



Nestlé's Response to Corporate Human Rights Benchmark's 2020 Engagement Score Sheet

Our response below addresses the results of the assessment made by the Corporate Human Rights Benchmark (CHRB) team as part of their draft 2020 Engagement Score Sheet.

For a comprehensive overview of our approach to human rights, please refer to the [dedicated human rights section on our website](#), our [Creating Shared Value Progress Report 2019](#) and its accompanying [Human Rights Reporting Framework Index](#).

A.1.4 Commitment to engage with stakeholders

We clearly state that "We are committed to engaging with stakeholders who are or could be affected by our business activities, including local communities".

Reference: <https://www.nestle.com/csv/impact/respecting-human-rights/human-rights-impacts> > How we manage our human rights issues > Stakeholder engagement and partnerships.

In addition, we are committed to engaging with stakeholders as part of the revision process of our Human Rights Due Diligence (HRDD) program: "The HRDD program is now eight years old, however, and in 2019 we began the process of reviewing and re-evaluating it in the light of evolving regulations and expectations. We are working with key stakeholders as part of this review and aim to launch the revised HRDD in early 2020".

Reference: <https://www.nestle.com/csv/impact/respecting-human-rights/human-rights-impacts> > How we manage human rights issues

We describe our overall approach to stakeholder engagement, list key stakeholder groups (including communities, employees and their representatives, NGOs, and suppliers - including farmers and smallholders) and provide concrete examples on our website:

"In March 2019, we hosted a Nestlé Stakeholder Convening in London, which was attended by approximately 70 stakeholders as well as Nestlé S.A. CEO Mark Schneider, two members of Nestlé’s Executive Board and 15 employees. Three themes were covered during the two-day convening: Nutrition in the First 1000 Days, Diversity and Inclusion, and Plastic Packaging. Highlights from the three dialogues are provided in the following table.

<p>Nutrition in the First 1000 Days</p>	<p>Key recommendations and observations</p> <ul style="list-style-type: none"> ▪ Acknowledge Nestlé’s history around infant formula and clearly communicate intent and progress to become a leader in first 1000 days nutrition. ▪ Nestlé should be clear where it positions itself vis-à-vis the WHO Code. ▪ Work with stakeholders to better influence through advocacy. ▪ There is an urgent need for more research and data. ▪ Nestlé should consider adopting consistent metrics in both low- and high-risk countries. ▪ Stakeholders to work with Nestlé to consider how they can incentivize leadership in this area. ▪ There is a need to follow up on instances where ‘fake news’ around Nestlé advocacy is perpetuated. ▪ A collaborative effort is needed.
<p>Diversity and Inclusion</p>	<p>Key recommendations and observations</p> <ul style="list-style-type: none"> ▪ Nestlé has a role to play to challenge and disrupt what is currently considered ‘normal’ in terms of diversity and inclusion (D&I). ▪ Nestlé needs to establish a common language to discuss D&I. ▪ There is a need to reach out to new stakeholder communities to raise the bar on D&I. ▪ Senior leaders should experience the different realities and perspectives of a variety of people to work against unconscious biases and to empower ‘silent’ groups to speak up. ▪ Individual needs need to be considered to empower growth. ▪ Nestlé must lead by example, with a culture and values that promote D&I. ▪ Leaders, across many companies, must be held accountable for acting inclusively.

	<ul style="list-style-type: none"> Nestlé brands must be advertised and marketed in a way that demonstrates an alignment with the diversity we want to see within Nestlé.
Plastic Packaging	<p>Key recommendations and observations</p> <ul style="list-style-type: none"> A systems approach is needed, where plastic sustainability and circularity are considered as part of a wider effort to improve company sustainability. Nestlé has a role to play as a host in bringing key stakeholders together to enable systems change. Nestlé must consider both the short-term action to stop plastic leakage at source and the long-term action to develop alternative materials and explore new business and ownership models. There is a need for authoritative and ‘myth-busting’ communication on the value of plastics. Solutions for materials and collection systems need to be simpler and designed for local situations.

In addition, we organized two Stakeholder Workshops on Responsible Sourcing in November 2019. Each workshop was attended by approximately 25 external stakeholders, including NGOs, academia, investors, suppliers and customers, and will help evolve our thinking around two critical responsible sourcing topics: forest conservation and living income.

The first workshop, held in London, focused on the topic of forest conservation and smallholder farmers. Key conclusions included:

- Deforestation has not been properly internalized in the way that commodity markets operate.
- A better understanding of these externalities and how current farming and commercial processes drive them is required.
- A better understanding of how to incentivize farming communities to conserve forests and their wider societal, cultural and political context is also required. Addressing deforestation will require more holistic ‘landscape’ approaches.

The second workshop, held in Geneva, focused on improving the livelihoods and living income of smallholder farmers. Key conclusions included:

- Improving livelihoods and incomes amongst smallholder farmers is complex and must be addressed through multiple interventions.

- Challenges are multi-faceted, including at farm, societal and market levels and must be addressed through coordinated actions by a range of different entities – companies, civil society groups and government.
- There is a need to move from a commodity by commodity approach to addressing farmer income and welfare issues to 'landscapes' approach".

Reference: <https://www.nestle.com/csv/what-is-csv/stakeholder-engagement>

A.1.5 Commitment to remedy

We clearly state that "We are committed to remedying adverse impacts on individuals, workers and communities that we cause or to which we contribute. In addition to our own internal and external grievance mechanisms (Integrity Reporting System and Tell Us), we collaborate with business partners as well as local NGOs and authorities to improve access to remedy in our upstream supply chain, including the development of third-party non-judicial mechanisms such as worker helplines".

Reference: <https://www.nestle.com/csv/impact/respecting-human-rights/salient-human-rights-issues> > Our approach

In addition to the examples we provide in our Creating Shared Value Progress Report 2019 as part of our grievance mechanisms, last year we published an updated version of our "Tackling Child Labor Report" that includes:

- A dedicated section on remediation, p.16.
- A commitment from our top management (EVP, Head of Operations and SVP Global Head of Confectionary) to work with governments, NGOs, industry peers, suppliers, local communities and children to contribute to ending child labor in cocoa, p.4.

Reference: <https://www.nestle.com/sites/default/files/2019-12/nestle-tackling-child-labor-report-2019-en.pdf>

The Fair Labor Association (FLA) also published a comprehensive report on the impact that the remediation activities we set up together with two of our suppliers - Olam and Balsu - have had on hazelnut workers in Turkey since 2013, and the remaining challenges.

Reference:

https://www.fairlabor.org/sites/default/files/documents/reports/social_impact_assessment_final.pdf

This report complements the regular audits that the FLA has been conducting in our supply chains since 2011:

Reference: <https://www.fairlabor.org/affiliate/nestle> > Reports

In addition to the FLA – a multi-stakeholder organization gathering NGOs, universities and companies – we are members of a number of other initiatives that aim to collaborate to improve access to remedy at the sectoral and/or national level, such as the International Cocoa Initiative (ICI), IHRB's Leadership Group for responsible recruitment, CGF's Coalition of Action on Human Rights, Responsible Business Alliance's Responsible Labor Initiative.

Reference: <https://www.nestle.com/csv/impact/respecting-human-rights/workers-livelihoods> > Collaborating for transformation

We have also partnered with the Jacobs Foundation to address root causes of child labor: "Since 2016, the programme has established more than 50 bridging classes with around 75 community staff, reaching almost 2000 students".

Reference: <https://www.nestlecocoaplan.com/article-our-partnership-jacobs-foundation>

B.1.1 Responsibility and resources for day-to-day human rights functions

We clearly state that "Clear roles and responsibilities have been defined at the Board of Directors and Executive Board levels (see the Governance section for more information)".

Reference: <https://www.nestle.com/csv/impact/respecting-human-rights> > Our contribution

In the "Governance" section of our human rights webpage we add: "Our business is built on strong principles and sound governance. Within Nestlé, we have set out clear roles and responsibilities to ensure respect for human rights is reflected at every level of our business. Our system of boards and committees is key to this, continually assessing our progress and leading the strategic implementation of human rights work.

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.

The responsibility for human rights due diligence at the Executive Board level lies with our General Counsel, who is also in charge of Corporate Governance and Compliance”.

Reference: <https://www.nestle.com/csv/impact/respecting-human-rights/human-rights-impacts> > How we manage our human rights issues > Governance

Regarding the day-to-day responsibilities for our agricultural supply chain, our Responsible Sourcing Standard clearly define the roles and duties of our Procurement (and of buyers in particular) and the Farmer Connect teams (for direct buying).

Reference: <https://www.nestle.com/sites/default/files/asset-library/documents/library/documents/suppliers/nestle-responsible-sourcing-standard-english.pdf>, p.5.

B.2.4 Tracking: Monitoring and evaluating the effectiveness of actions to respond to human rights risks and impacts

Last year, we published an updated version of our "Tackling Child Labor Report" that includes a dedicated section on remediation (p.16) and more specifically on the effectiveness of remediation (p.20). It also explains how we have improved the Child Labor Monitoring and Remediation System (CLMRS) over time, and the remaining challenges ahead of us (p.58-70).

Reference: <https://www.nestle.com/sites/default/files/2019-12/nestle-tackling-child-labor-report-2019-en.pdf>

The Fair Labor Association (FLA) also published a comprehensive report on the impact that the remediation activities we set up together with two of our suppliers - Olam and Balsu - have had on hazelnut workers in Turkey since 2013, and the remaining challenges.

Reference: https://www.fairlabor.org/sites/default/files/documents/reports/social_impact_assessment_final.pdf

These two reports complement and add to the regular audits that the FLA has been conducting in our supply chains since 2011.

Reference: <https://www.fairlabor.org/affiliate/nestle> > Reports

B.2.5 Communicating: Accounting for how human rights impacts are addressed

Last year, we published an updated version of our "Tackling Child Labor Report". It is publicly available on our website.

Reference: <https://www.nestle.com/sites/default/files/2019-12/nestle-tackling-child-labor-report-2019-en.pdf>

The Fair Labor Association (FLA) also published a comprehensive report on the impact that the remediation activities we set up together with two of our suppliers - Olam and Balsu - have had on hazelnut workers in Turkey since 2013, and the remaining challenges.

Reference:

https://www.fairlabor.org/sites/default/files/documents/reports/social_impact_assessment_final.pdf

We published the third version of our Palm Oil Responsible Sourcing Progress Update. It is publicly available on our website together with the two previous versions (2017 and 2018).

References:

<https://www.nestle.com/csv/raw-materials/palm-oil> > More information

<https://www.nestle.com/sites/default/files/2020-01/responsible-palm-oil-sourcing-2019.pdf>

Finally, our human rights expert, Yann Wyss, co-authored a chapter in the *Handbook on Human Rights Impact Assessment* edited by Nora Götzmann, Senior Adviser, Human Rights and Business, The Danish Institute for Human Rights. The chapter discusses "how HRIAs have been a centrepiece of Nestlé's overall HRDD, helping the company to know and show that it respects human rights both at the corporate and operations levels. The chapter is based on the ten-year collaboration between Nestlé and the Danish Institute for Human Rights in developing HRIA methodology and conducting over a dozen HRIAs in Nestlé's operations and its supply chains. First, the authors describe the applied HRIA methodology and how it has evolved and improved over the years. Through three

case studies, distinct features of HRIA are provided and key implementation challenges discussed. The chapter concludes with a potential way forward for HRIAs for Nestlé, which could be applicable for the food and beverage sector more widely, or for other companies with complex supply chains".

Reference: <https://www.e-elgar.com/shop/gbp/handbook-on-human-rights-impact-assessment-9781788119993.html>, p. 170-186.

C.7 Remediating adverse impacts and incorporating lessons learned

In our Creating Shared Value Progress Report 2019 we report that: "[...] we carried out a major review of the effectiveness of our external (Tell us) and internal (Nestlé Integrity Reporting System) grievance mechanisms, including a three year trend analysis of grievances.

The review confirmed the systems' overall effectiveness, with some learning points. For example, while there is active use of the systems in some countries, others have low volumes of complaints. We are working to understand this and build sufficient trust in the system. There is also a potential lack of knowledge and awareness of the Integrity Reporting System in some countries. To address this, we reinforced a 'speak up' culture and communication around the Nestlé Integrity Reporting System in some countries in 2019.

In all cases, we have effective remediation processes, including action plans and communication back to employees on actions taken. We use benchmarks for the number of messages received and substantiation rates".

Reference: <https://www.nestle.com/sites/default/files/2020-03/creating-shared-value-report-2019-en.pdf>, p.35.