these subsidiaries except Vitaflo Australia Pty Ltd are inactive, and none of them are reporting entities for the purposes of the Modern Slavery Act 2018.

Nestlé in the UK ('Nestlé UK') is comprised of Nestlé UK Ltd, a wholly owned subsidiary of Nestlé S.A., in addition to a number of [sister companies and joint ventures](#).

In addition to its consolidated operations, Nestlé has a 50 per cent interest in the Cereal Partners Worldwide joint venture with General Mills, which competes in the ready-to-eat cereal category in markets outside North America.

Globally, Nestlé has policies and processes in place relating to modern slavery and human rights in our operations and supply chains that cover both Nestlé Australia and Nestlé UK. These policies are promulgated by and on behalf of Nestlé S.A., which is the principal governing entity of the Nestlé group of companies, of which Nestlé Australia and Nestlé UK are part, and the entities within the group operate on a consultative basis. In addition, Nestlé Australia and Nestlé UK have many shared suppliers due to the nature of Nestlé's Procurement structure. For this reason, this document provides a consolidated description of the actions of Nestlé to assess and address modern slavery risks.

The process of preparing this statement involved the participation of a wide range of internal stakeholders across Nestlé. It has been approved by directors of the relevant reporting entities.

Contents

Introduction	3
Our structure, operations and supply chains	4
Our approach	5
Human rights risk mitigation across the global supply chain	10
Responsible sourcing in 2020	12
Taking action on our goals: progress overview	18
The impacts of COVID-19	22
Looking ahead	23



Introduction

Modern slavery is a tragic reality for an estimated 45.8 million people, with many victims deceived or coerced into situations where they are exploited.

Modern Slavery extends to forced labour, child labour, withholding workers' passports and trafficking. These practices are unacceptable and heartbreaking, and have no place in the world.

For Nestlé, all aspects of modern slavery go against our core value of respect, and against our fundamental commitment to respecting human rights.

As any other company, we have a responsibility to respect the rights of the people working in our organisation and throughout our global supply chains, and to ensure the most vulnerable are protected from exploitation. As the world's largest food and beverage manufacturer, we want to be exemplary in this area. Our ability to safeguard against the risk of modern slavery is integral to our future success and to the wellbeing of workers.

Nestlé began the journey to raise our human rights performance in 2008 when we started working with The Danish Institute for Human Rights (DIHR) to strengthen our approach. We have integrated human rights awareness into the core of our work practices, increased our understanding of the most relevant and serious risks to our business, and developed robust policies, practices and assessment procedures. ([For a timeline of this journey click here](#)).

During 2020 our work towards more responsible agricultural supply chains globally was acknowledged by KnowTheChain, which ranked Nestlé third out of 42 companies and highlighted our leadership in transparency. We also received an assessment from the Corporate Human Rights Benchmark (CHRB), with a top-six score of 20.5 out of 26.

We launched a new internal Human Rights Community, to continue to embed human rights into our business activities by bringing together those employees who represent the functions that manage human rights to oversee implementation of the Nestlé Human Rights Due Diligence program. In 2020, the Community helped us strengthen and clarify our governance structure and develop a new Human Rights Framework and

Roadmap that will be published in 2021. You can read more in our [Creating Shared Value](#) report and on our [Nestlé website](#).

In 2020 we were able to positively impact the lives of more than 73,000 workers through our [labour rights activities](#). In total, more than 127,000 children have now been protected against the risk of child labour through support such as income generating activities, bridging classes, school kits and school renovation and building, via a range of projects which commenced as far back as 2012.

But there is still work to be done. The need was evident in 2020, as the COVID-19 pandemic has exacerbated some vulnerabilities facing workers. It has had an enormous impact on lives, livelihoods, economies and societies around the world, and has highlighted some of the complex challenges and fragilities of global supply chains. To us, it underscored just how important and urgent our work is.

We remain committed to playing our part to help end modern slavery and will continue 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 January 2020 to December 2020.

Our structure, operations and supply chains

The Nestlé business spans a diverse range of products, from healthcare nutrition to breakfast cereal, coffee to catering products, confectionery to beverages. Our products are distributed and consumed in 186 countries around the world.

Behind this, as the world's largest food and beverage manufacturer, Nestlé employs around 270,000 people in 120 countries, and operates 376 factories in 81 countries.

While we operate in geographic markets, such as Nestlé UK & Ireland and Nestlé Oceania (which cover Nestlé UK and Nestlé Australia respectively), and manufacture many of our products within that local market, Nestlé products may also be manufactured in Nestlé factories outside the market, or in some instances, by third-party manufacturers outside of Nestlé.

Globally, Nestlé works with 165,000 direct suppliers, also known as Tier 1 suppliers, in order to manufacture our products, including sourcing directly from 626,700 smallholder farmers who supply us with key ingredients through our [Farmer Connect](#) program.

In Australia, key Nestlé brands include *KitKat*, *Allen's*, *Uncle Tobys*, *Nescafé*, *Nespresso*, *Maggi*, *Purina*, *NAN*, *Milo* and *Starbucks*. At the end of 2020, we employed over 4000 people across a range of locations including seven factories, three offices, two distribution centres and a network of boutiques. As well, we partner with a range of third-party manufacturers in Australia.

In the UK & Ireland, key Nestlé brands include *KitKat*, *Aero*, *Nescafé* and *Nescafé Dolce Gusto*, *Nespresso*, *San Pellegrino*, *Purina*, *Carnation*, *SMA infant nutrition*, *Maggi* and *Starbucks*. At the end of 2020, Nestlé UK & Ireland employed 8,000 staff across 20 sites.



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 and so on.



Globally, Nestlé works with
165,000
direct suppliers



Sourced directly from
626,700
smallholder farmers

Our approach

Creating Shared Value

Creating Shared Value is fundamental to the way Nestlé does business. We can only be successful in the long term by creating value both for our shareholders and society.

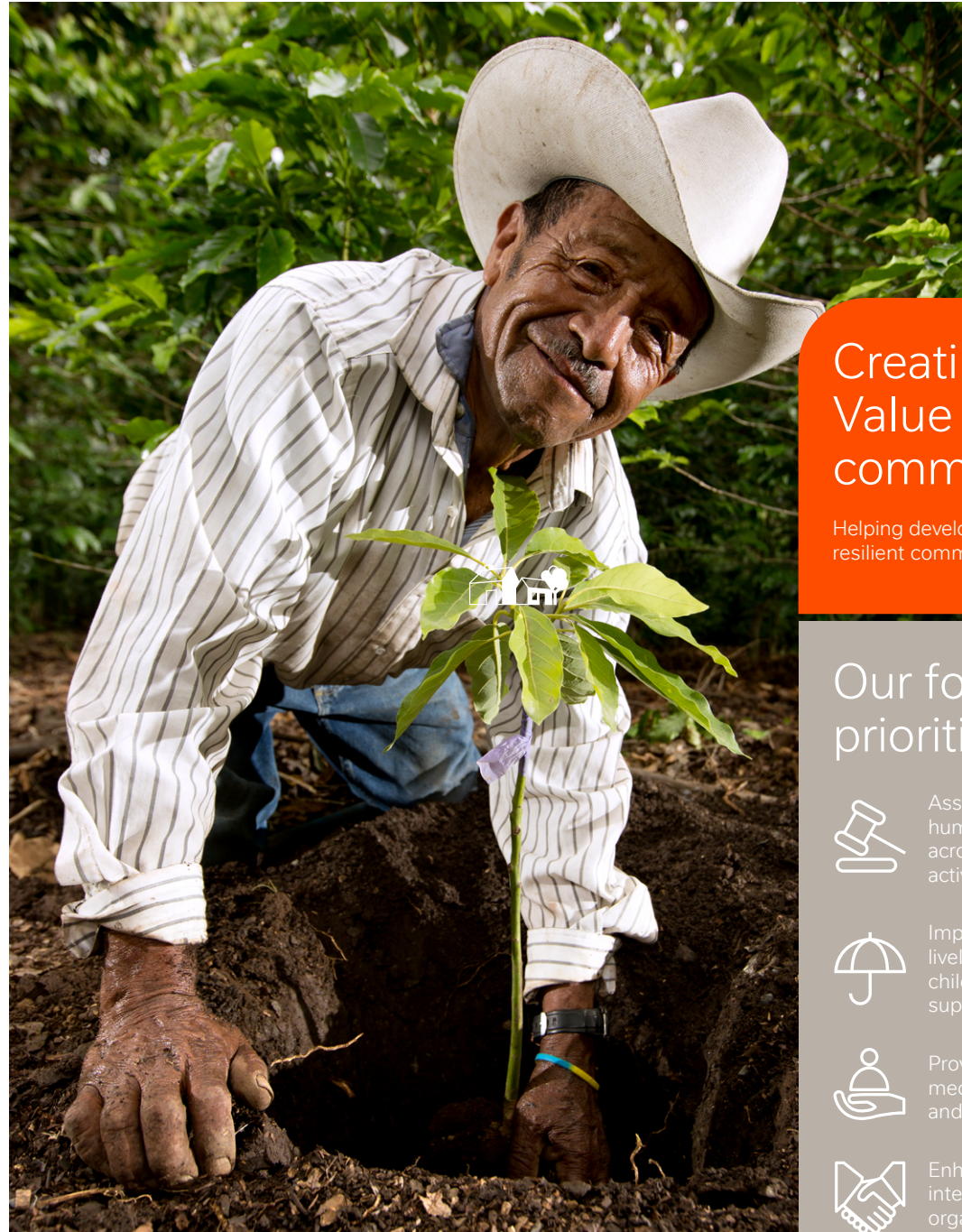
Our strategy will help us navigate the challenges of producing more food sustainably to nourish the growing global population to fulfil our vision of being a 'Good food, Good life' company.

Creating Shared Value is about focusing energy and resources where we can make the greatest positive impact.

In 2020, we set new commitments to address climate change, pledging to halve greenhouse gas emissions by 2030 on the journey to net zero emissions by 2050. We published a detailed roadmap outlining our areas of focus and setting out tangible, time-bound milestones. People will be at the heart of our actions, and we strive to ensure that our initiatives promote a just transition towards a regenerative food system for all.

We also have a major ambition 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 by building resilient, stable and sustainable supply chains where the rights of workers, their families and communities are protected.

As we do this, we will continuously seek to improve our human rights performance, collaborate with experts to deepen our understanding, address evolving challenges, and maximise our positive impact.



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



Our approach (continued)

We take a strategic, comprehensive and unified approach to assessing and addressing human rights impacts across all our business activities.

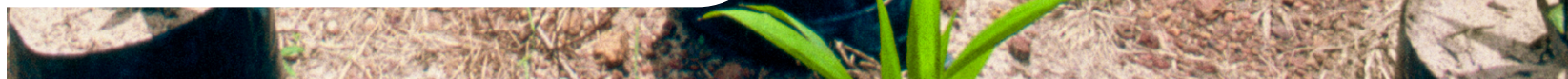
Managing our human rights issues

Nestlé was an early adopter of the [UN Guiding Principles on Business and Human Rights](#) (UNGPs), which clarify the State duty to protect human rights, the corporate responsibility to respect them and the rights of victims of human rights abuses to access effective remedies. The UNGPs have helped us develop a structured approach to our human rights performance across our business activities globally.

In addition, we comply with all relevant human rights legislation, and respect international guidelines and standards, including the Organisation For Economic Co-operation and Development (OECD) [Due Diligence Guidance for Responsible Business Conduct](#) and the [International Labour Organisation's \(ILO\) Fundamental Conventions](#). Our work on respecting and promoting human rights contributes to the [United Nations Sustainable Development Goals \(SDGs\)](#).

This ensures our approach to human rights is strategic, comprehensive, and unified across all our business activities, covering appropriate policies, due diligence processes and remediation measures.

It also provides mechanisms to assess, prevent and address potential human rights impacts, improve our performance on the ground, and gather data with which to measure our performance.



Our approach (continued)

Our Human Rights Due Diligence program has eight operational pillars:

1

Policy commitments

We incorporate human rights into our corporate policies and have commitments to make them operational. Since 2011, we have revised 18 different corporate policies, standards and commitments to incorporate the relevant human rights elements.



2

Stakeholder engagement

We collaborate with a wide range of stakeholders to get global and local insights into our human rights performance to help us make greater impact. Since 2011, we have actively engaged with thousands of stakeholders, including NGOs, rights holders, and local communities. We also partner with expert organisations such as the Danish Institute for Human Rights (DIHR), the Fair Labor Association and Verité.



3

Training and awareness

We develop the awareness and skills of our employees to ensure that their work-related decisions and actions respect human rights. We aim to train all our employees on this topic. We have also made our training programs available publicly.



4

Risk and impact assessments

The risks of human rights abuses arising in our business activities are continually assessed, monitored and reviewed. This provides a clear understanding of the landscape and allows us to proactively manage risk and address impacts. In addition, we have previously conducted 13 human rights impact assessments in high-risk countries together with the DIHR.



5

Salient issues

Salient human rights issues are those which stand out because they are at risk of the *most severe negative impact* through the company's activities or business relationships. This concept of salience uses the lens of risk to people, not the business, as the starting point, while recognising that where risks to people's human rights are greatest, there is strong convergence with risk to the business.



Since 2011, based on the many risk and impact assessments we have carried out at the corporate level and on the ground, we have identified 11 human rights issues that are the most salient and developed dedicated action plans to address them.

6

Governance

Our business is built on strong principles and sound governance, with clear roles and responsibilities established at different levels of the company. At the Board of Directors level, the Nomination and Sustainability Committee ensures the company carries out human rights due diligence and reports on its most severe risks to human rights, including how the company is addressing those risks.



7

Grievance mechanisms

A key part of addressing human rights issues is ensuring grievance mechanisms are available to rights holders. As well as our own internal and external grievance mechanisms, we collaborate with others such as business partners, NGOs and authorities to improve access to remedies in our upstream supply chain, including developing third-party non-judicial mechanisms such as worker helplines.



Our HRDD program helps us identify and enable effective remediation. We seek to do what we can to ensure remediation is always available.

8

Monitoring and reporting

We integrate human rights indicators into our management systems to monitor our progress and report on it annually. We are transparent about our commitments and achievements and the challenges we face. This holds us accountable and helps us review our priorities.



Our approach (continued)

Salient and 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 worked with the [Danish Institute of Human Rights](#) in 2014 and 2015 to determine [11 salient human rights issues](#).

We are determined to address our salient human rights issues wherever they arise, acknowledging these as the issues which stand out because of their significant potential to be negatively impacted through our activities or business relationships.

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 HRDD program we regularly review our salient issues and determine how we can best focus our activities for the greatest positive impact.

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 their employees
- Farmers and farm workers
- Local communities
- Consumers



Our approach (continued)

Robust action plans help us address our salient human rights issues wherever they arise.

We have mapped our salient issues against rights holders to ensure appropriate governance in managing these issues, and developed an action plan for each of these issues. One exception is for Land Acquisition, in which we work on a case-by-case basis to allow us to systematically identify, resolve and eliminate human rights abuses where we find them.

As most of our salient issues occur in our supply chains, we have invested heavily in helping our employees understand why compliance matters. We've developed a range of tools to address the most important issues, with a focus on traceability, transparency and robust action plans.

Our Labour Rights Roadmap, based on human rights impact assessments, and our new automated compliance audit program (called CARE), centralises reporting on mandatory training courses and demonstrates specific human rights issues associated with different

raw material supply chains. For this reason, we have also mapped which salient issues are most relevant to each raw material.

Human rights impact assessments (HRIAs) and CARE audits allow us to gain a deeper knowledge of the issues, and how we can address them. We are also aware of the limitations of audits and are determined to strengthen the action plans that we have in place.

As well as monitoring our salient issues, we also work with our partners – organisations like the Fair Labor Association and Earthworm Foundation – to continually review the situation in our supply chains and ensure our action plans are as effective as they can be.

Supporting the Sustainable Development Goals

Our partner, the Danish Institute for Human Rights, has assessed the links between our 11 salient human rights issues and specific Sustainable Development Goals (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 program and Creating Shared Value strategy.

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

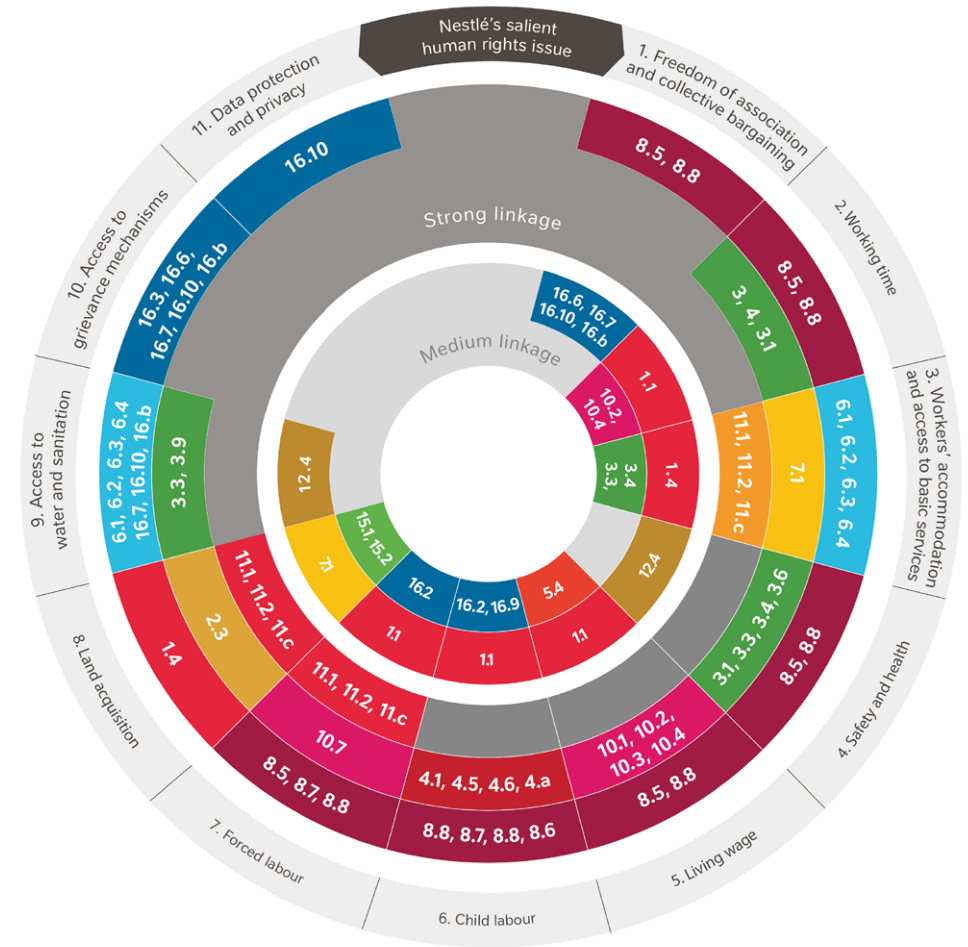








Diagram key

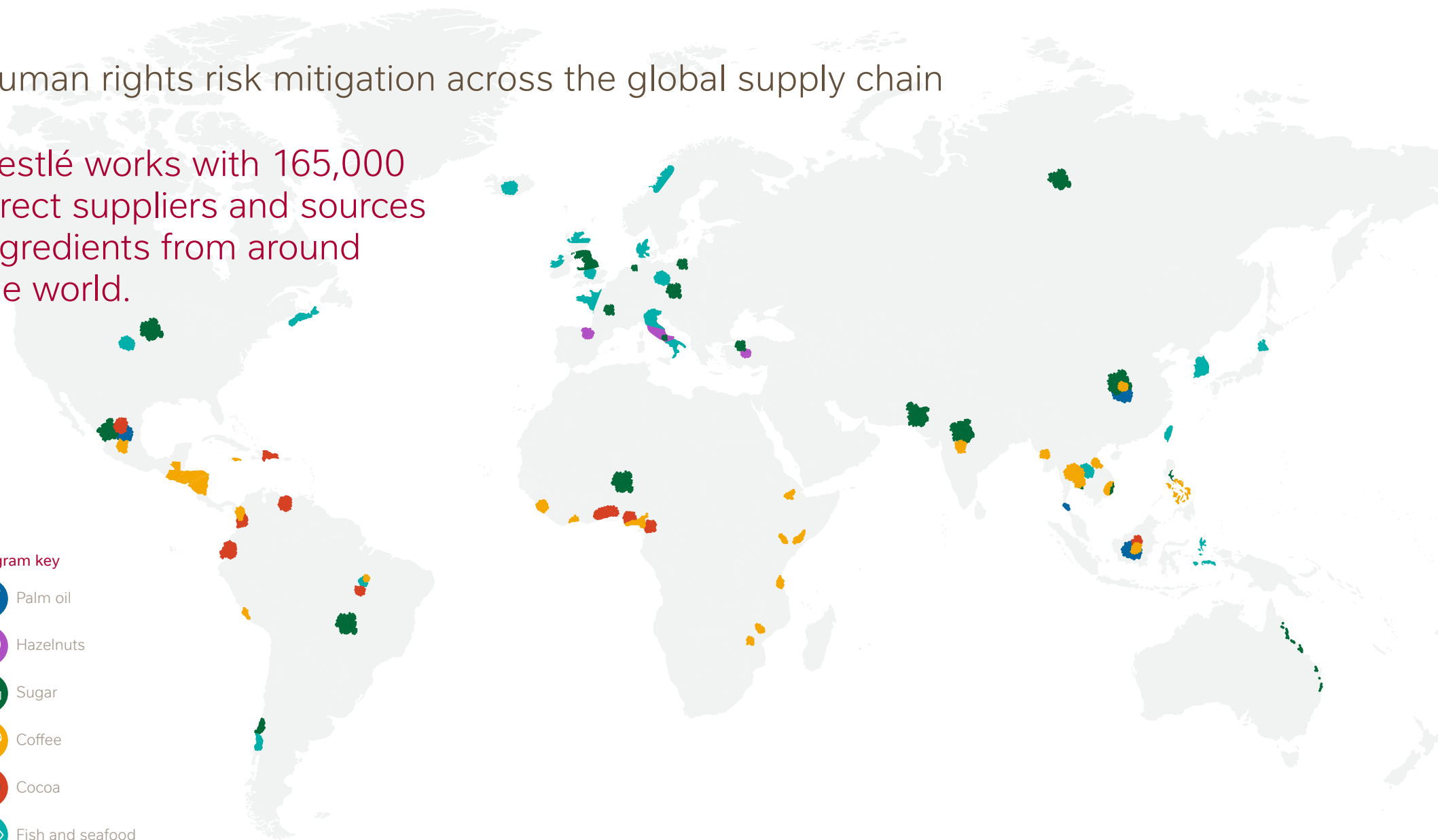


Human rights risk mitigation across the global supply chain

Nestlé works with 165,000 direct suppliers and sources ingredients from around the world.

Diagram key

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



Human rights risk mitigation across the global supply chain (continued)

We aim to achieve sustainable, resilient supply chains. Sourcing ingredients responsibly and transparently, tracing ingredients to their origin and understanding how they were produced, helps us overcome significant challenges in agriculture and supply chains.

Our responsible sourcing program 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 act 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](#). It goes beyond industry norms and/or local regulations and is designed to encourage a dynamic transformation of our sourcing and related production activities. It includes specific requirements on preventing child labour, promoting labour rights in agricultural supply chains and helping to ensure good conditions of work and employment.

All Nestlé suppliers and contractors are required to comply with the Responsible Sourcing Standard and the Nestlé Business Principles. We monitor suppliers' compliance with our requirements through initiatives including third-party audits, independent assessments, and contractual and relationship reviews.

Key to responsible sourcing is traceability. We make it our business to know not only where our ingredients come from, but how they are produced and the impact they have on the

environment and the community they originate from. Tracing the ingredients we buy back to their place of origin allows us to assess human rights and modern slavery risks. To support transparency, we also [publish information on our suppliers](#) for each of our priority categories.

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

In 2020, we updated our Tier 1 audit program, applying what we have learnt over the past ten years. As a result, both the scope of the program and the key performance indicators have changed. We now focus on compliance per site (instead of spend and volume) and focus our resources on the higher risk and most important suppliers. To date, 73 per cent of our total spend for our most important ingredients qualifies as [responsibly sourced](#). We are working towards 100 per cent assessed as [deforestation-free by 2022](#).

In 2020, we maintained a strong focus on sourcing these materials responsibly, even in the face of the global COVID-19 pandemic, maintaining our efforts to help eliminate modern slavery from our operations and supply chain in all our operations across the globe to the widest extent possible under the circumstances.

We focus on

14 priority categories

of agricultural raw materials which we recognise present greater environmental and/or social risk, including risk of modern slavery.

- Coffee
- Cereals and grains
- Cocoa
- Hazelnuts
- Dairy
- Meat, poultry and eggs
- Palm oil
- Fish and seafood
- Pulp and paper
- Vegetables
- Soya
- Spices
- Sugar
- Coconut



Responsible sourcing in 2020 – our top six priority raw materials

Palm oil

Since developing our first comprehensive *Action Plan on Labor Rights in Palm Oil Supply Chains* in 2018, we have continued to strengthen this work. In 2020, with our partner Verité, we developed a Program Assurance Framework to upgrade our Labor Rights Action Plan for Palm Oil and increase its reach and impact.

The Framework aims to cascade our policy throughout our palm oil supply chain by implementing effective management systems for assessing, addressing and remediating labour rights issues. Together with Verité, we piloted it with one key supplier to increase the capacity of the upstream suppliers to diagnose and remediate labour rights risks in plantations and mills, providing capacity building to their field team to help them understand the root causes of the issues, and develop solutions that address labour rights risks. We will test this with several suppliers in 2021 before rolling it out across our full supply chain.

We also continued the work started in 2018 with Earthworm Foundation to help protect children on palm plantations, who may be undocumented and lack access to basic services. Following the development of a *Directory of Services for Vulnerable Children* for plantations in Sabah in Malaysia in 2019, a Child Risk Assessment Framework has been developed to support palm grower companies to identify potential risks faced by these children, develop policies, procedures and interventions to minimise risk, remediate adverse impacts and review measures. We also continued to support a program developed by our supplier Wilmar to protect children living on plantations in Indonesia, in collaboration with Business for Social Responsibility.

We also supported several key initiatives to promote responsible recruitment, such as funding the development of a *human rights-based due diligence tool on ethical recruitment* to support palm oil producers establish transparency in recruitment practices and training assessors in identifying forced labour risks associated with migrant workers recruitment during site assessment.

Recognising that labour rights challenges must be addressed at industry level, in collaboration with other companies we supported the development of a toolkit developed by Verité that will help palm oil producers to assess their current systems and practices against labour standards. It will be available publicly in 2021.



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



Responsible sourcing in 2020 – our top six priority raw materials (continued)

Hazelnuts

The hazelnut supply chain contains serious challenges around conditions, especially over labour conditions for migrant workers and the existence of child labour. As a major purchaser of hazelnuts, primarily from Turkey, we work closely with partners such as the Fair Labor Association (FLA), the Turkish government and our suppliers to address these issues.

We have followed the FLA's recommendations to train workers in their places of origin during the quieter months, and in the harvest areas where workers need guidance on issues such as wages, working hours and occupational health and safety. This helped us to reach more workers and led to considerable increases in the numbers of contracts and certifications of labour brokers in 2019 and 2020.

In 2020, we continued to support a project called *Harvesting the Future – Responsible Recruitment of Seasonal Migrant Agriculture Workers in Turkey*, an 18-month multi-partner project, led by the Fair Labor Agricultural Alliance, designed to improve recruitment and

employment practices for seasonal migrant workers in Turkey. The program identifies practical and sustainable solutions that can be implemented by agriculture companies, labour contractors and farm owners.

Remedial actions in Turkey in 2020 included:

- Training 4454 farmers, workers, traders and labour brokers on workers' rights and child labour
- 716 children benefiting from our activities to address child labour in hazelnut orchards
- Agreeing formal contracts before harvest with 366 workers, farmers and labour brokers
- 165 workers benefiting from improved accommodation
- 589 workers benefiting from improved water, sanitation and hygiene (WASH) conditions
- 58,587 personal protective equipment kits, including first aid and sanitary kits, hats, gloves, masks, t-shirts and belt bags, were distributed to farmers and workers



[Learn more about our hazelnut supply chain](#)





Responsible sourcing in 2020 – our top six priority raw materials (continued)

Sugar

Our sugar is sourced from more than 200 suppliers in 60 countries around the world, as both sugarcane and sugar beet. We strive to source sugar from mills where the operations, as well as the farms and plantations that supply them, comply with local laws and regulations, and our [Responsible Sourcing Standard](#).

By the end of 2020, we had mapped the supply chain back to the sugar mills in locations including Australia, Brazil, Mexico, India, Thailand, the Philippines, China and Central America. Assessments include exploratory and full site visits and analysis of traceability and employment data. The findings inform strategies to improve mill practices and support roll out of practice changes and training.

Together with our suppliers and implementing partners such as [Proforest](#), we are working to address challenges including use of forced or child labour, providing safe and healthy work and living places, ensuring pay and conditions meet legal and mandatory industry standards, and preventing deforestation.

During harvest periods in many countries, such as China, Côte d'Ivoire, Mexico, Nigeria and Thailand, the large numbers of temporary

migrant workers living and working in sugarcane-growing areas creates many social risks within the supply chain. These can include limited access to sanitation and potable water; overcrowding and a lack of personal space and privacy; children not in education and potentially exposed to hazardous conditions; and limited access to safe working practices, such as the appropriate use, storage and disposal of chemicals. We have several interventions in place to address these issues, with a particular focus on improving conditions for workers and children in Mexico.

Together with Proforest and its local partner, ABC Mexico, we have been working to address the issue of child labour with two supplying mills: La Gloria mill in Veracruz and Grupo Beta San Miguel (BSM). Initially, we supported them in developing policies together with implementation and monitoring plans, followed by training and awareness-raising activities in the field with the aim of supporting the mills to develop an approach to reduce the number of children working in the field over time. As a result, both mills have taken significant steps to identify and prevent child labour in their supply base. In addition, we have worked with the sugar mills to improve living conditions for seasonal migrant workers, and to improve the safety conditions of cane cutters.



[Learn more about our sugar sourcing](#)



Responsible sourcing in 2020 – our top six priority raw materials (continued)

Coffee

Smallholder farmers are a key part of a supply chain that spans more than 30 countries, each with unique conditions and risks. Farmers can face challenges such as profitability, managing human rights, and the impact of climate change in coffee-growing regions.

To help eliminate human rights abuses such as forced labour and child labour, and remove them from our supply chain, we work to embed practices that protect and empower farmers and their communities. We know that addressing economic sustainability will improve social sustainability, so we focus significant effort on farmer training.

In 2020, despite COVID-19 restrictions which required social distancing regulations, we carried out nearly 65,000 training sessions with farmers. We also worked with global and local stakeholders to deliver programs that upskilled and resourced farmers to grow their crops responsibly and helped them address local human rights issues such as gender disparities.

In 2020, we continued to participate in collaborative initiatives to address human rights 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 support coffee farmers in the Philippines.

We work continuously to ensure labour rights compliance with a focus on identified hotspots. For example, we have intensive monitoring, engagement and remediation programs in Mexico and the Philippines. We continued these programs in 2020 despite the serious challenges of the COVID-19 pandemic, working alongside Certificadora de Productos Sostenibles in Mexico and with Catholic Relief Services in the Philippines.

In Mexico, we believe we are making significant progress in tackling unacceptable child labour practices on coffee farms in Mexico, and we will continue these efforts until the practices are eradicated.

In 2020 we published our *Ten years of the Nescafé Plan* report, reflecting on a decade of work to improve the sustainability of coffee farming for farmers and their communities. As well, the *Nespresso Positive Cup Impact Assessment Report*, in partnership with the Rainforest Alliance, detailed the work Nespresso has been doing in Latin America since 2010 to source coffee more sustainably.



[Learn more about our coffee sourcing](#)



[Learn more about our Nescafé Grown Respectfully program](#)





Responsible sourcing in 2020 – our top six priority raw materials (continued)

Cocoa

Child labour is a complex and challenging issue in our West Africa cocoa supply chain, coupled with a lack of living incomes for cocoa farming households. The Nestlé Cocoa Plan, together with Rainforest Alliance certification, enables us to tackle these issues holistically, as we work with local farmers, communities, and local and international organisations to develop and implement solutions.

In 2020, we continued to work closely with our supply chain partners and local communities in West Africa to monitor the complex issue of child labour, despite the COVID-19 pandemic. Some results, however, were impacted due to extensive restrictions from March to September.

As we have increased the scope of the Nestlé Cocoa Plan, we have achieved results that will transform cocoa supply chains beyond Nestlé. For example, our work tackling child labour has generated a transparent model that other companies have adopted to begin rolling out new systems across their supply chains.

To protect children in cocoa-growing communities, we scaled up our Child Labour Monitoring and Remediation System (CLMRS) work and published two landmark child labour reports that provide industry-leading transparency and data reporting. We now monitor over 86,000 children, and, because of our efforts, nearly one-third of all children were no longer in child labour in 2020. We will now expand the CLMRS to all our West Africa sourcing.

In addition, we continued to support women in our supply chains with training on income diversification. This is helping women in West African cocoa-growing communities support their families while gaining financial independence and work experience.

In 2020, we launched two pilots to address agricultural poverty and support living incomes. The first aims to spread the insight and learnings from some of our most successful farmers, while the second, the Household Income Accelerator, uses cash incentives to encourage behavioural change.



[Learn more about our cocoa sourcing](#)



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



Responsible sourcing in 2020 – our top six priority raw materials (continued)

Fish and seafood

We are committed to ensuring our fish and seafood are sourced responsibly, collaborating to tackle the sector's challenges, including poor labour conditions and wages, forced labour, insufficient grievance mechanisms and trafficking. These challenges represent a particular risk for Nestlé in Thailand, which produced around nine per cent of the 200,000 MT of seafood we sourced in 2020.

We continued to build on our action plan. To address labour abuses and enable workers to voice their concerns, in 2020 we continued our partnership with Verité to develop a business case for safe working and living conditions at sea. More than 33,500 workers (up from 29,400 in 2019) in Thai seafood processing facilities in Nestlé's supply chain had access to the Issara Institute's independent helpline and could seek assistance and support during 2020.

We have also banned transshipment at sea, a significant risk factor for labour abuses, and are working with our suppliers, who have committed to delivering on this.

Through our partnership with the Fair Hiring Initiative, we helped recruitment agencies and employers develop more responsible practices to improve the working conditions of fishermen on vessels. Six labour agencies took part in the *On The Level* pilot certification program in 2020 involving training sessions and capability building programs to help put ethical recruitment into practice.

To promote transparency, we published our list of seafood fishing zones in our supply chain and countries of origin in April 2020 and continue to [share our progressive updates publicly](#).



Learn more about our fish and seafood sourcing in Thailand

Taking action on our commitments: progress overview

We aim to be exemplary in respecting human rights and labour practices throughout our business and have 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 improve the resilience of our business.

Here, we report progress on our four key commitments.



Priority 1: Assess and address human rights impacts across our business activities

There is much work to be done, but our due diligence work in the supply chains of our priority materials is a powerful enforcer that puts human rights programs and initiatives at the heart of our efforts.

For example, our Child Labor Monitoring and Remediation Scheme sets new standards for transparency in the cocoa industry, actively transforming lives for thousands of children. At the same time, every farmer should have access to an income that meets their basic needs: living income initiatives launched in our cocoa and coffee supply chains will provide farmers with the living income we believe is their right.

In addition, we met our commitment to complete six human rights impact assessments in our upstream supply chain, including one for palm oil in Indonesia, two for cocoa in Côte d'Ivoire and three for hazelnuts in Turkey. These assessments give us deep insight into the areas where we need to focus our efforts and resources.

Our approach will be overseen internally, in part by our newly established Human Rights Community, which was set up in 2020 to govern how we address evolving human rights risks and opportunities. This Community comprises 25 members who meet monthly to oversee all relevant functions that manage human rights within Nestlé. This group is a powerful enforcer of best practice across the supply chains for each of our priority raw materials.

We want our approach to human rights to be credible, so complying with all relevant regulations and performing due diligence is important. Assessing, addressing and reporting human rights violations are crucial steps to building trust and shaping a culture that values and protects people.

By the end of 2020, we had trained almost all our employees on human rights, with 157,250 completing their training during the year and bringing the total number of Nestlé employees completing training to 283,532 since 2011. This is a significant achievement given the size and diversity of our operations as well as the geographic spread of our company. We expanded our online training in response to the disruption caused by the COVID-19 pandemic, with 93 per cent of Australian employees and 79 per cent of UK employees trained by the end of 2020.

We also support mandatory human rights due diligence legislation. In 2020, the European Commission announced that it would build a legal framework to establish mandatory human rights standards. Nestlé has joined 25 other global corporations in signing a declaration in support of the move.



Read more about our human rights performance in our *Creating Shared Value and Sustainability Report 2020*

Our objectives

By 2018 (2020):

Carry out six human rights impact assessments in our upstream supply chain*



Achieved

By 2019:

Have a functioning governance structure in place in all markets that looks after human rights risks and opportunities



Achieved

By 2020:

Train all Nestlé employees on human rights



Extended

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

Taking action on our commitments: progress overview (continued)

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


We recognise that some people are more vulnerable to exploitation than others, so we focus extra resources on protecting and uplifting them. We have worked hard to bring about significant changes in the lives of workers and children in global agricultural supply chains through our investments in impactful programs and trusted local partnerships.

For example, assessing and addressing labour rights across our agricultural supply chains as part of our responsible sourcing program can identify issues that require tailored intervention, often in collaboration with our partners and suppliers. More than 73,000 agricultural supply chain workers benefited from our interventions to address and improve labour rights issues in 2020, with interventions including provision of grievance mechanisms, training on labour rights or renovation of worker accommodation.

In cocoa growing communities, tens of thousands of children have been positively impacted by our work to [tackle child labour](#). Through our due diligence processes and efforts to raise awareness, countless more children will stay in school instead of working on farms.

Our progress is rooted in an approach that supports not just the child, but their family. From programs that empower women to earn and diversify household incomes to those centred on refurbishing schools, our interventions are community-wide to maximise the chances of lasting change.

Further, our work to address child labour risks in cocoa and hazelnut supply chains has provided insights which formed the foundation for a new risk assessment tool to understand child labour risks across all our priority commodity supply chains. The results of these assessments will define our new strategy to tackle child labour risk in coming years.

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

Our objective

By 2020:

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

 Achieved



Reviewing progress on child labour

Oversight, review and validation of the work we do by credible global organisations is critical to us, giving us additional insight and helping us keep pace with evolving best practice.

We were encouraged when the Fair Labor Association (FLA) published a report in October 2020 evaluating our Child Labor Monitoring and Remediation System (CLMRS) efforts in Côte d'Ivoire. The report, based on due diligence activity undertaken by the FLA in March


and April 2019, assessed whether cocoa farmers, workers and their families believe they benefit from our CLMRS and how it impacts child labour.

The FLA report confirms the progress we've made in collecting and managing relevant data on child labour in cocoa producers' households, and advances in key areas such as transparency, raising awareness of child labour, increasing school attendance and providing income-generating activities.

The report offers useful insights on the interventions embedded in the CLMRS, such as activities to raise awareness of child labour, efforts to encourage children's participation in school, community-based

programs that increase access to adult workers during peak periods and income-generating activities for women to supplement family incomes.

We remain committed to be transparent about how we tackle child labour in our cocoa supply chain, the progress we make and the challenges that we face. We will continue to report on the progress of our CLMRS, share our learnings and invite others to do the same.

 [Fair Labor Association report on Nestlé CLMRS](#)

Taking action on our commitments: progress overview (continued)

Priority 3: Enhance a culture of integrity across the organisation

Business ethics and compliance are a fundamental condition for Creating Shared Value.

We have invested heavily in helping employees understand why compliance matters and are shaping our due diligence and compliance processes to foster that same understanding in stakeholders all along our value chain.

We use cutting edge technology to nurture a culture of common values across our diverse company. In 2020, we implemented new automated tools to streamline and standardise our compliance processes, that centralise reporting on mandatory training courses, compliance maturity and results from CARE, our compliance audit program. These changes will make it easier for us to collect and analyse vital organisational data through significantly more streamlined processes.

We have also enhanced our grievance reporting mechanisms to help us rapidly respond to serious allegations.

Promoting compliance

Our compliance audit program, CARE, helps 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 program was developed with the input of the DIHR, which provided guidance related to best practice on human rights. In 2020, we identified 212 opportunity 'gaps' to improve and closed 73 gaps by resolving issues.

CARE audits 2020

124	Audits carried out
245	Locations covered
212	Improvement opportunities identified
073	Gaps closed in the year

Evolving our Corporate Business Principles

As society evolves, more is demanded of business. That's why, in July 2020, we launched our updated [Corporate Business Principles](#). The new and reorganised Principles statement ensures the actions expected across the company are clear to all.

The Principles clearly state our commitment to human rights, both for our employees and through our entire value chain, in line with the [United Nations Guiding Principles](#) and the [Ten Principles of the United Nations Global Compact](#). Our commitment to zero tolerance of child labour, forced labour and modern slavery is explicitly stated.

Following the roll out of the revised Principles across the company, accompanied by mandatory training, we continue to reinforce the importance of adhering to ethical values.

Our objective

By 2020:

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



Achieved



100 per cent

of managers (2,372) completed a Conflict of Interest Declaration at the Headquarters



23,610

employees trained on the revised Corporate Business Principles since its release in July 2020



28,526

employees (including 10,929 managers) completed e-learning on Compliance as a Leadership Responsibility

Taking action on our commitments: progress overview (continued)

Priority 4: Provide effective grievance mechanisms to employees and stakeholders

We give everyone – both inside and outside Nestlé – the confidence to speak up to ensure we are living our values and protecting human rights.

We have two platforms for reporting grievances: the Integrity Reporting System (IRS) for internal employees, and Tell Us (now Speak Up), an independently operated system for all stakeholders.

We analysed trends from these channels over several years, including report volumes and the rate of substantiated reports. In 2020, we used insights from this analysis to drive improvements, primarily strengthening our processes for flagging more sensitive cases and allegations.

Transparency, visibility and efficiency are crucial for our reporting system, and we constantly update and improve our reporting platforms to enhance their effectiveness. In 2020, we piloted new case management system software to improve report tracking and handling, adding an extra layer of depth to incident reporting by helping to consolidate information, identify trends and more easily generate key insights. The new system will be launched globally in 2021–2022 to enhance our ability to capture, document and monitor concerns and violations across our global operations.

There were 3,305 messages received on our Nestlé grievance reporting systems in 2020.

With the increased awareness of the system, the collective number of cases has been increasing. Decisive action has been taken in all substantiated cases, which has served to strengthen confidence in the platform. Our approach to promoting and reporting our grievance mechanisms has helped embed a Speak Up culture, which has helped us step up our responses to high-risk and sensitive allegations.

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



Achieved

Type of issues and messages received: Global

Nestlé Integrity Reporting System (2020)

Tell us (2020)

Number of messages received

1,624

1,681

Number of cases investigated and closed

1,583

1,138

Number of cases substantiated

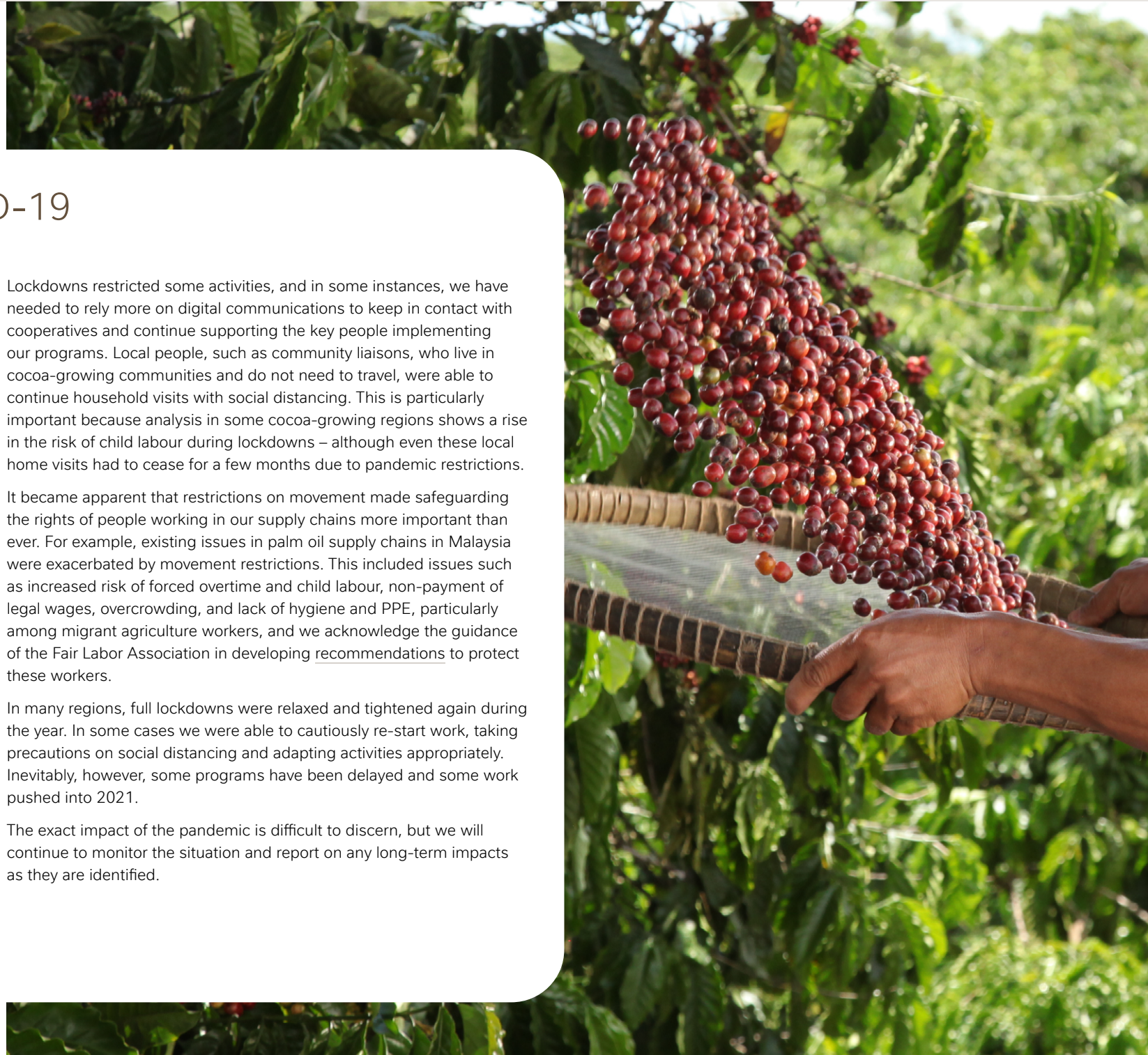
464

68

Issues included:

abuse of power, harassment, bullying, labour practices and kickbacks

human resources issues, fraud, compliance and safety



The impacts of COVID-19

2020 was an extraordinary and challenging year, as the COVID-19 pandemic created much instability and uncertainty around the world.

During 2020, the COVID-19 pandemic impacted surveillance for modern slavery around the world. Shutdowns and travel restrictions forced us to readjust how we did things while, in some regions, we had to pause or postpone audits and field assessments.

Despite the disruption, internal and external stakeholders along our supply chains showed their commitment to driving progress on our initiatives. For example, in our cocoa supply chains, the COVID-19 pandemic has had an impact on the most vulnerable farmers, changing the actions we can take and the support we can give.

Lockdowns restricted some activities, and in some instances, we have needed to rely more on digital communications to keep in contact with cooperatives and continue supporting the key people implementing our programs. Local people, such as community liaisons, who live in cocoa-growing communities and do not need to travel, were able to continue household visits with social distancing. This is particularly important because analysis in some cocoa-growing regions shows a rise in the risk of child labour during lockdowns – although even these local home visits had to cease for a few months due to pandemic restrictions.

It became apparent that restrictions on movement made safeguarding the rights of people working in our supply chains more important than ever. For example, existing issues in palm oil supply chains in Malaysia were exacerbated by movement restrictions. This included issues such as increased risk of forced overtime and child labour, non-payment of legal wages, overcrowding, and lack of hygiene and PPE, particularly among migrant agriculture workers, and we acknowledge the guidance of the Fair Labor Association in developing [recommendations](#) to protect these workers.

In many regions, full lockdowns were relaxed and tightened again during the year. In some cases we were able to cautiously re-start work, taking precautions on social distancing and adapting activities appropriately. Inevitably, however, some programs have been delayed and some work pushed into 2021.

The exact impact of the pandemic is difficult to discern, but we will continue to monitor the situation and report on any long-term impacts as they are identified.



Looking ahead

We are strengthening our approach to take account of evolving challenges.

We are making sound progress on meeting our commitments, but there remains much to be done.

Within our strong governance structure, and shaped by our human rights due diligence program, we will continue to evaluate and strengthen our approach to take account of evolving challenges, and improve our responses. To support this, in 2021 we will publish our new Human Rights Framework and Roadmap developed by our Human Rights Community.

The challenges of 2020, as the world faced into the COVID-19 pandemic, highlighted the need to respect human rights in business more than ever. In response, we are linking our human rights agenda with other sustainability priorities.

For example, our [Net Zero Roadmap](#), announced in late 2020, which specifies our plan to halve Nestlé's greenhouse gas emissions by 2030 and to achieve net zero by 2050, specifically references the importance of a just and fair transition to a decarbonised world.

As we work towards achieving our packaging targets, we realise that it is also critical to consider human rights risks associated with achieving them. For that reason, we plan to complete baseline assessments in three different locations to help us understand the human rights risks and impacts in the plastics recovery and waste management sectors.

The restrictions imposed by COVID-19 have also highlighted the merits of exploring new ways to reach workers beyond traditional audits. We are exploring multiple options and technologies to promote human rights across our value chain. These approaches include further tech-enabled worker voice mechanisms, as well as digital surveys to enable us to reach workers in our supply chains.

We will continue to train Nestlé people on human rights. We acknowledge the need to keep the topic front of mind, as we recognise the vital importance of everyone at Nestlé in meeting our objectives in this area.

Our focus will remain on responsible sourcing, protecting vulnerable workers and child labourers, and collaborating with key stakeholders to directly support and improve our work to prevent and address modern slavery in our supply chains. It remains vital that their voices are heard, and that we take action to address their concerns.

This statement was approved by the board of Nestlé Australia Ltd on 24 June 2021

On behalf of Nestlé UK Ltd

Sandra Martinez
Managing Director
Nestlé Australia
24 June 2021

Stefano Agostini
Chief Executive Officer
Nestlé UK and Ireland
May 2021





Nestlé Good food, Good life

We hope you find this report engaging and informative and welcome your input and views. You can share them with our team via the email addresses below.

For further information on our priorities, please consult our *Creating Shared Value and Sustainability Report 2020*.

update@au.nestle.com

Nestlé Australia Ltd
1D Homebush Bay Drive
Rhodes NSW 2138
Australia

update@uk.nestle.com

Nestlé UK & Ireland
1 City Place
Gatwick
United Kingdom
RH6 0PA