



Modern Slavery and Human Trafficking Report 2017

Nestlé in the UK

About the cover:

Cocoa, which is the main ingredient in chocolate, comes from cocoa beans. These beans grow in a cocoa pod on a cocoa tree (biological name *Theobroma Cacao* L, so-called by the Swedish botanist Linnaeus back in the 17th century. *Theobroma* means “Food of the Gods”).

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Introduction

Modern Slavery and human trafficking have no place in the world, let alone in the supply chains and operations of businesses. However, today we are all faced with the very real challenge of addressing this.

The International Labour Organization (ILO) estimates that approximately 21 million people worldwide are victims of forced labour. Other studies suggest that this number could be much higher.

The ILO acknowledges that some sectors are more exposed to the issue of forced labour and human trafficking than others, these include; construction, manufacturing, domestic work, entertainment and agriculture.

As the world's largest food and beverage manufacturer, Nestlé takes its responsibility to respect human rights very seriously. Respect for human rights is enshrined in our corporate purpose and underpins the way we do business.

This document explains the steps Nestlé UK Ltd has taken to prevent, detect and respond to slavery and human trafficking within our business and throughout our supply chain. It covers the period of 12 months prior to October 2017.



Organisational structure and supply chains

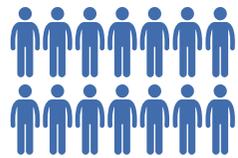
Nestlé UK Ltd ('Nestlé UK') is a wholly-owned subsidiary of Nestlé S.A. ('Nestlé'), headquartered in Vevey, Switzerland. Nestlé is committed to enhancing the quality of life of individuals and families and contributing to a healthier future.

As the largest food and beverage manufacturer, Nestlé S.A. operate 436 factories in 82 countries around the world and employ 335,000 people in more than 120 countries.

Globally, we work with over 165,000 direct (also known as 'Tier 1') suppliers, and source our ingredients from more than 13 million farmers across 86 countries around the world in order to manufacture our products.

Nestlé UK employs over 8,000 people at 20 sites in the UK and Ireland and reaches out to over 6,100 direct and indirect suppliers. Our business spans a diverse range of products including petcare, coffee, confectionery, bottled water, healthcare nutrition and catering products.

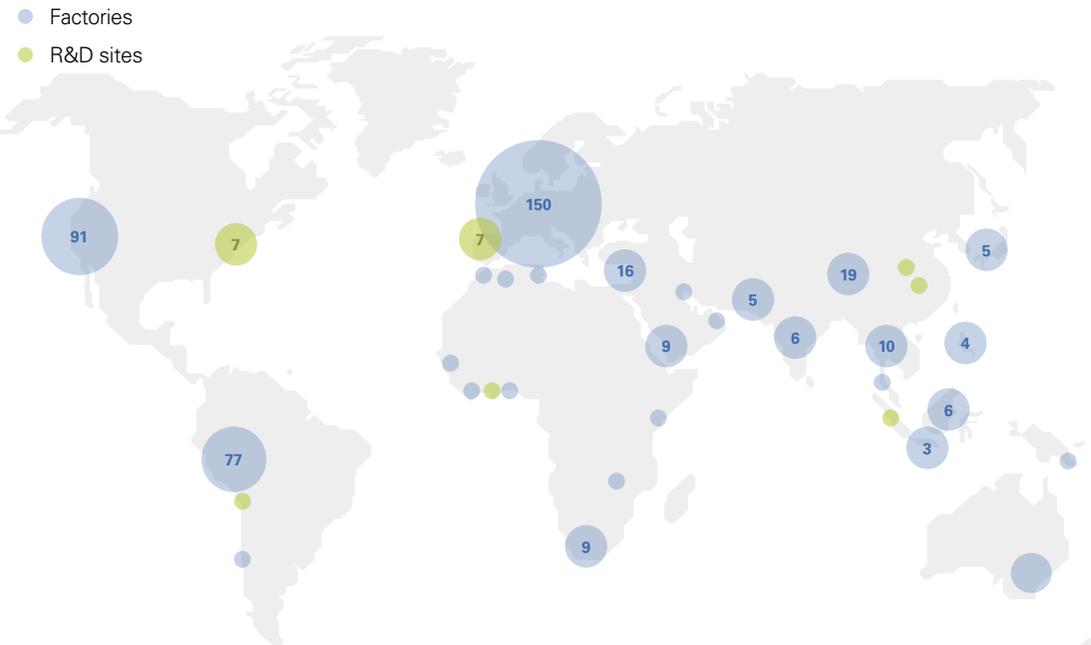
We regulate the way we operate using the Nestlé *Corporate Business Principles*, which form the basis of our culture and our values.



335,000
Employees



Geographical reach of our operations and supply chain operations



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 who directly supply a company with products/services.

Tier 2 suppliers are the key suppliers to Tier 1 suppliers.

Our approach to human rights, modern slavery and human trafficking

As an early adopter of the United Nations Guiding Principles for Business and Human Rights (UNGPs), we follow a structured approach to our human rights performance across our global business activities.

This includes ensuring that we have the appropriate policies, due diligence processes and remedial measures in place to identify and address issues including modern slavery and human trafficking. You can read more about our Human Rights Due Diligence Programme in the *Human Rights and Compliance chapter of our global Nestlé in society report 2016*.

The following sections of this document outline specific elements of our approach to managing human rights and in particular modern slavery and human trafficking, as recognised in Section 54(1) of the UK Modern Slavery Act 2015, under the *Transparency in Supply Chains* provision.



Our approach to human rights, modern slavery and human trafficking (continued)

Together with external stakeholders, in early 2016 we identified a list of 11 salient issues – those human rights at risk of the most severe negative impacts through our activities and business relationships.

A number of these could be directly or indirectly linked to modern slavery and human trafficking, e.g. forced labour. We are convinced that by identifying these issues, we are better able to manage them in a proactive manner.

Salient human rights issues	Rights holders						Governance	
	Employees	On-site contractors	Suppliers	Farmers & farm workers	Consumers	Local communities	Lead function	Support functions
1 Freedom of association and collective bargaining	●	●	●	●			Human Resources	Procurement (CO-PRO)
2 Working time	●	●	●	●			Human Resources	CO-PRO
3 Workers accommodation and access to basic services	●	●	●	●			Human Resources	CO-PRO
4 Safety and health	●	●	●	●		●	Safety, Health & Environment	Human Resources; CO-PRO; Agriculture (CO-AGR); Engineering; Manufacturing; Supply Chain; Sales; Group Risk Services; Security
5 Living wage	●	●	●	●			Human Resources	CO-PRO; CO-AGR
6 Child labour			●	●			CO-PRO	Strategic business units (SBUs); CO-AGR
7 Forced labour			●	●			CO-PRO	SBUs; CO-AGR
8 Land acquisition						●	CO-PRO	Operations
9 Access to water and sanitation	●	●	●	●		●	CO-Water	Operations
10 Access to grievance mechanisms	●	●	●	●	●	●	Compliance	Public Affairs
11 Data protection and privacy	●			●	●			

Discrimination

Market Compliance Committees

Our approach to human rights, modern slavery and human trafficking (continued)

These 11 salient human rights issues that we have identified span the whole of our value chain. They reflect the scope of our business activities and the potential impacts we have on the people we employ, do business with or otherwise interact.

Based on these 11 salient issues, we have identified six groups of rights holders who are particularly at risk:

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



Our Policies

The [Nestlé Corporate Business Principles](#) shape the way we do business and they form the basis of our culture, our values and our [Creating Shared Value](#) strategy.

Principle 4, entitled 'Human rights in our business activities', is the foundation of our approach to human rights. The Corporate Business Principles were signed by Nestlé S.A.'s Chairman and CEO and released in 2010, before the UNGPs were approved by the UN Human Rights Council.

Building on Corporate Business Principle 4, since 2010 we have integrated human rights elements in more than 17 different corporate policies and commitments. This has helped us make human rights part of our employees' day-to-day activities and responsibilities.

In addition to our employees, all Nestlé suppliers and contractors must comply with our policy commitments, including our Corporate Business Principles, Nestlé Supplier Code, and Nestlé Responsible Sourcing Guideline. Compliance with these standards is monitored regularly through compliance and engagement processes including third-party audits, independent assessments, and contractual and relationship reviews.

Name of policy or procedure	Approval date	Rights holders	Human rights issue addressed
Nestlé Employee Relations Policy	2010	Nestlé employees	<ul style="list-style-type: none"> Freedom of association and collective bargaining
The Nestlé Policy on transparent interaction with authorities and organisations	2010	Public officials; Citizens	<ul style="list-style-type: none"> Corruption and bribery Lobbying
Flexible Work Environment at Nestlé (Internal document)	2010	Nestlé employees	<ul style="list-style-type: none"> Working time (work-life balance)
Privacy Policy (Internal document)	2010	Nestlé employees; Consumers; Other stakeholders (e.g. suppliers, service providers)	<ul style="list-style-type: none"> Data privacy
Nestlé Consumer Communication Principles	2011	Consumers (including children)	<ul style="list-style-type: none"> Right to information Health
Nestlé Group Security: Objectives, Operational and Organisational Requirements (Internal document)	2011	Nestlé employees; Local communities	<ul style="list-style-type: none"> Security staff's training on use of force
Nestlé Policy on Conditions of Work and Employment (Internal document)	2011	Nestlé employees; On-site contractors	<ul style="list-style-type: none"> Working time Competitive and fair wages Health and safety
Nestlé Commitment on Rural Development	2012	Farmers; Farm workers; Local communities (rural)	<ul style="list-style-type: none"> Living wage Working conditions Health and safety Health, water, education, gender, food Land tenure
The Nestlé Human Resources Policy	2012	Nestlé employees	<ul style="list-style-type: none"> Working conditions Freedom of association and collective bargaining
The Nestlé Commitment on Child Labour in Agricultural Supply Chains	2013	Children (living in rural communities)	<ul style="list-style-type: none"> Child labour
Nestlé Responsible Sourcing Guideline	2013	Farmers; Farm workers; Local communities (rural)	<ul style="list-style-type: none"> Child labour Fair wages Working time Housing Access to water and sanitation Privacy Health Freedom of association and collective bargaining Occupational health and safety Non-discrimination Land use rights
The Nestlé Supplier Code	2013	Suppliers' and co-manufacturers' workers	<ul style="list-style-type: none"> Freedom of association and collective bargaining Forced labour Employment practices (including use of agencies) Child labour Non-discrimination Harassment Privacy Working time (including rest days) Wages and benefits Health and safety Housing
Nestlé Commitment on Water Stewardship	2014	Nestlé employees; Local communities	Access to water and sanitation
Nestlé Marketing Communication to Children Policy	2015	Children	Marketing to children
Nestlé Commitment on Labour Rights in Agricultural Supply Chains	2015	Suppliers' workers; Farm workers	Freedom of association and collective bargaining; Forced and bonded labour; Child labour; Health and safety; Accommodation and basic needs; Working time; Living wage
Maternity Protection Policy	2015	Nestlé employees	Right to social security, including social insurance

Due Diligence

We operate a Human Rights Due Diligence Programme throughout the company.

This is used to manage our salient issues identified on page 137 of our global *Nestlé in Society Report 2016*. Through the Due Diligence Programme, we undertake activities to assess, prevent and address potential human rights impacts, improve our performance on the ground, and gather data with which to measure our performance. As part of this work, we have identified that the majority of our human rights related issues manifest in the agricultural supply chains where we source our ingredients, rather than in our operations. In recognition of this, in May 2017, we published our Labour Rights in Agricultural Supply Chains roadmap. The roadmap identifies priority practices and locations to focus our remediation efforts on labour rights where we have known and identified issues.

The Nestlé Due Diligence Programme has eight operational pillars:

- 1. Policy commitments** We mainstream human rights into corporate policies and commitments to make them operational.
- 2. Stakeholder engagement** We engage with key stakeholders to get global and local insights into our human rights performance.
- 3. Training and awareness** We develop the awareness and the skills of our employees in order to make their work-related decisions and actions align with human rights.
- 4. Risk evaluation** We evaluate human rights-related risks in order to manage them proactively.
- 5. Impact assessment** We assess human rights impacts in our business activities to address them effectively.
- 6. Governance** The responsibility for overseeing operational performance in relation to the UK Modern Slavery Act sits with the market-wide Nestlé Ethics & Compliance Committee, chaired by our General Counsel. This internal governance structure provides oversight, accountability and transparency at all levels of our business.
- 7. Partnerships** We partner with leading organisations to improve our human rights performance on the ground and deliver on our commitments.
- 8. Monitoring and reporting** We integrate human rights indicators into our management systems to monitor our progress and report on it annually.



Launching our human rights training programme

In 2017, we commenced the roll-out of a new human rights training programme for employees. The programme focuses on specific training modules targeted at departments and individuals within the company who have responsibility for our exposure to human rights-related issues, such as Legal and Procurement functions. The training focuses on issues that are specific to the function, using real-life case studies or imagined scenarios. The first training module was designed for our in-house legal counsel. This training was launched in November 2017, and has now been rolled out across all legal teams throughout the business.

Due Diligence (continued)

Our human rights monitoring mechanisms

We have integrated human rights requirements and indicators into existing monitoring mechanisms. This has helped us scale-up our approach to human rights due diligence beyond high-risk countries, the parts of the business and supply chains where there is a risk of slavery and human trafficking taking place and monitor our human rights performance in all countries where we operate, in a systematic and ongoing manner.

We are fully committed to ensuring that our products are not associated with forced labour through our mandatory Corporate Business Principles, Nestlé Supplier Code and Responsible Sourcing Guideline (RSG), which require all of our employees and suppliers, including contractors, to respect human rights and to comply with all applicable labour laws.

We monitor compliance across our business operations and supply chains using the following monitoring mechanisms:

Our human rights monitoring mechanisms

	Policies	Programme	Monitoring mechanisms		External Partners
			Audits/assessment	Grievance mechanisms	
Nestlé facilities	The Nestlé <i>Corporate Business Principles</i> (Human rights-related policies)	CARE programme Nestlé Group Audit (NGA) Programme	CARE audits NGA audits	Integrity Reporting System	SGS Intertek Bureau Veritas
Tier 1 suppliers	Nestlé Supplier Code	Responsible Sourcing Audit Programme	Sedex Members' Ethical Trade Audits (SMETA) 4 Pillar	Tell us	SGS Intertek Bureau Veritas EcoVadis
Upstream suppliers	Responsible Sourcing Guideline	Responsible Sourcing Traceability Programme	Responsible Sourcing Guideline	Tell us	FLA Verité Forest Trust World Animal Protection

Our Responsible Sourcing activities define ingredients against these two benchmarks:

Responsibly sourced

Where places of origin are assessed against our RSG requirements and found to be compliant, or corrective action plans are developed (or equivalent standards implemented).

Traceable

Where ingredients we buy are identified back to their places of origin, such as mill, plantation or farm.

The Nestlé Responsible Sourcing Guideline complements the Nestlé Supplier Code and is applicable to all stages of the upstream value chain back to the primary production level. The RSG outlines the steps that Nestlé's suppliers should take to improve their practices.

Because of the scale of our global operations and the vast size of our supply chains, our responsible sourcing activities continue to focus on 12 priority categories: palm oil, soya, sugar, pulp and paper, coffee, cocoa, dairy, fish and seafood, cereals, vanilla, hazelnuts, meat, poultry and eggs.

By working directly with external partners we are able to ensure that we develop specific and meaningful action plans to address the most salient issues across our agricultural supply chains. Our work with partners such as The Forest Trust (TFT), Verite, Proforest, World Animal Protection and others has helped us to maximise and operationalise our commitments on the ground.

Monitoring

Monitoring is key to verifying whether our human rights activities (policies, training, and action plans) have been effectively integrated across the different levels of the company and into our business activities.

We integrate human rights indicators into our management systems to monitor our progress and report on it annually, through our global [Nestlé in Society: Creating Shared Value report](#).

We also undertake regular external stakeholder engagement and consultation with independent experts that help inform our understanding and approaches to managing human rights.

At the industry level, we engage with different business-focused platforms – such as the UN Global Compact (UNGC) and Consumer Goods Forum – to advance the business and human rights agenda in a pre-competitive manner, and encourage more companies to join. We are also an active member of several multi-stakeholder initiatives, such as the ILO Child Labour Platform.

We have responsible sourcing programmes in place across our commodity supply chains, with explicit commitments and targets in place for each in order to monitor and track our progress in addressing systemic issues found within these supply chains. These projects have been established to specifically address issues which have been identified for particular commodities.



Monitoring (continued)



Protecting children

Combating child labour is a top priority for Nestlé, especially in our supply chains for hazelnuts in Turkey, vanilla in Madagascar and cocoa in Côte d'Ivoire.

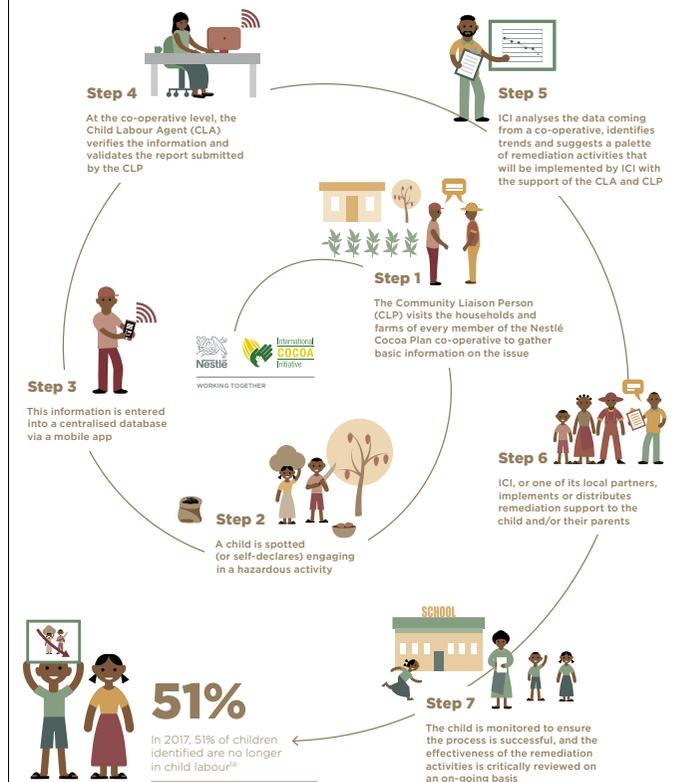
Child labour has been identified as a serious issue in all three supply chains, but the root causes and remedies differ considerably. Moreover, the scale of the challenge is enormous – one of the biggest global challenges we face. The size of the problem is such that we may never be able to entirely eliminate child labour, but we must be able to detect it everywhere and take all the actions necessary to decrease the reasons why it exists.

We therefore work with a range of stakeholders to identify the root causes of child labour and to develop and implement effective solutions, such as enabling children to receive an education rather than being used for labour. Together with the International Cocoa Initiative and the Fair Labor Association, we provide comprehensive monitoring, effective remediation activities and targeted support to local communities.

In Côte d'Ivoire, all co-operatives registered with our *Nestlé Cocoa Plan* are now part of our *Child Labour Monitoring and Remediation System* (CLMRS).

Child Labour Monitoring and Remediation System

How it works



Monitoring (continued)

Child labour has no place in our supply chain

Leadership

In 2012, Nestlé became the first company in the industry to establish a comprehensive supply chain approach: the Child Labour Monitoring and Remediation System (CLMRS).

Since the launch of our programme, seven other companies within CocoaAction are now piloting CLMRS. We believe that this is important in order to drive scalable, joined-up change within the sector.

Prevention

The system identifies cases of child labour (or children at risk) within Nestlé's supply chain and provides targeted solutions to prevent similar situations in the future.

Continuity

Children are monitored on an ongoing basis until they turn 18, allowing for the effectiveness of solutions to be assessed.

Growth

The system will grow substantially in Côte d'Ivoire. Additionally, over the next 12 months, the Nestlé Cocoa Plan will continue to be rolled out in Ghana.

Advocacy

We will openly share the successes and failures of the system.

Impact

Child labour has been reduced by 51% over a three-year period in our supply chain.

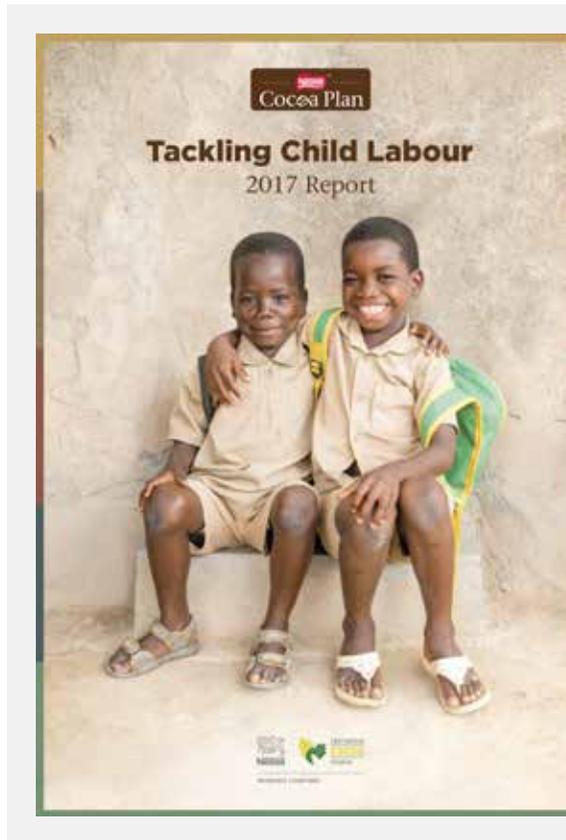


Monitoring (continued)

In October 2017, we launched our first [‘Tackling Child Labour’ Report](#). Our report provides an honest account of our efforts to spearhead the food and beverage industry’s approach to what is a highly complex and persistent issue.

Through adopting an open and realistic reporting approach, we hope that our insights will help other organisations respond effectively to the issue. To this end, we have worked with other cocoa and chocolate companies within CocoaAction, the World Cocoa Foundation’s strategy for cocoa sustainability, and are pleased that the CLMRS approach is fully integrated into its design.

Our report looks, for the first time, at the effectiveness of efforts made by the Nestlé Cocoa Plan and the International Cocoa Initiative (ICI) to tackle the problem of child labour.



Highlights

40,728

5-17 year olds are currently being monitored by the Nestlé Cocoa Plan CLMRS with scale-up continuing

5,232

Children being helped to date in the upstream supply chain by the Nestlé Cocoa Plan CLMRS

1/3

Around one-third of Nestlé’s total global cocoa supply is currently bought from Nestlé Cocoa Plan producers

7,002

Children identified as working on farms or in communities covered by the Nestlé Cocoa Plan

Monitoring (continued)

Child labour has no place in our supply chain

Child labour
Increasing insight

1.9m

Ivorian children estimated to be in child labour in cocoa-growing areas

95%

of children said, "helping their family" was their main reason for working

19

Average median age in Côte d'Ivoire

45 Average age of cocoa farmers in Côte d'Ivoire

Our approach
Targeting change

40,728

5-17 year olds are currently being monitored by the Nestlé Cocoa Plan CLMRS, with scale-up continuing

5,232

Children being helped to date in the upstream supply chain by the Nestlé Cocoa Plan CLMRS

5.5m CHF spent on tackling child labour in 2016, covering the CLMRS and school building

1,553

Number of communities in which the system is operating

Our communities
Educating people

163,407

Community members educated on child labour issues

1,246 Community Liaison People (CLPs)

75

Child Labour Agents who support the CLPs

4,917

Community awareness-raising sessions conducted since 2012

Our actions
Fostering improvement

9,869

Remediation actions undertaken

421 Schools built or refurbished

17

'Bridging classes' running

4,517

Birth certificates provided

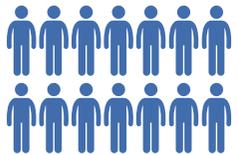
Monitoring (continued)

Grievance and Remedy

Our external whistleblowing channel, 'Tell us', is designed to give all external stakeholders the opportunity to report any possible non-compliance incidents against the Nestlé Corporate Business Principles. This system is managed by an independent third party and helps us ensure that all stakeholders can easily report possible compliance violations.

'Tell us' has also been made available to 7,748 suppliers.

In 2016, we received 642 messages via 'Tell us'. These fell into two main categories – compliance-related complaints, and non-compliance-related issues, e.g. consumer-related or general complaints. All comments received are investigated and have been, or are being, addressed.



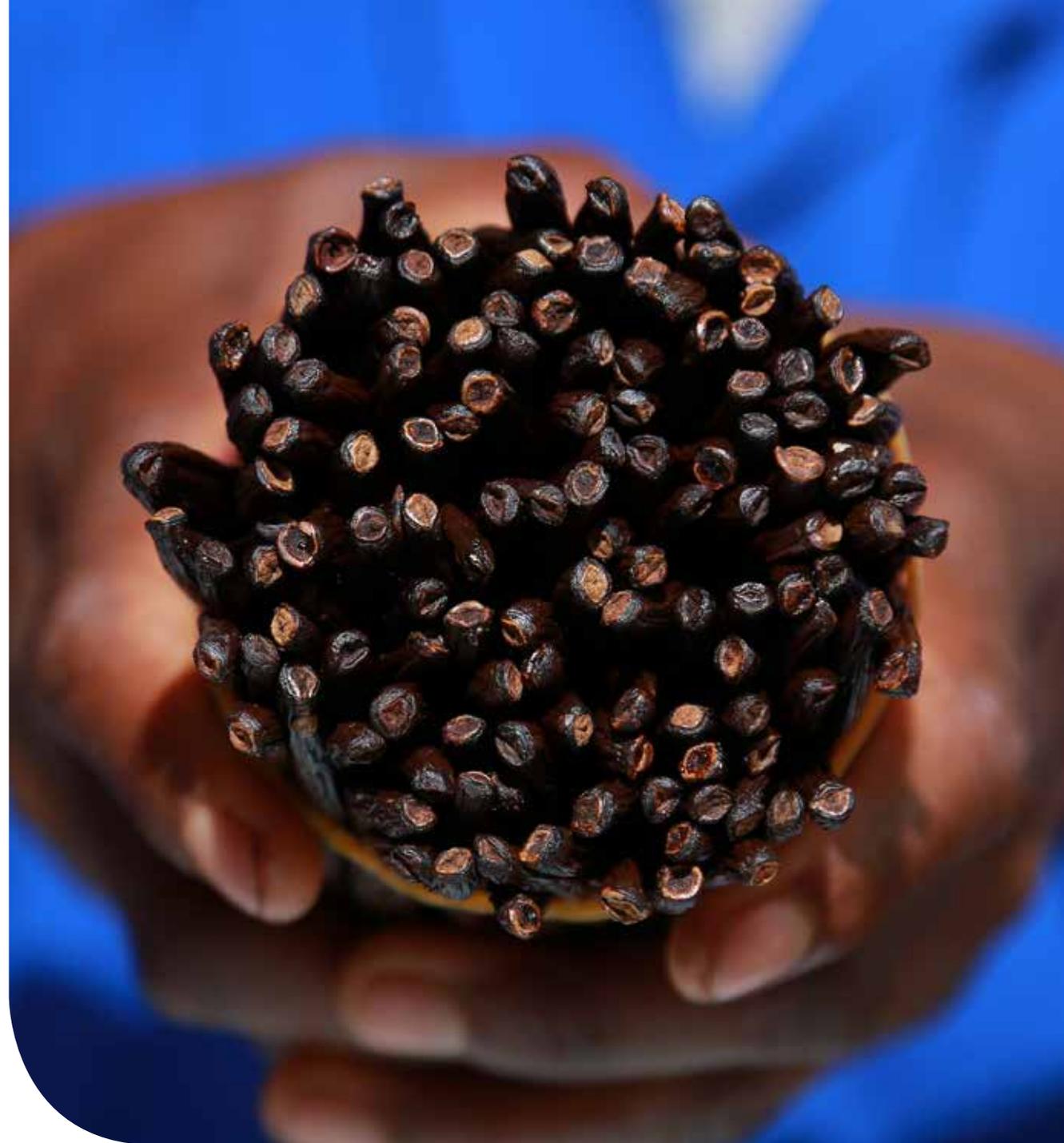
7,748

'Tell us' has also been made available to 7,748 suppliers



642

642 messages via 'Tell us' received in 2016



Looking ahead

As part of our approach to Creating Shared Value, we set ourselves 39 global corporate commitments to be achieved by 2020. Our commitments reflect the material issues of our business and help shape our strategy for continuous improvement.

Of these commitments, a number are explicitly linked to improving the way in which we and our stakeholders, including our upstream supply chain, respect human rights.

Our Priorities	Status update
Assess and address human rights impacts in our operations and supply chain	Our objectives towards 2020: By end of 2018 – Carry out six additional Human Rights Impact Assessments in countries where we have significant business operations By 2019 – Have a functioning governance structure in place in all markets that looks after human rights risks and opportunities By 2020 – Train all Nestlé employees on human rights
Eliminate child labour in key commodities	Ongoing – continue to tackle child labour in our cocoa supply chain in Côte d'Ivoire and our hazelnut supply chain in Turkey, where child labour is endemic, as well as projects in the vanilla supply chain in Madagascar; identify remediation efforts for other commodities, focusing on vulnerable groups, especially girls and children of migrant workers 2018 – Roll out system to major suppliers and report annually on progress
Embedding responsible sourcing in our supply chain	Ongoing – continue to embed responsible sourcing in our supply chain
Ensure that all employees and stakeholders can easily report possible compliance violations	Ongoing – continue to promote 'Tell us' system for external stakeholders By 2020 – pilot different grievance mechanism models to the upstream supply chain in priority countries identified by our labour rights roadmap; report annually on progress
Embedding and monitoring the Rural Development Framework to understand the needs of farmers	Ongoing – continue to embed and monitor Rural Development Framework

On behalf of Nestlé UK Ltd



Stefano Agostini
 CEO, Nestlé UK Ltd
 April 2018

We hope you find this report engaging and informative, and welcome your input and views, which can be sent to update@uk.nestle.com

Further information on our priorities can be found in our [Nestlé in Society report](#)

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