

# Talking the Human Rights Walk

Nestlé's Experience Assessing Human Rights Impacts in its Business Activities



THE DANISH INSTITUTE FOR HUMAN RIGHTS

 **Nestlé**  
Good Food, Good Life



# Contents

<b>5</b>	<b>DIHR Foreword</b>
<b>6</b>	<b>Nestlé Foreword</b>
<b>7</b>	<b>Executive summary</b>
<b>10</b>	<b>Introduction</b>
<b>11</b>	<b>1. Nestlé’s approach to human rights</b>
11	1.1. Nestlé’s corporate commitments
11	1.2. Nestlé’ 8-pillar Human Rights Due Diligence Programme
12	1.3. Pillar 5: Human rights impact assessments (HRIAs)
<b>13</b>	<b>2. HRIAs methodology and process</b>
13	2.1 Aligning with the UN Guiding Principles on Business and Human Rights
13	2.2 From scoping risks to tracking remediation actions: The strength of the DIHR/Nestlé partnership
<b>15</b>	<b>3. Scoping human rights risks</b>
15	3.1 Understanding country-level human rights issues
16	3.2 Identifying Nestlé’s business activities
17	3.3. Mapping external stakeholders
<b>18</b>	<b>4. Assessing actual and potential human rights impacts</b>
19	4.1 Assessing human rights impacts through 8 functional areas
21	4.2 Covering Nestlé’s facilities and supply chains
22	4.3 Engaging with rights-holders and stakeholders
<b>26</b>	<b>5. Integrating and acting upon the findings</b>
26	5.1 Best practices and areas for improvement identified
29	5.2 Remediation actions implemented at the country operations and corporate levels
33	5.3 Country-specific case studies: Focus on Nigeria and Colombia
<b>35</b>	<b>6. Tracking responses and communicating how impacts are addressed</b>
35	6.1 HRIAs Reports and Action Plans
35	6.2 The challenge of communicating results
<b>36</b>	<b>7. Mainstreaming human rights into Nestlé’s policies and procedures: the way forward</b>
<b>38</b>	<b>Annexes</b>
39	1. HRIA scoping questionnaire
40	2. HRIA self-assessment questionnaire
42	3. List of interviewees for this document
43	4. How does Nestlé implement Principle 18 of the UNGPs through the HRIAs?

## Lessons learnt

12	#1: Setting priorities: theory and practice
14	#2: HRIAs are not audits
20	#3: The evolvement of the HRIA process and methodology
22	#4: HRIAs are valuable but resource intensive
24	#5: The challenge around local community consultations
25	#6: Dilemmas around external stakeholder engagement
29	#7: Compliance vs. continuous improvement
32	#8: HRIAs are important drivers to develop employees’ capacities and increase awareness

## Abbreviations

CSV	Creating Shared Value
CARE	Compliance Assessment of Human Resource, Safety & Health, Environment
DCs	Distribution Centers
DIHR	Danish Institute for Human Rights
FAO	Food and Agriculture Organization
FTSE	Financial Times Stock Exchange
HRCA	Human Rights Compliance Assessment Tool
HRDD	Human Rights Due Diligence
HRIA	Human Rights Impact Assessment
HRRRA	Human Rights Risk Assessment
HRWG	Human Rights Working Group
ICCPR	International Covenant on Civil and Political Rights
ICESCR	International Covenant on Economic Social and Cultural Rights
ILO	International Labor Organization
IRS	Integrity Reporting System
IUF	International Union of Food Workers
NCBP	Nestlé Corporate Business Principles
Nestlé HQ	Nestlé International Headquarters (Vevey, Switzerland)
NHRI	National Human Rights Institution
OECD	Organization for Economic Co-operation and Development
RSGs	Responsible Sourcing Guidelines
SHE	Safety, Health and Environment
UDHR	Universal Declaration of Human Rights
UNDP	United Nations Development Programme
UNGC	United Nations Global Compact
UNGPs	UN Guiding Principles on Business and Human Rights
WHO	World Health Organization

## Foreword by DIHR

What you're about to read is a breakthrough in the field of human rights and business. How often have you seen a major multinational company report publicly on its human rights impacts - and what it's doing to address them - across seven countries?

For the Danish Institute for Human Rights this represents a highlight in more than a decade of work on human rights and business.

In the late 1990's, we became one of the first human rights organisations to engage directly with companies. We did this based on a belief that the human rights community and the business community could be turned from adversaries into allies. This white paper demonstrates how effective such a partnership approach can be in protecting and promoting human rights. It shares the findings, outcomes and lessons learnt from human rights impact assessments in seven Nestlé subsidiaries.

Human rights impact assessments are an emerging science. No one knows quite what they are or should be. By sharing the lessons we have learnt we hope to move practice forward. What we have done is by no means perfect and there will be things that we may have missed. Human rights is a moving target and corporate human rights due diligence must evolve along with it.

It's a fact of life that speaking openly about your problems makes them easier to solve. For most companies, the really big human rights challenges can only be solved if you have the trust of others: workers, consumers, communities, civil society, business partners and governments. Corporate transparency and accountability of the type shown in this paper is a prerequisite for establishing this trust.

There are about eighty thousand multinationals in the world, but according to a survey, less than four hundred of them have a human rights policy. A realistic guess is that less than fifty of these have done a human rights impact assessment. We still have a long way to go.

Whereas corporate human rights impact assessments are yet a rare best practice, publicly sharing the results takes it one step further. Nestlé deserves a lot of credit for being perhaps the first multinational company to take this step. We need more companies that walk the talk – and talk about it too.

We welcome your comments to this paper at [business@humanrights.dk](mailto:business@humanrights.dk).



Allan Lerberg Jorgensen,  
Director for Human Rights and Business,  
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## Foreword by Nestlé

We started our human rights walk in 2008 when we asked the Danish Institute for Human Rights (DIHR) to conduct a human rights gap analysis of our corporate policies and procedures. It proved to be a resource-intensive exercise but it set a solid basis for what was clearly going to be a long journey.

Drawing on the results of this gap analysis Nestlé and the DIHR decided to continue working together by signing a partnership agreement that made our collaboration more strategic. We carried out our first Human Rights Impact Assessment (HRIA) together in 2010. Since then we have covered 7 country operations in various regions of the world. This involved engaging with a multitude of employees, contractors, suppliers, farmers, local community members and external stakeholders to better understand the scope and magnitude of the human rights impacts resulting from our business activities.

The time has come now to talk about this human rights journey, sharing the lessons we have learnt along the way. Every year we report on our overall human rights performance as part of the Nestlé in Society Report. This paper goes a step further as it proposes a deep dive into the way we have assessed and managed human rights impacts both at the corporate and country operations levels.

HRIsAs are a fundamental piece of our 8-pillar Human Rights Due Diligence Programme. As this paper suggests they have posed a number of challenges that have made the overall process and outcomes more resilient over the years. Companies may find a variety of reasons not to engage in such a challenging and daunting process. However this report shows that the added value of HRIsAs largely overcomes the drawbacks. What matters most is to start the journey and be ready and willing to learn from experience. We hope this paper will encourage other companies to take the path we engaged in some 5 years ago.

Our human rights walk is far from over. As a company, our ambition is to be an acknowledged leader in business and human rights. As we roll out our Human Rights Due Diligence Programme further and strive to continuous improvement in this area, our ability to engage in a thorough and constructive discussion with our stakeholders will be an important driver of our success. This paper is not an end in itself but rather a tool that will help us engage in more in-depth discussions with a broad range of people and organizations. Therefore we will take forward the lessons learnt compiled in this paper and include them in the various stakeholder consultations we will be carrying out in the future.

In the meantime, please do not hesitate to contact us should you have questions or comments: [humanrights@nestle.com](mailto:humanrights@nestle.com).



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# Executive summary

In 2010 the Danish Institute for Human Rights (DIHR) entered into a partnership with Nestlé to support the company in its commitment to respect human rights as stated in the Nestlé Corporate Business Principles. As part of this commitment Nestlé has developed and implemented an 8-pillar Human Rights Due Diligence Program<sup>1</sup>, in which Human Rights Impact Assessments (HRIAs) play a pivotal role.

This paper describes the steps that Nestlé has undertaken together with DIHR to assess and address its actual and potential impacts in 7 country operations. It first explores the methodology that was applied to the overall HRIA process. It then presents the aggregated HRIAs findings and the actions taken by Nestlé at the country and corporate levels to address them. Finally, a number of lessons learnt drawn from the HRIA process and outcomes have been included throughout the paper.

## Methodology and process

According to the [UN Guiding Principles on Business and Human Rights](#)<sup>2</sup> (UNGPs) companies are required to assess their human rights impacts, as an integral part of human rights due diligence. Nestlé has chosen to undertake stand-alone HRIAs in the form of facilitated assessments coordinated by a DIHR and Nestlé HQ team (HRIA team).

Each HRIA goes through a 4-step process for which specific tools have been developed:

**1. Scoping human rights risks at the country level:** As part of the preparation phase, country risk briefings and scoping questionnaires are compiled by the HRIA team to identify the rights holders that will be interviewed, the Nestlé facilities and sourcing areas that will be visited, and the external stakeholders that the HRIA team will engaged with.

**2. Assessing actual and potential human rights impacts:** This is the actual assessment phase during which the HRIA team conducts on-site interviews and visits. The interviews with Nestlé local management are guided by a set of self-assessment questionnaires (one for each of the 8 following functional area: Human Resources, Health and Safety, Security Arrangements, Business Integrity, Community Impacts, Procurement, Sourcing of Raw Materials and Product Quality and Marketing Practices). More specific questionnaires are developed for rights holders (factory

and farm workers, trade unions' representatives, local community members, etc.) and external stakeholders (local or national authorities, NGOs, trade associations, international organizations, etc.)

**3. Integrating and acting upon the findings:** Based on the findings, DIHR prepares a draft HRIA report. The report is divided by functional area and describes the baseline situation of all the Nestlé sites included in the scope of the assessment, the findings of the HRIA team and input from external stakeholders on the specific human rights topics relevant to the functional area. For areas where remediation actions are needed to address adverse impacts identified, DIHR provides a number of recommendations. The draft report is then shared with the country team for input and clarifications. Once the country team, Nestlé HQ and DIHR agree on the content of the report, the report is considered final.

**4. Tracking responses and communicating how impacts are addressed:** The final HRIA report forms the basis for the HRIA action plan. Once all parties have agreed on the content and recommendations of the action plan, a timeline for implementing the recommendations is determined by the country team. For every action a designated person is appointed who is in charge of ensuring that the action is taken in a timely manner. Nestlé HQ fulfills the role of monitoring the follow-up of the actions at the country operation level.

## Outcomes

The findings of the HRIAs have triggered a number of concrete actions implemented by Nestlé both at country operations and corporate levels. The section below presents one issue per functional area. For more examples, please consult section 5 of the full report.

### *Human resources: living wage*

The HRIAs have shown that in all countries where a HRIA has been performed, Nestlé is considered among the top employers. The salaries of Nestlé employees are above the minimum and living wage levels. HRIAs have also revealed that the salary of third-party and temporary staff working in Nestlé factories is in line with the national minimum wage (when applicable) but usually below the living wage level. To address this issue, a number country operations conducted living wage surveys in various urban and rural regions where they operate. At the corporate level, a pilot project on living wage was initiated in 6 country operations, applying to Nestlé employees and temporary staff hired by Nestlé.

<sup>1</sup> <http://www.nestle.com/csv/human-rights-compliance/human-rights>

<sup>2</sup> <http://www.business-humanrights.org/SpecialRepPortal/Home/Protect-Respect-Remedy-Framework/GuidingPrinciples>

### *Health & safety: road safety*

The application of strong health & safety procedures has been observed consistently in all Nestlé facilities, resulting in a low lost time injury frequency rate. Safety has been identified as an issue for business activities taking place outside Nestlé facilities. In the countries covered so far, a high risk of road safety related accidents among Nestlé and Nestlé suppliers' drivers has been identified. This is a key issue for Nestlé as transport is used in a number of business activities to carry raw materials from collection centers to factories and finished good from factories to distribution centers, and ultimately to customers. In order to address this risk, country level training for drivers on road safety has been conducted in a number of country operations. In addition, at the corporate level road safety has been identified as a priority issue leading to the appointment of a new Road Safety Manager.

### *Security arrangements: human rights training*

Nestlé's exposure to security and human rights risks is limited compared to other industry sectors. However, HRIAs have identified a lack of reference to human rights standards, and to the use of force in particular, in contracts between Nestlé and its security providers in all countries under review. In certain countries, specific human rights training for security forces was missing or inadequate. In terms of remediation, some countries have now included human rights principles (such as the use of force) into renewed contracts with security providers. Some countries initiated specific human rights training to security personnel provided by qualified, third-party organizations. At the corporate level, a security and human rights standard and training are being developed and will be rolled out in country operations in 2014.

### *Business integrity: anti-corruption*

HRIAs have demonstrated that Nestlé policies and training on anti-corruption are in place and effective. However the level of awareness and capacity of some high risk functions on this issue was rather low. As a consequence, an anti-corruption training tool was developed at the corporate level and rolled out in all country operations. In addition, Heads of Legal in country operations are developing an enhanced in-person training on anti-corruption to be launched in 2014.

### *Community impacts: grievance mechanism*

The Nestlé factories visited by the HRIA team were very often located in industrial zones, several kilometers away from where local communities live, limiting potential negative impacts such as pollution, smell or noise. This coupled to the fact that Nestlé employees are usually members of the local communities surrounding the factories make Nestlé reputation positive and strong. Nonetheless, HRIAs have shown that dedicated grievance mechanisms are

not available to local communities. As a result, a Nestlé external grievance mechanism, Tell us, is currently under development. In addition, a set of Community Engagement Guidelines is currently being developed in order to align Nestlé operations with best practices in this area.

### *Procurement*

The HRIAs allowed Nestlé to identify additional direct suppliers that had not been covered through the Nestlé Responsible Sourcing Audit (RSA) Program<sup>3</sup> even though they were presenting risks of non-compliance in areas such as working conditions and health & safety. As a result, additional RSAs were conducted by Bureau Veritas, Intertek and SGS to cover these high-risk suppliers identified through HRIAs. In addition, the corporate Procurement team has been working on a revised version of the Nestlé Supplier Code that includes a specific section on human rights and will be released by the end of 2014.

### *Sourcing of raw materials*

It is clear from the HRIAs that overall Nestlé has had a positive impact on farmers' livelihoods through the delivery of training on good agricultural practices (GAPs) and material, and by making access to international markets easier. However, at the farm level a systematic monitoring of human rights and labour standards was lacking. This is true in particular for commodities outside of the Nestlé Cocoa Plan, Nescafé Plan and Farmer Connect Program (dairy). In order to respond to this gap, Nestlé has developed specific [Responsible Sourcing Guidelines](#)<sup>4</sup> for high-risk commodities that include explicit human rights and labour requirements.

### *Products quality and marketing practices*

HRIAs confirmed that strong policies and procedures are in place regarding product quality and safety, marketing to children and consumer privacy. This is also the case regarding consumer privacy, an area in which strict rules are in place. In country operations where there is a risk that underage workers could be engaged in the informal distribution of Nestlé products, the country operations have agreed to further investigate this issue. With millions of small retailers selling Nestlé products in the upstream supply chain, the challenge is daunting.

### *Lessons learnt*

The process of conducting the 7 HRIAs has been a highly valuable exercise. They have proved to be a fundamental aspect of Nestlé's commitments to respect human rights by providing Nestlé with an overview on all the different human rights aspects that are relevant in its business activities, both at the operations and supply chain levels.

<sup>3</sup> <http://www.nestle.com/csv/responsible-sourcing>

<sup>4</sup> [http://www.nestle.com/asset-library/documents/library/documents/corporate\\_social\\_responsibility/nestle-responsible-sourcing-guidelines.pdf](http://www.nestle.com/asset-library/documents/library/documents/corporate_social_responsibility/nestle-responsible-sourcing-guidelines.pdf)

More importantly, the HRIAs have offered practical solutions to issues that can sometimes be complex (working time) and helped engage a thorough and constructive dialogue on human rights with the of country management teams, at the same raising their awareness and developing their capacities in this area.

The HRIAs have not come without challenges: one has been the development of the methodology. The HRIA team has adapted its tools for conducting the HRIAs over the past years. From adaptation of the tools to the food and beverage sector and the country context to changing questions from closed to open questions; it has been a long process of continuous improvement. Another challenge has been to address the difference between HRIAs and audits to the country operations. HRIAs are more complex and comprehensive than audits due to the nature of human rights which cut across a number of different issues and functions. They have helped Nestlé uncover more areas for improvement.

Engagement with stakeholders, including local communities is one of the value added aspects of the HRIAs. External stakeholders provide relevant and useful information on certain human rights issues relating to Nestlé operations. In a number of countries engagement with external stakeholders through the HRIAs has helped to start a dialogue. In other countries the relation with local communities has improved considerably. In general the implementation of the remediation actions by the country operations has been a relatively smooth process. However, where external parties, such as government entities or suppliers, were involved it has proven to be a bigger challenge to follow up on the actions as set out in the HRIA action plans.

An important outcome of the HRIAs has been the aspect of capacity building and awareness-raising on human rights at the country operations level. The HRIAs have been a driver for the country operations to conduct the Nestlé human rights training. While in the past they could not link issues such as holidays, corruption and security personnel to human rights, though the HRIAs Nestlé staff at the country operations level now better understand what human rights are and how they apply to the different functions within the company.

Lastly, the HRIAs have helped Nestlé to mainstream human rights into its existing corporate policies and procedures. The findings of the HRIAs have been fed into a number of Nestlé's policies (Employee Relations, Policy on Conditions of Work and Employment, Nestlé Supplier Code, etc.) and procedures (Human Rights Risk Assessments as part of the corporate Enterprise Risk Management system, CARE external audit program, Responsible Sourcing and Traceability Program,

etc.). The outcomes of the HRIAs have also contributed to the development corporate commitments on Child Labor in Agricultural Supply Chains and Rural Development.

### ***Looking forward***

Nestlé and DIHR will continue working together to carry out HRIAs in all FTSE4Good countries of concern where Nestlé has a significant involvement by 2015. During this phase, Nestlé will continue to demonstrate transparency with regard to the HRIAs and aims to make public the findings of future HRIAs while still ensuring confidentiality towards the participating Nestlé country operations.

In the future DIHR's role in the HRIAs will be of a different nature. After 2015, Nestlé aims to further internalize the HRIA process into its existing procedures and management systems. DIHRs role will shift more towards training of relevant Nestlé personnel in conducting the HRIAs themselves and ensuring follow up of HRIA action plans. Country operations teams' capacity in this area will be strengthened, allowing them to become more independent and making Nestlé's overall approach to human rights more sustainable.

# Introduction

This paper presents the findings and lessons learnt from 7 Human Rights Impact Assessments (HRIAs) facilitated by the Danish Institute for Human Rights (DIHR) of Nestlé's country operations. It looks at the steps taken by Nestlé towards its commitment to respecting human rights in line with the United Nations Guiding Principles on Human Rights and Business (UNGPs). The paper focuses in particular on the assessment of actual and potential human rights impacts resulting from Nestlé's business activities, both in its own operations and along its supply chains.

Nestlé is the world's largest food and beverage company. More than 1 billion Nestlé products are sold every day. It operates 468 factories and employs 339 000 people in over 150 countries. Nestlé interacts with some 165 000 direct suppliers and cooperates directly with over 690 000 farmers worldwide. With the magnitude of Nestlé relationships and its area of business, the activities of the company make an impact on the everyday lives of millions of people.

Since 2008, the DIHR and Nestlé have entered into a collaboration to strengthen Nestlé's approach to human rights at the policy and procedures levels. In 2011, the roles and responsibilities of companies in relation to human rights have been clarified at the United Nations (UN) level through the adoption of the UN Guiding Principles on Business and Human Rights, a framework developed by Harvard Professor John Ruggie. The United Nations Human Rights Council unanimously endorsed the [Guiding Principles for Business and Human Rights](#), making the framework the first corporate human rights responsibility initiative to be endorsed by the United Nations.<sup>5</sup>



*UN Guiding Principles on Business and Human Rights*

Ruggie's Framework rests on three pillars:

- I. The State duty to protect:** States must protect against human rights abuses by third parties, including business enterprises, through regulation, policymaking, investigation, and enforcement.
- II. The Corporate responsibility to respect:** Businesses have to act with due diligence to avoid infringing on the rights of others and to address negative impacts with which they are involved. This pillar describes a process for companies to 'know and show' that they are meeting this responsibility, by which they become aware of, prevent, and address their adverse human rights impacts.
- III. Access to remedy:** The third pillar addresses the state's responsibility to provide access to remedy through judicial, administrative, and legislative means, and the corporate responsibility to prevent and remediate any rights violations that they contribute to.

The corporate responsibility to respect means that businesses should have a human rights due diligence process in place to identify, prevent, mitigate and account for how they address their impacts on human rights. Ruggie has defined the implementation of due diligence to identify, address and mitigate human rights impacts as:

- Assessing actual and potential human rights impacts
- Integrating and acting upon the findings
- Tracking responses and communicating how impacts are addressed.<sup>6</sup>

This paper looks at the steps Nestlé has taken to implement the above requirements through the assessment of its human rights impacts. Chapter 1 provides an overview of Nestlé's approach to human rights with a specific focus on Human Rights Impact Assessments (HRIAs). Chapter 2 describes the methodology and the process applied by the DIHR and Nestlé to assess human rights impacts. The next 4 chapters presents in details the 4-step that we've applied to all HRIAs as well as the main outcomes in terms of: how human rights risks are identified as part of the preparation for the HRIA (chapter 3); how actual and potential human rights impacts are assessed (chapter 4); how HRIAs finding are integrated and acted upon at the country operations and corporate levels (chapter 5); and finally how remediation actions are tracked and communicated internally and externally (chapter 6). The paper concludes on how the HRIAs have helped Nestlé to mainstream human rights into its systems and the way forward for Nestlé with regard to assessing and addressing human rights impacts (chapter 7).

<sup>5</sup> U.N. Human Rights Council, Resolution 8/7: Mandate of the Special Representative of the Secretary General on the issue of human rights and transnational corporations and other business enterprises, June 18, 2008. See: [http://ap.ohchr.org/documents/e/hrc/resolutions/A\\_HRC\\_RES\\_8\\_7.pdf](http://ap.ohchr.org/documents/e/hrc/resolutions/A_HRC_RES_8_7.pdf)

<sup>6</sup> The UN Guiding Principles of Business and Human Rights. See: [http://www.ohchr.org/Documents/Publications/GuidingPrinciplesBusinessHR\\_EN.pdf](http://www.ohchr.org/Documents/Publications/GuidingPrinciplesBusinessHR_EN.pdf)

# 1. Nestlé's approach to human rights

## 1.1 Nestlé's corporate commitments

Nestlé has made a number of commitments towards human rights. Back in 2010 Nestlé recognized its responsibility to respect human rights by incorporating the UNGPs in its [Corporate Business Principles](#). These Business Principles constitute Nestlé's overarching policy framework, and contain 10 overarching principles of business operation that are spelled out in a number of other Nestlé policies, guidelines and standards such as the Nestlé Supplier Code, Nestlé Employee Relations Policy, Nestlé Management and Leadership Principles, Nestlé Code of Business Conduct, Human Resource Policy and Nestlé Policy on Safety and Health at Work and many more.<sup>7</sup>

Nestlé's objective is to be exemplary in human rights and labour practices and an acknowledged leader in this area. In order to do so, it has committed to comply with all national laws and respect internationally recognized human rights standards as set out in the UNGPs, the International Bill of Human Rights and the Core International Labor Organization (ILO) Conventions. Furthermore, it has stated its commitment to frameworks such UN Global Compact, the OECD Guidelines for Multinational Enterprises and the ILO Declaration on Multinational Enterprises 2006.

While human rights due diligence is a simple concept, it is more challenging to implement. It requires clear objectives and key priorities, strategic direction, dedicated resources, and a high level of coordination across the company. In order to deliver on its commitment to implement human rights due diligence and to meet the expectations of its stakeholders, Nestlé has developed and implemented its own human rights due diligence programme.

## 1.2 Nestlé's 8-pillar Human Rights Due Diligence Programme

The 8 pillars of Nestlé's Human Rights Due Diligence Programme (HRDD) aim to make Nestlé's approach to human rights strategic, cross-cutting, comprehensive and coordinated.



*Nestlé's 8-pillar Human Rights Due Diligence Program: video<sup>8</sup>*

The Programme covers the following issues:

1. Integrating human rights into new and existing policies
2. Engaging with stakeholders on a wide range of human rights issues
3. Training employees on human rights and developing their capacity on human rights
4. Evaluating risk assessments across its activities
5. Assessing human rights impacts in high risk operations,
6. Coordinating human rights activities through the Nestlé Human Rights Working Group
7. Partnering with leading organizations to implement its human rights activities and
8. Monitoring and reporting on its performance.

Each year, Nestlé reports on its performance against each of the 8 pillars, as well as against all Global Reporting Initiative (GRI) Human Rights Indicators as part of its online Creating Shared Value (CSV) Report.<sup>9</sup>

Nestlé and the Danish Institute for Human Rights (DIHR) have been working together since October 2008 on a number of activities, including human rights aspects of the new Nestlé Corporate Business Principles; and a comprehensive human rights gap analysis of Nestlé's corporate policies and systems across eight functional areas which was concluded in November 2009. In July 2010 Nestlé and DIHR committed to a two-year partnership that was extended for another two years in 2012.

<sup>7</sup> Nestlé's Corporate Business Principles. See: <http://www.nestle.com/aboutus/businessprinciples>

<sup>8</sup> <http://vimeo.com/63250161>

<sup>9</sup> For more information see: <http://www.nestle.com/csv/human-rights-compliance>

### 1.3 Pillar 5: Human rights impact assessments

Under Pillar 5 of Nestlé’s Human Rights Due Diligence Programme, the company has committed to carry out Human Rights Impact Assessments (HRIAs) in all FTSE4Good countries of concern where it has a significant involvement by 2015.<sup>10</sup> As the first and only infant formula manufacturer to achieve inclusion in FTSE4Good, the Financial Times Stock Exchange responsible investment index, Nestlé has committed to meet specific inclusion criteria covering areas such as breast-milk substitutes, the environment, human rights, and supply chain.<sup>11</sup>

#### Lesson learnt #1: Setting priorities – theory and practice

**Value added:** For companies operating in a number of countries with extended supply chains it may be difficult to decide where to go first. Such a decision should be based on risks to rights-holders but it is not always easy to establish such priorities as data on specific human rights issues, commodities and countries are often missing. The FTSE4Good list of countries of concern has proved to be a useful starting point for Nestlé in order to prioritize the countries of intervention.

**Challenge:** FTSE4Good list of countries of concern have been selected based on human rights analysis and consultation of reports by Freedom House, Amnesty International and Human Rights Watch, which mainly focus of civil and political rights. However, economic, social and cultural rights have not been taken into consideration equally (see also “1.3 Pillar 5: Human rights impact assessments”). For a company like Nestlé a human rights risk ranking taking full account of economic, social and cultural rights would be more appropriate, as the current list reflects only some of the highest human rights concerns of Nestlé. In the future, Nestlé’s corporate Human Rights Risk Assessment should play a more prominent role in the selection of the countries where a heightened level of human rights due diligence is required.

Nestlé and the Danish Institute for Human Rights have been collaborating since 2010 in conducting these HRIAs. The objective is to assess the actual and potential impact Nestlé’s business activities (operations and supply chain) have on the human rights of employees, third party staff, suppliers’ employees, consumers and local communities. So far, assessments have been carried in 7 countries: Colombia, Nigeria, Angola, Sri Lanka, Russia, Kazakhstan and Uzbekistan. Five additional countries (Vietnam, Pakistan, China, Saudi Arabia and Egypt) will be covered by 2015.



*“The Human Rights Impact Assessments have led to increased thinking within the company on its impact on the society as a whole.”*

*Claus Conzelmann  
Head, Safety, Health and Environmental  
Sustainability, Nestlé HQ*

<sup>10</sup> FTSE4Good List of Countries of concern is developed by EIRIS and uses the latest Freedom House list of ‘not free’ countries to identify those with significant levels of corporate investment and then amends that list in the light of further information such as annual reports from Human Rights Watch and Amnesty International.

<sup>11</sup> FTSE4Good website. See: [http://www.ftse.com/Indices/FTSE4Good\\_Index\\_Series/Downloads/F4G\\_Criteria.pdf](http://www.ftse.com/Indices/FTSE4Good_Index_Series/Downloads/F4G_Criteria.pdf)

## 2. HRIAs methodology and process

### 2.1 Aligning with the United Nations Guiding Principles

According to the UNGPs companies are required to assess their human rights impacts, as an integral part of human rights due diligence. It is important to acknowledge that the UNGPs do not specify what type of assessment companies are required to undertake, therefore it can be a range of assessments, e.g. integrate human rights in other assessment process such as social impact assessment, early due diligence risk assessments or undertake stand-alone human rights impact assessments (HRIAs). Whatever form is adopted, according to the UNGPs assessment of human rights impacts should include a number of aspects: companies should assess actual and potential impacts, impacts the company has caused or contributed to or is linked to, engagement with rights-holders and other relevant stakeholders, including vulnerable groups, in an appropriate and meaningful manner and include all relevant international human rights as a reference point.<sup>12</sup>

Nestlé has chosen to undertake stand-alone HRIAs in the form of facilitated assessments coordinated by a DIHR team. Assessments are conducted by a joint DIHR-Nestlé team consisting of 1 or 2 DIHR members and the Human Rights Specialist of Nestlé International Headquarters (Nestlé HQ). The assessment is carried as a facilitated self-assessment, where DIHR plays a coordinating role and Nestlé provides company specific input.

*“The Human Rights Impact Assessments have demonstrated the importance of bringing different partners together to address human rights issues.”*

*Christian Frutiger  
Deputy Head, Public Affairs, Nestlé HQ*

### 2.2. From scoping risks to tracking remediation actions: The strength of the DIHR/Nestlé partnership

The HRIA 4-step process is a collaborative process of the DIHR assessment team, Nestlé HQ and the Nestlé country team. While DIHR has predominantly developed the HRIA methodology and is the one in charge of the overall HRIA process, Nestlé has played a major role in adapting DIHRs HRIA methodology for the Food and Beverage sector and more specifically for the various Nestlé country operations. Nestlé HQ plays another crucial role and that is being the liaison between DIHR and the Nestlé country team throughout the process.

Nestlé HQ conducts an introductory call with each country team to inform them about the HRIA in general, what the difference is between an HRIA and an audit, the process and the rationale behind the HRIA which will be conducted in the country operation. Following the introduction, DIHR and Nestlé HQ informs the country team of the entire process on an ongoing basis with detailed briefings and information throughout the preparation phase. The Nestlé country team plays an important and active role in the preparation phase. A HRIA focal point is identified in every country operation that serves as the primary contact person for the assessment team and acts as the lead of the process from the country operation side. The HRIA focal point is in charge of ensuring that the HRIA process goes smoothly in the preparation phase, during the in-country assessment and during the follow-up phase. The focal point is charged with sharing relevant information with the assessment team, completing the scoping questionnaire, identifying the interviewees at the country head office, factories and distribution centers, the logistical arrangements including security, interpreters and transport, and most importantly ensuring that the HRIA self-assessment questionnaires are completed. The questionnaires are completed by the various functional experts at the country operation level. These could include HR managers and officers, SHE managers, the company’s legal counsel, procurement officers, persons in charge of public affairs persons in charge of marketing, etc. The assessment team aims to interview the same people who have completed the self-assessment questionnaires during the country visits.

<sup>12</sup> See [table Annex 4](#)

## Lesson learnt #2: HRIAs are not audits

**Value added:** The baseline against which HRIAs are performed (international human rights standards) is much more comprehensive than audits' (usually focusing on compliance with company's policies and national laws). This has helped the company uncover more areas for improvement compared to audits. This can also be explained by the fact that audits are usually presented and seen as a way of verifying that there is no non-compliance, while HRIAs are a process that aims to uncover areas for improvement as a way to improve Nestlé's overall human rights performance at the corporate and country operations levels.

**Challenge:** One of the challenges with HRIAs relate to the very nature of human rights which cut across many different issues and functions and the entire value chain, which make HRIAs more complex and harder to understand by the country operations.

### Audit vs. HRIAs

	Audits	HRIAs
<b>Baseline</b>	Company policies and national laws	International human rights standards
<b>Objective</b>	Compliance by Nestlé facilities	Continuous improvement at the corporate and country operations levels
<b>Procedure</b>	Audits protocols verified by external audit companies	Self-assessment questionnaires filled by local team, with the support of DIHR and Nestlé HQ
<b>Scope</b>	Different audit protocols apply to specific elements of the value chain	HRIAs cover the entire company's value chain in a specific country (360 degrees overview)
<b>External stakeholders engagement</b>	N/A	HRIAs are informed by inputs from civil society organizations, academics, trade unions, government and UN agencies, business associations, etc.

Nestlé HQ fulfills the role of monitoring the follow-up of the actions at the country operation level. In 2011 the Human Rights Working Group, a cross functional coordination structure at Nestlé HQ was set up with the purpose of improving the coordination of human rights related activities and initiatives within the company. The Human Rights Working Group includes representatives from the relevant functions such as Risk Management, Legal, Human Resources, Safety, Health and Environment, Compliance, Security, Procurement, and Public Affairs. Since 2012 the Human Rights Working Group is fully operational and convenes on a regular basis.

After every 2 HRIAs, a presentation is held by DIHR to the Human Rights Working Group to present the findings of the HRIAs and the agreed country operation action plans. This allows for more adequate follow up of actions at the HQ and country level.

Regularly Nestlé HQ follows up with the country team on actions undertaken, to discuss challenges the country team faces in addressing the impacts and issues in the action plan and to provide support to the country team where needed and once all actions have been implemented the process is completed.

### 3. Scoping human rights risks

Every HRIA typically goes through a 4-step process. Each step involves specific tools and resources, as presented below:

*HRIA 4-step process, tools and resources*

HRIA steps	Scoping	Assessing	Acting & integrating	Tracking & communicating
<b>HRIA tools</b>	<ul style="list-style-type: none"> <li>Country briefing</li> <li>Scoping questionnaire</li> <li>Stakeholder mapping</li> </ul>	<ul style="list-style-type: none"> <li>Self-assessment questionnaires</li> <li>Interview questionnaires</li> </ul>	<ul style="list-style-type: none"> <li>HRIA Report</li> <li>HRIA Action Plan</li> </ul>	<ul style="list-style-type: none"> <li>HRIA Action Plan</li> <li>HRIA « White Paper »</li> </ul>
<b>Resources involved</b>	DIHR + Nestlé HQ + Nestlé country operation			

In the following 4 chapters the 4-step HRIA process is described in detail.

#### 3.1 Understanding country-level human rights issues

During the preparation phase a country risk briefing is drafted by DIHR based on the DIHR Human Rights and Business Country Guide methodology.<sup>13</sup> This briefing builds on publicly available sources such as reports by non-governmental organizations, UN agencies, and governments, media articles as well as reports by sector and issue experts. The briefing forms the basis for understanding the potential human rights impacts and risks that companies and Nestlé in particular may face in the country. The briefing also aims to identify the legal framework in the country, the potential vulnerable groups and relevant stakeholders the assessment team could engage with. The drafting and finalizing of country risk briefing is an ongoing, iterative process. As more stakeholders are identified during the preparation phase, telephone and email conversations are conducted with issue and country experts. When more relevant country and Nestlé specific information is obtained, the country risk briefing is updated. The desktop research is complemented with company-internal country specific Nestlé documentation received from Nestlé HQ and the country team. Together this briefing informs the assessment team on the human rights context before the in-country HRIA commences.

Wherever possible the assessment team works with local consultants during the HRIAs. The DIHR assessment team consists of one or two DIHR staff members who are Human Rights and Business experts and 1 DIHR country expert or an in-country based expert who is known to DIHR through its extensive worldwide network of national human rights institutions, civil society partners or individual human rights experts.



*Nestlé Lanka buys 80 per cent of its daily milk requirements – a total of 147,000 kg each day— from 18,000 farmers in Sri Lanka.*

<sup>13</sup> The Danish Institute for Human Rights is launching the Human Rights and Business Country Guide at UN Annual Forum on Business and Human Rights in Geneva in December 2013. More information can be found here: <http://www.humanrights.dk/news/news?doc=22517>

Local experts are an important part of the assessment team during the preparation phase due to their local human rights knowledge, understanding of the legal framework, culture and customs and local language skills. One of the roles of the local consultants is the verification of the information in the desktop country risk briefing. They also understand the sensitivities around human rights language in the specific context. In certain countries the terminology 'human rights' is too sensitive and may require the assessment team to adapt its methodology and assessments questionnaires by using wording such as 'sustainability assessment' instead of human rights impact assessment or 'social and/or environmental' impacts instead of human rights impacts.

### 3.2 Identifying Nestlé's business activities

To get a better understanding of the scope of Nestlé operations at country operation level, DIHR sends a scoping questionnaire to a designated appointed person in the Nestlé country office where the HRIA will be conducted.<sup>14</sup> This scoping questionnaire includes questions on the number of employees at the country head office, factories and distribution centers, disaggregated by job-type, number of female employees, trade unions, unionized employees, night workers, third party staff, the security situation, if land has been purchased or leased, if any construction or expansion of factories is taking place, the distance from the nearest by community, the commodities that are locally sourced etc. Secondly, there are a few questions included about sourcing of raw materials. This could be about the number of farms Nestlé directly or indirectly sources from, the number of farmers Nestlé sources from, and logistical questions such as the distance from the head office to the sourcing areas. The questionnaire concludes with a number of questions on [Nestlé's Creating Shared Value \(CSV\)](#) programme and the CSV projects related to water, nutrition and rural development that are carried out in the country of assessment.<sup>15</sup>



*When the HRIA was carried out in Angola (2011), the first Nestlé factory in the country was being built.*

Once the scoping questionnaire is completed by the Nestlé country team it is shared with the DIHR assessment team in order to decide which sites and commodities will be included in the scope of the assessment. In some country operations there are more factories and distribution centers than the assessment team can visit and therefore a representative selection has to be made. Sites with a larger number of employees of different job types and grades are more likely to be included in the assessment than sites with a limited number of staff. However, the assessment team equally looks at other factors in terms of selecting the scope. On the content side, the assessment team includes factors such as potential and actual human rights risks, Nestlé's footprint in the country, geographical spread, and the presence of ethnic minorities. On the logistical side, the assessment team also decides on the scope based on factors such as the national security situation, distances and transport.

<sup>14</sup> See Annex 1

<sup>15</sup> Nestlé's Creating Shared Value Programme is Nestlé's approach to doing business in ways that both deliver long-term shareholder value and benefit society. Nestlé is best positioned to create shared value through interventions in three areas: nutrition, water and rural development. For more information see: <http://www.nestle.com/csv/what-is-csv/csv-explained>

### 3.3. Mapping external stakeholders

Through desktop research and existing country knowledge and contacts external stakeholders are identified by the assessment team with whom they aim to engage during the country visit. External stakeholders are engaged before, during and after the assessment. The purpose of these meetings is to gain a better understanding of the local human rights context in general, as well as on specific issues in direct relation to Nestlé operations. The external stakeholder meetings also serve as a validation of human rights impacts or issues that are identified through the country research or through the assessment itself.

Key external stakeholders include civil society organizations, government agencies, national human rights institutions, academics, trade unions, UN agencies, including local UN Global Compact networks and individual issue or sector experts. The external stakeholders are identified based on their expertise on relevant issues, for example, labor rights in general, trade union rights, child labor, or the implementation of the World Health Organization (WHO) [International Code of Marketing of Breast-milk Substitutes](#) in the country in question.<sup>16</sup> The assessment also seeks input from the Nestlé country team on the external stakeholders. The team tries to interview stakeholders that have had previous interaction with Nestlé at the country-level and therefore can elaborate more on Nestlé's activities and actual and potential impacts.



*Nestlé milk collection centre, Sri Lanka.  
The HRIA team observed increased economic opportunities for dairy farming families in various parts of Sri Lanka, including in former North-Eastern conflict areas.*

<sup>16</sup> See [http://www.who.int/nutrition/publications/code\\_english.pdf](http://www.who.int/nutrition/publications/code_english.pdf)

## 4. Assessing actual and potential human rights impacts

The second step in conducting human rights due diligence for a company is to identify and assess the nature of the actual and potential adverse impacts with which the company may be involved. Once these human rights impacts have been assessed, this step informs subsequent steps in the human rights due diligence process.<sup>17</sup> The below chapter describes how Nestlé has assessed actual and potential human rights impacts of its country operations in the 7 aforementioned countries.

*“The best way to know what impacts a company has on human rights, is to get out there to see by yourself and learn from all relevant stakeholders. This is what we have been doing with DIHR for the last 4 years”*

*Yann Wyss  
Human Rights Specialist, Public Affairs, Nestlé HQ*



*At the time of the HRIA in Angola (2011), 64 people were working on the Nestlé construction site.*

### 4.1 Assessing human rights impacts through eight functional areas

8 Functional areas are covered in the HRIA: Human Resources, Health and Safety, Security Arrangements, Business Integrity, Community Impacts, Procurement, Sourcing of Raw Materials and Product Quality and Marketing Practices. The assessment is centered around these 8 areas as outlined in the table below:

*Overview of the scope of HRIAs by functional area*

Functional areas	Human rights areas	Business activities	Participants
Human Resources	Working conditions Working hours Wages Living wage Benefits Leave Breaks Non-discrimination Freedom of association and collective bargaining Privacy Grievance mechanisms	Head office	Nestlé Human Resources Manager Nestlé Human Resources assistant(s)
		Factories (including construction sites if relevant)	Factory level Human Resources Managers and Human Resources assistant(s) Nestlé employees: male/female; unionized/non-unionized Third party staff Trade Union representatives
		Distribution centers (DC)	DC Human Resources Manager and assistant(s) Employees at DCs DC employees: male/female; unionized/non-unionized Third party staff Trade Union representatives

<sup>17</sup> <http://www.nestle.com/csv/human-rights-compliance/human-rights>

Functional areas	Human rights areas	Business activities	Participants
<b>Health and Safety</b>	Workplace health and safety Health & safety training Personal Protective Equipment (PPE) Access to medical services Personal Protective Equipment SHE training Occupational illnesses Night work	Head office Factories (including construction sites if relevant) Greenfield Sites Distribution centers	Nestlé Safety, Health and Environment (SHE) Manager, SHE Officers, Nestlé employees: male/female; unionized/non-unionized
<b>Security Arrangements</b>	Security situation and management procedures at Nestlé sites Security guards Security training Recruitment process	Head office Factories (including construction sites if relevant) Greenfield Sites Distribution centers	Security Manager and Officers Security contractors Security guards
<b>Business Integrity</b>	Processes on bribery and corruption Bribery Corruption Lobbying Complicity	Head office	Legal Counsel Corporate and External Affairs Manager
<b>Community Impacts</b>	Community engagement Access to water Environmental impacts Land rights	Factories (including construction sites if relevant) Greenfield Sites	Nestlé factory Manager Nestlé Community Affairs Manager Nestlé Corporate Affairs Manager Nestlé CSV Officer
		Distribution centers	Local community members
		Farms/ Plantations Processing mills	Local community members
<b>Procurement (goods and services)</b>	Procurement of goods and services by Nestlé (including Contractual arrangements, Working conditions, Health and safety, Security and Community impacts)	Head office	Nestlé Procurement Manager and Officer(s)
		Suppliers' facilities	Suppliers' workers
<b>Sourcing of Raw Materials</b>	Working conditions at plantations/processing mills/ farms Working hours Living wage Non-discrimination Freedom of association and collective bargaining Grievance mechanisms Child labour Forced labour Health & safety	Head Office Plantations Farmers	Procurement Officer(s) various raw materials
		Farms/Plantations Processing mills	Where relevant: Farm/Plantation owners Farm/Plantation workers Processing mill owners Mill workers Local communities
<b>Product quality and marketing practices</b>	Products safety and quality Products marketing and advertising Use of social media for marketing purposes	Head office	Nestlé Brand Managers Nestlé Manager Infant formula Nestlé Health Nutrition representative(s) Nestlé Medical representative(s) Nestlé Marketing Manager



*Machine operator, Nestlé factory, Nigeria*

The country level HRIAs are guided by a set of self-assessment questionnaires developed by DIHR in collaboration with Nestlé HQ. The self-assessment questionnaires are based on [DIHR's Human Rights Compliance Assessment Tool \(HRCA\)](#), a comprehensive tool designed to detect human rights risks in company operations. The tool covers all internationally recognized human rights and all relevant stakeholders, including employees, farmers, local communities, customers and host governments.<sup>18</sup>

During the first HRIAs which were conducted in 2010-2012 the assessment team worked with two separate tools, the HRCA, complemented with another tool developed by DIHR, the so-called Human Rights Impact Scenario Tool, which consists of a set of potential human rights scenarios. But during the course of the 7 HRIAs, DIHR and Nestlé have adapted the HRIA methodology and have merged the two tools into one set of self-assessment questionnaires.

### **Lesson learnt #3: The evolution of the HRIA process and methodology**

**Value added:** Nestlé S.A. was the first non-extractive company for whom DIHR developed a facilitated HRIA process and conducted HRIAs. The collaboration between DIHR and Nestlé has provided both parties a lot of experience in operationalizing human rights in the corporate sector. Throughout the years DIHR and Nestlé have worked closely together to develop and amend the HRIA methodology. Initially the HRIAs focused primarily on labor issues in Nestlé operations and its contractors. During the course of 7 assessments more emphasis was put on areas such as security and the supply chain. In particular progress was made on the integration of the raw material supply chain into the scope of the assessments.

**Challenge:** The HRCA is a very comprehensive tool. In this respect it is probably unmatched by any other tool for assessing human rights impacts of commercial operations. However, it is also a heavy tool and may be too comprehensive to pursue each issue into the necessary detail for understanding how to adjust discovered problem areas. To ensure that more qualitative data was gathered through the HRIAs, DIHR and Nestlé made amendments to the self-assessment questionnaires. The two separate tools have now been merged and made into one operational tool which focuses on the 8 functional areas. Instead of closed (yes/no) questions as in the former HRCA Tool, the updated version describes a potential human rights scenario and each scenario has a number of open questions regarding country operation policies and practices on human rights that needs to be answered by the country team.

An example of what a section of the updated self-assessment questionnaire looks like can be found in [annex 2](#).<sup>19</sup>

The self-assessment questionnaires are adapted to the country context and the scope of the assessment. Through the country risk briefing issues are identified that may of particular relevance and importance for the Nestlé country in question. Therefore it could be the case that the self-assessment questionnaires for a HRIA conducted in a conflict context will include more questions on security, whereas the questionnaires in a country where Nestlé sources multiple commodities the questionnaires may focus more on the sourcing of raw materials section.

<sup>18</sup> For more information on DIHRs Human Rights Compliance Assessment Tool: <http://www.humanrightsbusiness.org/compliance+assessment>

<sup>19</sup> See [Annex 2](#) – HRIA self-assessment questionnaire (extract: Workplace Health and Safety)

## 4.2 Covering Nestlé's facilities and supply chains

In-country, the assessment starts with a kick off meeting at the head office for the Management committee introducing the content, process and scope of the assessment. The assessment team provides a brief introduction on human rights and business and how the HRIA fits into Nestlé's overall commitment to respecting human rights and exercising due diligence. After the kick off session the various management representatives who are in charge of functional areas such as HR, Health and Safety, Security, Business Integrity, Community, Procurement and Marketing, are interviewed.

Depending on the number of Nestlé factories in the country, distances and infrastructure, the assessment team visits 2-4 factories during each assessment. At the factory level, the assessment again starts with a short introduction explaining the purpose, followed by a tour through the factory to see the operations and interviews with the Human Resources manager, the health and safety manager, the security manager and security company in charge of security arrangements, and if there is a designated person for community relations. An important part of the factory assessment is the workers' interviews. Workers are chosen at random from lists that are provided to the assessment team. Interviews are held through small focus groups of 4-5 employees. They include white and blue collar staff, women, men, unionized and non-unionized and third party staff. If there is a trade union at the factory, the team also speaks to the trade union representative. During the interviews with employees, they receive an explanation about the HRIA process; answering questions is voluntary; and workers are free to stop whenever they want. The team also explains that any information provided by workers during the focus group will remain anonymous in the HRIA reports. The interviews with workers take place without the presence of local Nestlé representatives. The assessment team also asks if there are any objections if a Nestlé representative is present during the focus group interviews. If there are, the representative of Nestlé HQ does not participate.

*"The HRIA made us aware that Nestlé is a company that does not only care about its own employees, but also of those third parties with whom the company cooperates."*

*Maxim Logvin  
Nestlé Eurasia*



*View over the industrial zone where the Nestlé Timashevsk factory is located, Russia*

At Nestlé distribution centers the assessment team focuses on human resources, health and safety, security and community impacts. Interviews are held with management, HR managers, Health and safety managers, security managers and with distribution center employees. The team also speaks to relevant suppliers such as third party transport staff.

During every HRIA the assessment team also assesses Nestlé's supply chain. These could include high risk suppliers such as transport providers, security providers, construction companies, canteen and cleaning services. Furthermore, during every assessment one raw material of Nestlé's supply chain is included within the scope of the assessment. In the past 7 HRIAs the commodities have included coconuts, coffee, maize, milk and sugar beet. The assessment team conducts visits to farmers, farm workers, processing mills, farmer cooperatives and local communities to assess Nestlé's potential and actual human rights impact on farmers, farm workers and communities.



*The HRIA team visited two sugar beet plantations in Russia. This one is located near Krasnodar, about 1,400 km south of Moscow.*

#### Lesson learnt #4: HRIAs are valuable but resource intensive

**Value added:** HRIAs are presented as a 360 degrees overview covering all human rights and all relevant stages of the supply chain that has helped Nestlé make a number of improvements (see “5.2 Remediation actions implemented at the country operations and corporate levels”)

**Challenge:** However, visiting a large number of Nestlé sites and suppliers in a 2-week assessment has been one of the main challenges in terms of coverage. In each country operation the assessment team covers the Nestlé Head office, 3-4 factories in different parts of the country, 1-2 distribution centers, a number of high risk suppliers, a deep dive into one commodity, which includes farms, cooperatives and mills when relevant, and lastly approximately 10 external stakeholders. Long distances, a weak infrastructural system and a lack of understanding of the country context further challenge the assessment team to cover all the above in 2 weeks.

Therefore the HRIAs provide the assessment team with a bird’s eye view of the situation rather than a full picture and not everything can be discovered through the HRIAs. To address this during the past HRIAs the assessment teams have split up in two teams to be able to cover more ground and spend more time at every site. Another suggestion that has come from the country operations is consideration to conduct a preparation or reconnaissance visit before the actual assessment, to get a better understanding of the country context, infrastructure and stakeholders. Another suggestion was to spend more time on the ground in order to take a deeper dive into certain Nestlé sites, issues, suppliers and other actors.

However, some country teams expressed their concerns that 3 weeks would cause too much pressure on them in terms of preparation and availability. Country operations are already overwhelmed with a large number of others audits and visits and the presence of the HRIA team puts extra pressure on the country operations.

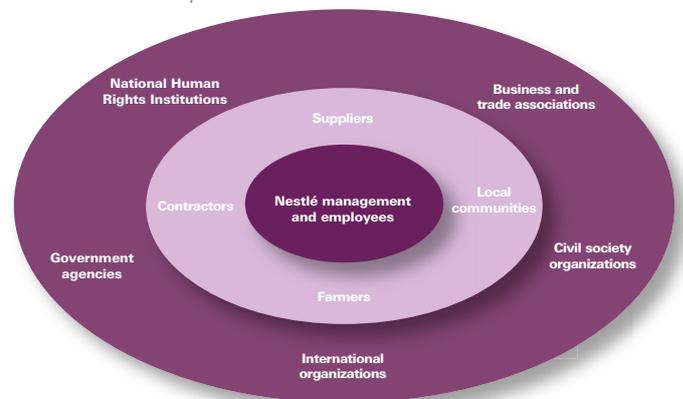
### 4.3 Engaging with rights-holders and stakeholders

During a Nestlé HRIA various people, groups and organizations are interviewed and consulted, with a particular focus on impacted rights-holders. The assessment team further distinguishes between rights-holders who are internal to the company (e.g. workers) and rights-holders who are external to the company (e.g. local community members, consumers, contracted workers in the supply chain, farmers, etc.). The various stakeholders are selected for inclusion in the impact assessment through stakeholder mapping and analysis undertaken by the DIHR-Nestlé assessment team prior to the assessment.

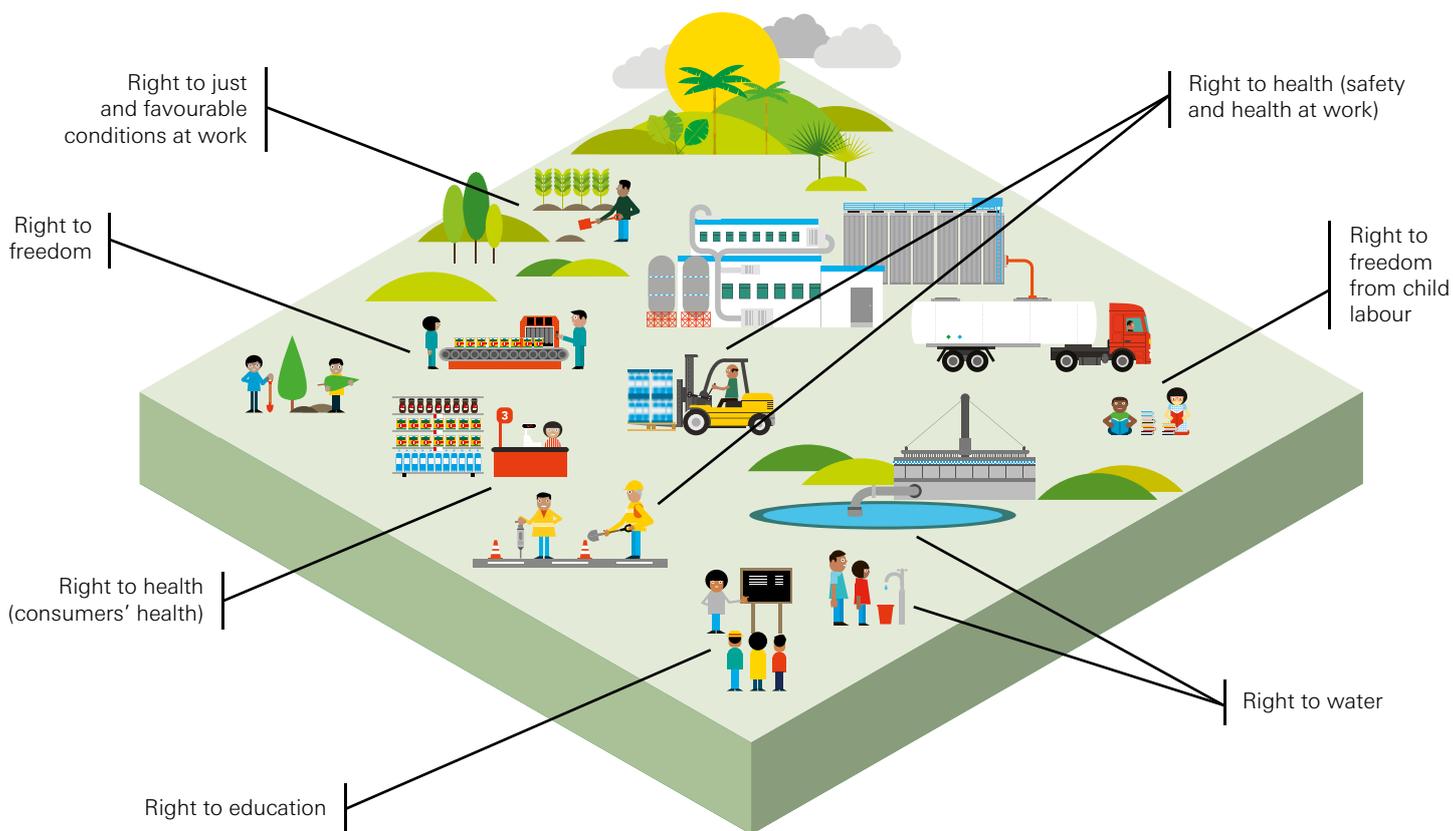
*“External stakeholder consultations were an added value of the HRIA process. It allowed us to demonstrate and convince stakeholders that we are addressing certain challenges.”*

*Marie Owoniyi  
Nestlé Nigeria*

Stakeholders Map



Rights-holder and stakeholder engagement undertaken as part of the assessment comprises a variety of methods including: management interviews, focus group interviews and one-to-one interviews with contractors and suppliers.



Within Nestlé's own operations meetings are held with the Nestlé country management team. At these group meetings an introduction to human rights, human rights and business and the UN Guiding Principles is given. The assessment team then also interviews the various managers individually or together with colleagues from the same business unit, focusing on questions and topics specific to their management function (e.g. human resources, security, procurement, etc.).

Employees in the Nestlé factories and distribution centers are interviewed through focus group interviews. Small groups of 4-5 employees with similar characteristics (for example a group of women, or a group of unionized employees) are asked open questions in order to allow the employees to speak openly about human rights impacts and issues they experience.<sup>20</sup> When speaking to women employees the assessment team tries to have a female assessor who conducts the focus group to ensure that women can freely speak about gender-specific issues. Employees are selected according to random selection.



The HRIA team conducted a number of interviews with contractor's workers at the Nestlé factory construction site, Angola factory construction site, Angola

<sup>20</sup> An open question is a question that cannot be answered with a yes or no, but requires a developed answer. A closed question can only with yes, no or I don't know.

During every assessment a number of Nestlé contractors and suppliers are also interviewed. Contractors can be onsite at Nestlé premises including the Head office, factories and distribution centers as well as offsite. During the 7 HRIAs undertaken to date, the assessment teams have interviewed security companies, canteen providers, construction companies and transport companies onsite and logistics providers and customs officials' offsite.

*"Thanks to the HRIA Nestlé Colombia was able to further improve its relations with external stakeholders."*

*Ricardo Echeverri  
Nestlé Colombia*

Local communities living in the vicinity of Nestlé operations fall within the scope of are the assessment as well. These include urban communities living close to Nestlé factories that may be negatively or positively impacted by Nestlé's operations as well as rural communities where Nestlé sources raw materials and may be affected.

#### **Lesson learnt #5: The challenge around local community consultations**

**Challenge:** Consultations with local community members have posed a challenge during the HRIAs. Some of the factors that have made this process a challenge are language barriers and the challenge to organize ad hoc meetings with community members. In the countries where the assessment team worked with local consultants who knew the area, it has proven easier to meet with communities living around Nestlé operations, highlighting the importance of local knowledge in the HRIA process. Whereas the assessment team always aims to work with local consultants, it has not been possible for each HRIA. In those countries where there was no local consultant present, it was very difficult for the assessment team to speak to local communities. This has led to the confirmation that in future assessments every team will include a local consultant. Another challenge includes ensuring the participation of diverse groups in the consultations. Women, elderly, disabled people, migrants and children all experience adverse impacts in a different way and consultations need to be conducted in a manner that addresses their vulnerability as well. However, the assessment team does not always manage to consult these groups as part of the HRIAs.

Lastly, the assessment team holds meetings with external stakeholders who are identified through desktop research, the assessment teams' network and through input from the Nestlé country office. They are selected on the basis of issue and/or context and country expertise.

*"The HRIA gives a greater understanding of elements of human rights and contributes to the company journey by bringing views of different stakeholders."*

*Irina Sitdikova  
Nestlé Russia*



*Coconut processing mill, Sri Lanka.  
This where the coconuts paring and hatching take place before being transported to the Nestlé factory.*

## Lesson learnt #6: Dilemmas around external stakeholder engagement

**Value added:** As part of the HRIAs, Nestlé and the assessment team engage with a wide range of international and local stakeholders. The team aims to meet relevant external stakeholders who can provide relevant and useful information on certain human rights issues relevant to Nestlé operations. These stakeholders are identified based on desktop research but also through existing contacts. Stakeholders with whom Nestlé already has relationships are consulted as well. The team engages with national and local government entities, industry and trade associations, national human rights commissions, trade unions, UN agencies and international and local non-governmental organizations, academia and individual experts (see also 4.3 “Engaging with rights-holders and stakeholders”).

External stakeholder engagement has yielded a number of positive results for the country operations. It has helped them to open up and start a dialogue with various stakeholders. In one country operation the HRIA report was shared with the labor union and this has led to improved relations between the country operation and labor unions. In other country operations the relation with local communities has significantly improved as a result of the external stakeholder component of the HRIA.

An example of ongoing stakeholder engagement as part of the HRIAs has been with the International Union for Food Workers (IUF). IUF requested DIHR to provide information related to its work with Nestlé and since 2012, the DIHR assessment team consults with IUF before an assessment and with IUFs local affiliates on the ground where needed, in order to better understand trade union issues and concerns at the country level.

**Challenge:** Governments are considered the primary duty-bearers under international human rights law. Therefore the assessment team tries to meet relevant government officials as part of the HRIA stakeholder outreach. This has not been without challenges. In country operations where the public governance system is weak, HRIAs are often negatively perceived by the authorities. They may feel that the assessment team is assessing human rights policies and practices of the country rather than Nestlé’s policies and practices. In other cases the assessment team did meet with government representatives, and where these meetings often serve as a courtesy call and are important for relationship building, they have proven to be of little added value in terms of obtaining valuable information for the purpose of the HRIAs. Therefore it has been decided to limit the government stakeholder meetings to a minimum and rather focus on stakeholders with expertise that adds value. However, given the importance that HRIA places on ensuring accountability through recognizing the roles and responsibilities of both government and companies towards human rights, it may be desirable to continually evaluate this approach going forward, with the aim of identifying alternative strategies that facilitate the meaningful inclusion of government stakeholders with the HRIA process.

*“The highest benefit of the Human Rights Impact Assessments has been an increased awareness of human rights at the country level. The findings have also been most useful for us at the international headquarters in order to better assess the impact / likelihood of human rights risks at the corporate level.”*

*Marc Schaedeli  
Head, Group Risk Management, Nestlé HQ*

## 5. Integrating and acting upon the findings

*“Nestlé is a decentralized company where country operations enjoy a large degree of freedom. The HRIAs are a tool to make a case that country operations have to take action on specific issues.”*

*Benjamin Ware  
Manager, Responsible Sourcing, Nestlé HQ*

At the end of the country-level HRIAs the assessment team presents its preliminary findings to the Nestlé in-country management team based on an aggregate assessment and analysis of all the assessment interviews that have been held. The analysis is carried out for each functional area and then the findings are aggregated per topic. The findings are complemented by relevant external stakeholder input. For each functional area the strengths, improvement areas and best practice opportunities are presented. The debriefing session where these findings are presented provide the country team with the opportunity to give feedback and to clarify any issues arising.

Based on the findings of the HRIA, the assessment team prepares a draft HRIA report. The report is divided by

functional area and describes the baseline situation of all the Nestlé sites included in the scope of the assessment, the findings of the assessment team and input from external stakeholders on the specific human rights topics relevant to the functional area (e.g. security: security management, private security arrangements, public security arrangements). For areas where remediation actions are needed to address adverse impacts identified, DIHR provides a number of recommendations. The draft report is then shared with the country team for input and clarifications. Once the country team, Nestlé HQ and DIHR agree on the content of the report, the report is considered final.

### 5.1 Best practices and areas for improvement identified

*“The Human Rights Impact Assessments have helped us to find opportunities of improvement that were not part of our traditional understanding of human rights issues.”*

*Enrique Rueda  
Head, Compliance and Security, Nestlé HQ*

The tables below summarize the positive and negative trends that have been identified through the 7 HRIAs carried out so far for each functional area.

#### Overview of the HRIAs findings by functional area

Human Resources		
Best practices	Areas for improvement	Corresponding human right(s)
<ul style="list-style-type: none"> <li>Salaries of Nestlé employees are above minimum wage and living wage<sup>21</sup></li> <li>Nestlé is often considered among the top employers in the country</li> <li>There is a good gender balance</li> <li>Efforts are undertaken to employ vulnerable groups such as disabled people</li> <li>In many factories direct employees are unionized</li> </ul>	<ul style="list-style-type: none"> <li>Third-party and temporary staff does not receive salaries in accordance with living wage levels</li> <li>The definition of maximum working hours differs from one country to another</li> <li>Nestlé factory employees often work overtime</li> <li>There is limited awareness regarding internal grievance mechanisms</li> <li>There is a low rate of unionization among temporary staff (The right to freedom of association)</li> </ul>	<ul style="list-style-type: none"> <li>Right to work and to just and favourable conditions at work</li> <li>Right to adequate standard of living</li> <li>Right to work and to just and favourable conditions at work</li> <li>Right to rest and leisure</li> <li>Right to work and to just and favourable conditions at work</li> <li>Right to rest and leisure</li> <li>Right to freedom of association</li> <li>Right to fair hearing</li> </ul>

<sup>21</sup> A living wage is a wage level that should be earned in a standard working week (no more than 48 hours) and allow a worker to be able to buy food for him or herself and his/her family, pay for rent, healthcare, clothing, transportation and education and have a small amount of savings for when something unexpected happens.

### Health and safety

Best practices	Areas for improvement	Corresponding human right(s)
<ul style="list-style-type: none"> <li>Nestlé has strong health and safety systems in place through policies, regular training and strict safety signposting</li> <li>The Lost time injury - frequency rate is very low.<sup>22</sup> Often only first aid incidents occur and none or minimal large incidents are reported</li> </ul>	<ul style="list-style-type: none"> <li>There is a risk of road safety related accidents among Nestlé and Nestlé suppliers' drivers</li> <li>Effects of night work and working long hours in hot environments may pose a potential human rights risk to factory workers</li> </ul>	<ul style="list-style-type: none"> <li>Right to work and to just and favourable conditions at work</li> <li>Right to adequate health</li> </ul>

### Security arrangements

Best practices	Areas for improvement	Corresponding human right(s)
<ul style="list-style-type: none"> <li>Transport is provided for all employees to and from the workplace in evenings and nights and sometimes during day as well</li> </ul>	<ul style="list-style-type: none"> <li>There is a lack of reference to human rights standards and the use of force in contracts between Nestlé and its security providers</li> <li>In a few countries there is limited training for security personnel on human rights issues</li> </ul>	<ul style="list-style-type: none"> <li>Right to freedom from torture, or degrading treatment or punishment</li> <li>Right to life, liberty and security of person</li> </ul>

### Business integrity

Best practices	Areas for improvement	Corresponding human right(s)
<ul style="list-style-type: none"> <li>There are strong Nestlé policies on anti-corruption in place</li> </ul>	<ul style="list-style-type: none"> <li>There is limited internal awareness on issues related to corruption, bribery and facilitation payments</li> <li>There is limited training to high risk functions within Nestlé on corruption, bribery and facilitation payments related issues</li> <li>There is limited awareness of which contractors pose a higher risk in terms of corruption and bribery</li> <li>There is limited communication on Nestlé's position on anti-corruption to these contractors</li> </ul>	<ul style="list-style-type: none"> <li>Right to take part in government</li> </ul>

### Community impacts

Best practices	Areas for improvement	Corresponding human right(s)
<ul style="list-style-type: none"> <li>Nestlé's factories are often located in industrial zones, thus limiting their impact on surrounding communities</li> <li>Nestlé has a strong reputation in the communities in which it operates, including support to vulnerable groups through CSV projects</li> </ul>	<ul style="list-style-type: none"> <li>There are limited formal grievance mechanisms in place for communities to express concerns regarding Nestlé operations</li> <li>Nestlé's Creating Shared Value (CSV) interventions are not based on the community's human rights and human development needs</li> </ul>	<ul style="list-style-type: none"> <li>Right to freedom of expression</li> <li>Right to fair hearing</li> <li>Right to access to information</li> </ul>

<sup>22</sup> The lost-time injury frequency rate (LTIFR) is the number of lost-time injuries within a given period relative to the total number of hours worked in the same period.

Procurement		
Best practices	Areas for improvement	Corresponding human right(s)
<ul style="list-style-type: none"> <li>There is a strong dissemination of the Nestlé Supplier Code among suppliers</li> </ul>	<ul style="list-style-type: none"> <li>There is limited systematic monitoring of human rights and labor standards of higher risk suppliers such as construction, cleaning and transport providers</li> </ul>	<ul style="list-style-type: none"> <li>All rights</li> </ul>

Sourcing of raw materials		
Best practices	Areas for improvement	Corresponding human right(s)
<ul style="list-style-type: none"> <li>There is strong dissemination of the Nestlé Supplier Code among suppliers of raw materials</li> <li>As the first food and beverage company Nestlé is partnering with the <a href="#">Fair Labor Association</a> to address labor issues in its hazelnut and cocoa supply chain<sup>23</sup></li> <li>Through training and provision of materials Nestlé has contributed to the improvement of farmers' livelihoods</li> </ul>	<ul style="list-style-type: none"> <li>There is limited systematic monitoring of human rights and labor standards at the farm level, including in processing mills of raw materials.</li> </ul>	<ul style="list-style-type: none"> <li>All rights</li> </ul>

Products quality and marketing practices		
Best practices	Areas for improvement	Corresponding human right(s)
<ul style="list-style-type: none"> <li>Nestlé has strong policies and procedures in place regarding product quality, safety and consumer privacy</li> <li>Nestlé has a strong implementation of the WHO International Code of Marketing of Breast-milk Substitutes</li> </ul>	<ul style="list-style-type: none"> <li>In country operations where there is a high prevalence of child labor, there is a risk that underage workers are engaged in informal distribution of Nestlé products</li> </ul>	<ul style="list-style-type: none"> <li>Convention on the Rights of the Child (1989), ILO minimum age conventions</li> </ul>



*Coffee picking, Colombia.*

*Nestlé is a member of 4C, a multi-stakeholder platform aiming to improve the economic, social and environmental conditions of coffee farmers.*

<sup>23</sup> Nestlé becomes first food company to partner with the Fair Labor Association, 28 November 2011. See [http://www.nestle.com/media/newsandfeatures/fair\\_labour\\_association](http://www.nestle.com/media/newsandfeatures/fair_labour_association)

## 5.2 Remediation actions at the country operations and corporate levels

### Lesson learnt #7: Compliance vs. continuous improvement

**Value added:** In terms of addressing the actual and potential human rights impacts at the country operation level, the country teams have found it a relatively smooth process to implement the actions they have committed to. In general, all country teams have been able to follow up on the actions as set out in the action plan that lay within their control. Issues related to practices and policies within Nestlé operations, factories and distribution centers haven been easier to remediate and have been followed up well by all country operations.

**Challenge:** HRIAs action plans had to be made more flexible than audits, in particular in terms of the time requested to close gaps. This is particularly important in order to address effectively some human rights issues that require considerable changes in the way the business activities are structured (e.g. restructuring of the production line in the case of excessive working time; change of the payroll to ensure a living wage for all employees).

Actions that involved local authorities or external entities have posed a bigger challenge. For example in certain countries the labor practices are such that it is difficult to change practices without breaching national laws (freedom of association) or upsetting the labor unions. In certain context addressing issues with the authorities related to corruption has been a major challenge. In other instances it has been difficult to change practices which are related to contractors and suppliers. In some countries Nestlé is a small player compared to other multinationals and does not have much leverage to change the practices of contractors that work with other multinationals. All country operations expressed that in order to address issues involving non-Nestlé actors time is needed for the third party to understand Nestlé's position and to build trust.

Another challenge is DIHRs lack of involvement in the follow up of the remediation actions implemented by the country operations. Currently this responsibility lies solely with Nestlé HQ. However, in the future DIHR aims to play a larger role in the follow up of actions plans by supporting the country operations in the improvement areas by providing human rights expertise.

The final HRIA report forms the basis for the HRIA action plan. Once all parties have agreed on the content and recommendations of the action plan, a timeline for implementing the recommendations is determined by the country team. For every action a designated person is appointed who is in charge of ensuring that the action is taken in a timely manner.

Nestlé HQ fulfills the role of monitoring the follow-up of the actions at the country operation level. On a regular basis Nestlé HQ follows up with the country team on progress on actions undertaken, to discuss challenges the country team faces in addressing the impacts and issues in the action plan and to provide support to the country team where needed and once all actions have been implemented the process is completed.

Beyond the HRIA Action Plans themselves, the results of the HRIAs have also proven useful to identify trends among different country operations that had to be addressed at the corporate level. The table below summarizes the actions that have been taken both at the country operations and HQ levels based on the areas for improvement identified through the HRIAs.

Areas for improvement identified	Remediation actions implemented by Nestlé	
	Country operations	Corporate
<p><i>Human Resources:</i></p> <ul style="list-style-type: none"> <li>• Living wage</li> <li>• Working hours</li> <li>• Grievance mechanism</li> <li>• Unionization of temporary staff</li> </ul>	Living wage surveys have been conducted in some urban and rural regions where Nestlé operates	A pilot project on living wage has been initiated by our Human Resources Department in 6 Nestlé country operations, applying to Nestlé employees and temporary staff hired by Nestlé
	Working Conditions Action Plans are being implemented and include a timeline to work towards the reduction of working hours to 60 hours/week	The implementation of the Working Conditions Action Plans in all Nestlé country operations is coordinated by our Human Resources Department
		The <a href="#">Integrity Reporting System</a> , Nestlé's internal grievance mechanism, is coordinated by our Compliance Department. It has been introduced in 90% of our country operations <sup>24</sup>
<p><i>Health and Safety:</i></p> <ul style="list-style-type: none"> <li>• Road safety of Nestlé and Nestlé suppliers' drivers</li> <li>• Night work and hot environments in factories</li> </ul>	Country level training for drivers on road safety have been conducted in a number of country operations	While road safety issues were already on the radar within Nestlé before the HRIAs, the HRIA outcomes reinforced that there was a need to take action on this issue. A designated person has been appointed within our Safety, Health and Environmental Sustainability Department on a special assignment as Road Safety Manager and road safety has become a priority issue for Nestlé
	Extra health check-ups for night workers are provided in a number of country operations	Two dedicated persons have been assigned at Nestlé HQ who are in charge of respectively machinery and process safety
	During the hot season extra water and ventilation has been provided and in some cases the production line has been stopped due to the heat	Contractors and Construction have been identified as a key risk area. For every new major construction project dedicated resources for health and safety management are allocated
<p><i>Security arrangements:</i></p> <ul style="list-style-type: none"> <li>• No reference made to human rights and use of force in contracts with security providers</li> <li>• Lack of human rights training to security personnel</li> </ul>	Human rights principles (such as the use of force) have been included into contracts with security providers in some countries and specific human rights training has been provided to security personnel	A new security and human rights standard and training are being developed by our Security and Public Affairs Departments

<sup>24</sup> The Nestlé Integrity Reporting System is Nestlé's internal, confidential whistleblowing system that provides employees an independent mechanism to raise concerns relating to any of Nestlé's policies and procedures. See: [http://www.nestle.com/asset-library/Documents/Creating%20Shared%20Value/CSV\\_at\\_Nestle/EN\\_integrity%20reporting%20system%20prov.pdf](http://www.nestle.com/asset-library/Documents/Creating%20Shared%20Value/CSV_at_Nestle/EN_integrity%20reporting%20system%20prov.pdf)

Areas for improvement identified	Remediation actions implemented by Nestlé	
	Country operations	Corporate
<p><i>Business Integrity:</i></p> <ul style="list-style-type: none"> <li>• Weak internal awareness within Nestlé country operations on corruption, bribery and facilitation payments</li> <li>• No training to high risk functions</li> <li>• Lack of awareness of high risk contractors and lack of communication to these contractors</li> </ul>	<p>Country operations have committed to better communicate Nestlé's expectations with regard to anti-corruption to high risk contractors and suppliers</p>	<ul style="list-style-type: none"> <li>• An Anti-Corruption training tool has been rolled out in country operations by our Legal and Group Compliance Departments</li> <li>• Heads of Legal in our operations are developing an enhanced in-person training on anti-corruption to be launched in 2014</li> <li>• Nestlé's Chief Legal Officer has joined the UN &amp; OECD sponsored B20 Task Force on Improving Transparency and Anti-Corruption. The task force is working on Possible Regulatory Developments to enhance the role of the private sector in the fight against corruption in a global context</li> </ul>
<p><i>Community Impacts:</i></p> <ul style="list-style-type: none"> <li>• Lack of grievance mechanisms for potentially affected communities</li> <li>• Nestlé's Creating Shared Value programmes are not based on community needs</li> </ul>	<p>Country operations have committed to better assess the needs of communities when implementing CSV projects, for example through community consultations and collaboration with local NGOs</p>	<p>A Nestlé external grievance mechanism, Tell us, is currently under development by our Compliance and Public Affairs Departments</p> <p>A set of Community Engagement Guidelines is currently being developed by our Public Affairs and Safety, Health and Environmental Sustainability Departments</p>
<p><i>Procurement:</i></p> <ul style="list-style-type: none"> <li>• Weak systematic monitoring of human rights and labor standards of high risk suppliers</li> </ul>	<p>Country operations have agreed to include high risk suppliers such as construction companies, cleaning companies, printing companies, etc. in the next round of supplier audits</p>	<p>Our Procurement Department has developed a revised version of the Nestlé Supplier Code that includes a dedicated section on human rights requirements</p>
<p><i>Sourcing of raw materials:</i></p> <ul style="list-style-type: none"> <li>• Weak systematic monitoring of human rights and labor standards at farm level</li> </ul>	<p>Country operations have committed to include high risk suppliers of raw materials identified through the HRIAs into Responsible Sourcing audits</p>	<p>The Nestlé Responsible Sourcing Guidelines, that are built on the revised version of the Nestlé Supplier code, have been rolled out in high risk countries and commodities by our Procurement Department. They include human rights requirements that have been identified as material for each commodity</p> <p>In 2012, Nestlé has entered into a partnership with the Fair Labor Association to address labour issues in its hazelnut and cocoa supply chains</p>
<p><i>Product quality and Marketing practices :</i></p> <ul style="list-style-type: none"> <li>• Risk that underage workers are engaged in informal distribution of Nestlé products</li> </ul>	<p>In country operations where there is a risk that underage workers could be engaged in the (informal) distribution of Nestlé products, the country operations have agreed to further investigate this issue</p>	



*Production line operator, Nestlé Flowergate factory, Nigeria. Strong health & safety procedures and performance were observed in all the Nestlé facilities visited by the HRIA team.*

*“The HRIA visit raised the awareness on human rights issues, increasing our focus on them within what are our priorities.”*

*Maria Rosario Vilhena  
previously with Nestlé Angola, now with Nestlé  
Continuous Excellence Regional Implementation,  
Support team, Zone Europe*

*“We have learnt to appreciate human rights in a larger perspective and we have sensitized ourselves in approaching human rights in a more supportive, practical and positive manner.”*

*Enoca Sirimanne  
Nestlé Lanka*

### **Lesson learnt #8: HRIAs are important drivers to develop employees’ capacities and increase awareness**

**Value added:** Nestlé has trained some 30 000 employees on Human Rights through its online human rights training tool. In principle the training focuses on high risk countries, but also includes relevant corporate departments at the Nestlé HQ. The HRIAs have proven to be an excellent opportunity to push country operations to conduct the human rights training, which is a corporate target for end 2015. In the lead up to the HRIAs, it proves easier to motivate country operations to conduct the human rights training. By helping employees in the country operations to better understand human rights, it allows them to better participate in the HRIA and the follow up of actions. Through human rights training of the younger generation Nestlé employees at the HQ and in the country operations, Nestlé prepares its future leaders, who will one day be in decision making positions and will then already have this awareness on human rights. Combining these two efforts has been effective in helping Nestlé employees understand the importance of human rights and how they can apply it to their daily business activities.

One of the biggest outcomes from the HRIA process for the country operations has been the awareness raising element. For most country operations the HRIAs have been an eye opener on the topic of human rights. The HRIAs have confirmed that Nestlé country operations are well aware of potential human rights issues, in particular in the area of labor rights. Other issues however, such as holidays, security personnel, corruption and marketing are not always considered as obvious human rights issues. Human rights training and inclusion of these topics in the HRIAs and explaining why these issues are relevant from a human rights perspective, has been an eye-opener for many country operations.

The understanding of human rights differs from one country to another and therefore certain country teams have benefited more from the HRIA process than others. For some the HRIAs confirmed that they were on the right track in terms of respecting human rights, for other country operations the HRIA made them realize there were some issues they had to further address. The HRIAs have also been a warning that potential issues could occur in the country operation but if timely action is taken these could be avoided.

### 5.3 Country-specific case studies: Focus on Nigeria and Colombia

While in many things can be said about the various country operations where the HRIAs were conducted, a number of best practice cases are worth mentioning. Below two cases from Nigeria and Colombia are highlighted.

Another case that deserves mentioning is Nestlé Lanka and the development of milk districts in the North East region, an area that was affected by civil conflict. In September 2013 the United Nations Global Compact (UNGC) publication on "[Responsible Business Advancing Peace](#)"<sup>25</sup> was launched at the UNGC Global Leaders' Summit. The publication features best practices from different companies operating in conflict-affected environments, among which a case study on Nestlé Lanka. This case study was triggered by some of the findings of the HRIA which was carried out in 2011.

#### **Nestlé Nigeria: Consulting local communities**

In January 2011, the Danish Institute of Human Rights (DIHR) conducted a human rights impact assessment at Nestlé Nigeria. The same year, Nestlé Nigeria Plc. decided to build a new manufacturing plant in Ogun State and commenced the construction of the Nestlé Flowergate factory located in the Flowergate Industrial Estate, Owode Egba.

The Nestlé Flowergate factory was not included in the initial scope of the DIHR human rights impact assessment. However, through interviews with Nestlé Nigeria management teams and community leaders around Flowergate factory, the assessment team obtained information about the situation around the factory. The assessment team recommended Nestlé Nigeria engage with communities living around the Nestlé factories on issues related to water and land.

The human rights impact assessment was an eye opener for Nestlé Nigeria. The process served as a catalyst for the company to take action on community relations. Recognizing that there was a need to involve the local community, Nestlé Nigeria decided to undertake a number of activities around the Flowergate factory. Nestlé initiated close engagements with the Orile Imo community, a community of about 3000 people which is located close to the factory.

In September 2013 Nestlé Nigeria's Flowergate Factory signed a Memorandum of Understanding (MoU) with the Orile Imo community via Owode Egba, Ogun State. The MoU between Nestlé and the Orile Imo community was based on a community needs assessment carried out through a combined human rights and human development approach. Nestlé held consultation meetings with 11 representatives of the Orile Imo community.

Members included a traditional leader, the village chief, the head of the Christian Council and others. Community needs were assessed based on the needs of the community in line with government priorities. The 11 community representatives were invited to the Flowergate factory and were asked to share what activities they would like Nestlé to conduct in their community. A number of issues were identified, including security, education, water and healthcare.

Based on the consultations, Nestlé decided to provide 2 new Toyota Hilux patrol vans for the local police and renovated two blocks on 6 classrooms at the only nursery and primary school in the village. Nestlé is currently assessing whether or not to renovate the local healthcare center and implement hand pump portable water supplies for 10 villages.

To ensure the sustainability of the projects, a management committee has been put in place to take responsibility and ownership of the school project. Members of the committee are, amongst others, the school head master, the Orile Imo Social Club, the traditional leader of the village the Head of the Christian Council. The ownership of the proposed water and healthcare projects will also be at the local community level to ensure sustainability.

The Nestlé Flowergate factory has been a large creator of job opportunities in the community. While everyone can apply for jobs at Nestlé Flowergate, Nestlé likes to promote jobs from within the community in which it operates. To ensure placement, Nestlé publishes job ads in the local newspapers and gives special consideration to skilled laborers from the community.

Today, there are plans to replicate the model of the Flowergate factory in other locations. The Nestlé Nigeria Abaji Greenfield Water Factory is currently being built, where Nestlé is conducting a community consultative stakeholders' forum based on the model of Flowergate factory.



*The Nestlé Flowergate factory in Nigeria was inaugurated in February 2011.*

<sup>25</sup> [http://www.unglobalcompact.org/docs/issues\\_doc/Peace\\_and\\_Business/B4P\\_Resource\\_Package\\_company.pdf](http://www.unglobalcompact.org/docs/issues_doc/Peace_and_Business/B4P_Resource_Package_company.pdf) (see p. 45-48)

### **Nestlé Colombia: *Security and Human Rights***

The topic of security is highly relevant and important for Nestlé Colombia. Nestlé Colombia has a number of own and contracted security personnel. To ensure that security personnel is well-trained and aware of human rights issues and the use of force, Nestlé Colombia decided to provide online and classroom training on human rights to all own and contracted security personnel and the drivers. Nearly 100 staff members have been trained in total. In all cases the training sessions were delivered by an external specialized and recognized NGO. The NGOs were the local NGOs Arcángeles, La Red and Victor Braun Foundation.

Depending on the position of the persons, each person received between 4 and 20 hours of online and classroom training. The Security Management Department conducted a risk analysis of all Nestlé Colombia sites to identify specific security issues that may affect the safety of its employees. Based on the identification of these risks, a training plan was developed and the persons who would be trained were identified.

The training topics focused on: physical security at the workplace, security at home, safety on the street, road safety, how to handle cases of assault, safety when using banks and ATMs, safety while traveling and legal procedures that must be followed by Nestlé staff in cases of threats and attacks.

Nestlé Colombia has been the only Nestlé Market that has conducted such an extensive human rights training programme for all its security personnel, which include Nestlé and contracted security guards. The training has been much appreciated by security personnel as well as Nestlé employees, particularly acknowledging the fact that the training has been conducted by an independent expert organization.



*Nestlé distribution center, Colombia.  
Nestlé products are transported here by truck before being distributed to customers.*

## 6. Tracking responses and communicating how impacts are addressed

### 6.1 HRIAs Reports and Action Plans

At the end of the country-level HRIAs the assessment team presents its preliminary findings to the Nestlé in-country management team based on an aggregate assessment and analysis of all the assessment interviews that have been held. The analysis is carried out for each functional area and then the findings are aggregated per topic. The findings are complemented by relevant external stakeholder input. For each functional area the strengths, improvement areas and best practice opportunities are presented. The debriefing session where these findings are presented provide the country team with the opportunity to give feedback and to clarify any issues arising.

Based on the findings of the HRIA, the assessment team prepares a draft HRIA report. The report is divided by functional area and describes the baseline situation of all the Nestlé sites included in the scope of the assessment, the findings of the assessment team and input from external stakeholders on the specific human rights topics relevant to the functional area (e.g. security: security management, private security arrangements, public security arrangements). For areas that require remediation actions by the country team to address adverse impacts identified, DIHR provides a number of recommendations. The draft report is then shared with the country team for input and clarifications. Once the Nestlé country team, Nestlé HQ and DIHR agree on the content of the report, the report is considered final. The report remains confidential to Nestlé.

The final HRIA report forms the basis for the country operation action plan. Once all parties have agreed on the content and recommendations of the action plan, a timeline for implementing the recommendations is determined by the country team in collaboration with Nestlé HQ. For every action a designated person is appointed who is in charge of ensuring that the action is taken in a timely manner.

### 6.2 The challenge around communication of HRIA results

*“Being more transparent on the findings of the HRIAs and actions taken will make Nestlé more credible.”*

*Duncan Pollard  
Head, Stakeholders Engagement in Sustainability,  
Nestlé HQ*

Currently the HRIA process and outcomes including the HRIA reports and action plans have been an internal confidential process and the HRIA findings have not been shared outside the assessment team, the respective country operations and Nestlé HQ. Since 2012 summaries of the findings have been shared with the Nestlé Human Rights Working Group in order to allow for better follow up by the various corporate functions, as well as with Zones Management who is invited to the HRIA debriefing sessions.

Confidentiality has been an important element to build trust among the assessment team and with the country operations. It has helped make the country operations under review more open to share sensitive issues with the assessment team in view of finding a practical solution. This paper is a first step towards increasing transparency and disclosure of Nestlé’s HRIA findings and it aims to continue to do for all future HRIAs.

## 7. Mainstreaming human rights into Nestlé's policies and procedures: the way forward

While the 7 HRIAs that have been conducted so far have come with challenges, they have clearly added value to Nestlé's overall human rights performance, both in terms of the HRIA process and outcomes for Nestlé HQ and the Nestlé country operations. The outcomes from the 7 HRIAs have directly fed into the various Nestlé policies, procedures and management systems. Since 2010 Nestlé conducts human rights risk assessment (HRRRA), as a requirement for the FTSE4Good application. The HRRRA is conducted through a top down approach, which is the same method as all other Nestlé risk management assessments (Enterprise Risk Management). Issues that have been identified as a corporate human rights risk for Nestlé in the HRRRA have been fed into the HRIAs. Vice versa, through its participation in these risks assessments DIHR ensures the inclusion of issues that were identified through the initial country level HRIAs into the HRRRA. In 2011 and 2012 Tier 1 suppliers, upstream suppliers including farmers and local communities were included into the corporate HRRRA, which were identified as human rights risk areas through the HRIAs.

Issues identified as human rights concerns at Nestlé HQ, such as working hours in Nestlé factories and living wage have been further highlighted during the country level HRIA. This has led to the inclusion of provisions on maximum working hours and living wage in the new Nestlé Policy on Conditions of Work and Employment. Through the first series of HRIAs, DIHR identified that Nestlé faces a number of human rights challenges in its rural supply chain. However, this is also the area where Nestlé has the potential to have large positive human rights impact. Both these outcomes have contributed to the development of the two Nestlé commitments on Child Labor in Agricultural Supply Chains and Rural Development. To address labour issues in its hazelnut and cocoa supply chain, Nestlé entered into a partnership with the [Fair Labor Association \(FLA\)](#) as the first food and beverage company.<sup>26</sup>

At the supply chain level Nestlé's Responsible Sourcing Audit Programme verifies compliance against Nestlé's Supplier Code. The new version of the Code (to be released soon) has been reviewed by DIHR and input has been provided based on outcomes and findings from the country level HRIAs. In

Nestlé's upstream supply chain, the Responsible Sourcing Guidelines (RSGs) include human rights requirements that have been identified for each commodity. Where relevant, commodity specific findings from the HRIAs, for example related to sourcing of coffee, have been fed into these RSGs. Issues identified through the HRIAs have also been fed into the revision of CARE, Nestlé's independent audit programme. CARE applies to Nestlé sites including head offices, factories and distribution centers and now includes a stand-alone section on human rights.



*Farmers delivering coffee to a collection center, Colombia. The Nescafe Plan aims to boost farm productivity and incomes through the distribution of high-yield plantlets and technical training to farmers.*

Going forward the HRIAs will continue to feed into Nestlé's policies and procedures to help Nestlé strengthen its commitment to human rights.

At the moment the HRIAs are an external process carried out by DIHR, in collaboration with Nestlé. It is envisaged that in the future the role of DIHR in conducting HRIAs will become of a different nature. After completion of the 12 HRIAs from on the FTSE4Good 'countries of concern' list, the aim is to integrate and internalize the HRIA process into existing Nestlé management structures. Through simplification of the HRIA methodology by DIHR, Nestlé should then be able to carry out the HRIAs independently. This could for example be done by integrating the HRIA methodology into Nestlé's existing procedures such as CARE for Nestlé's own facilities and the Responsible Sourcing Audits for Nestlé's supply chain. By integrating the process within Nestlé's existing management systems, the ownership will lie with Nestlé and it will be easier to escalate human rights issues identified through the HRIAs to the highest level within the company.

<sup>26</sup> See: [http://www.nestle.com/media/newsandfeatures/fair\\_labour\\_association](http://www.nestle.com/media/newsandfeatures/fair_labour_association)

DIHR will continue to collaborate with Nestlé on the HRIAs by providing training to relevant Nestlé staff to conduct the HRIAs, by providing practical guidance and giving its independent expert human rights view and by following up on the implementation of improvement actions by the country operations. DIHR will also remain involved in HRIAs in specific challenging environments where the Institute has existing experience and country expertise.

Last but not least, it is Nestlé's vision to report publicly on the outcomes of each HRIA and actions taken to its stakeholders, including rights-holders, while still ensuring confidentiality as agreed with the participating country operations.

# Annexes

1. Scoping questionnaire
2. Self-assessment questionnaire – snapshot of Health & Safety section
3. List of interviewees
4. How does Nestlé implement Principle 18 of the UNGPs through the HRIAs?

# Annex 1: HRIA scoping questionnaire (extract: Head Office)

Scoping Questionnaire for Nestlé [Country operation]

This scoping questionnaire is intended to get a better idea of the sites, activities, products, raw materials etc. for the purpose of the Human Rights Impact Assessment at Nestlé [country operation]. The questionnaire contains a number of basic questions for each facility. If there are questions you find irrelevant for the market, please briefly explain this.

Head Office	
<b>Site information</b>	
1. Name of site	
2. Address of site	
3. Ownership: Is the site fully owned, majority shareholder or minority shareholder?	
4. Description of business areas and activities:	
5. What are the main Nestlé products produced and/or sold in [country operation]	
<b>Human Resources Context</b>	
6. No. of white collar staff	
7. No. of blue collar staff	
8. No. of third party in-premise staff	
9. No. of trade unions at workplace	
10. No. of unionized staff	
11. No. of female staff	
12. Are there young workers under 18?	
13. Are there night workers?	
14. Is there company housing?	
<b>Security Context</b>	
15. Name of security provider	
16. Number of security guards	
17. Are the guards armed or unarmed?	
18. Security provision by police or military?	
<b>R&amp;D Activities</b>	
19. Product development	
20. Product tests using human subjects	
21. Outsourced tests using human subjects	
<b>Market Priorities</b>	
22. Which factories are a market priority in terms of social risks?	

## Annex 2: HRIA self-assessment questionnaire (extract: Workplace Health and Safety)

Below you can find a part of the self-assessment questionnaires DIHR uses for the management interviews on workplace health and safety.

### HRIA SELF-ASSESSMENT QUESTIONNAIRE - WORKPLACE HEALTH AND SAFETY

The function of Health and Safety is an integral part of company management processes, cross-cutting through various department and various locations – human resources, supply chain management, both nationally and internationally.

A safe working environment with proper and hygienic equipment, safety information, health care, freedom from harassment and coercion, besides complying with international and national standards, affects positively the human rights of employees of keeping sound health and not risking their safety while performing working duties (injuries, bad health and stress, hazards and dangers, infective diseases).

Issues in the field of Health and Safety that could be a risk in country XX are the lack of personal protective equipment in factories and distribution centers and the use of heavy equipment and pesticides without adequate protection in coffee plantations.

Human rights risk	Controls in place: Which policies and/or procedures (including training) address this risk?	Occurrence: Has this risk materialized in the last 3 years?	Reporting: If yes, how were the cases uncovered or reported?	Remediation: If yes, how were the case(s) addressed?	Prevention: How would Nestlé XX respond should such a situation materialize?
<b>Occupational Health &amp; Safety</b> “Everyone has the right to just and favourable conditions of work.” (UDHR, Art.23) In terms of workplace health and safety this includes: - protection from sickness, disease and injury arising from their employment - adequate training and provision of protective equipment					
1. Employees are not afforded safe, suitable and sanitary work facilities (With as a minimum potable drinking water, adequate sanitation, emergency exits, essential safety equipment and access to emergency medical care)					

<b>Human rights risk</b>	<b>Controls in place:</b> Which policies and/or procedures (including training) address this risk?	<b>Occurrence:</b> Has this risk materialized in the last 3 years?	<b>Reporting:</b> If yes, how were the cases uncovered or reported?	<b>Remediation:</b> If yes, how were the case(s) addressed?	<b>Prevention:</b> How would Nestlé XX respond should such a situation materialize?
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**Occupational Health & Safety**

“Everyone has the right to just and favourable conditions of work.” (UDHR, Art.23)

In terms of workplace health and safety this includes:

- protection from sickness, disease and injury arising from their employment
- adequate training and provision of protective equipment

2. Employees are not supplied with the protective equipment necessary to perform their tasks safely					
3. Employees are not supplied with the training necessary to perform their tasks safely					
4. Employees cannot safely report concerns about unsafe or unhealthy work processes					
5. Employees do not get adequately compensated for injuries or long-term health problems caused by their employment					
6. Housing provided to Nestlé Vietnam employees is not safe					

## Annex 3: Table of interviewees for this document

Nestlé HQ	Nestlé country operations
Yann Wyss, Human Rights Specialist, Public Affairs Enrique Rueda, Head, Compliance and Security Christian Frutiger, Deputy Head, Public Affairs Claus Conzelmann, Head, Safety, Health and Environmental Sustainability Marc Schaedeli, Head, Group Risk Management Benjamain Ware, Manager, Responsible Sourcing Duncan Pollard, Head, Stakeholders Engagement in Sustainability	HRIA focal points: Ricardo Echeverri, Nestlé Colombia Marie Owoniyi, Nestlé Nigeria Maria Rosario Vilhena, Nestlé Angola Enoca Sirimanna & Shanaka Wijeweera, Nestlé Lanka Irina Sitdikova & Elena Demina, Nestlé Russia Maxim Logvin, Nestlé Kazakhstan and Uzbekistan

## Annex 4: HRIAs and the UN Guiding Principles on Business and Human Rights

The UN Guiding Principles set out a set of requirements when assessing and addressing human rights. The below table describes how Nestlé has tried to incorporate these requirements during the HRIAs.

Requirements of UN Guiding Principle 18	How is the Principle implemented in Nestlé's HRIAs?
Draw on internal and/or independent external human rights expertise	Nestlé has engaged with the Human Rights and Business Department of the Danish Institute for Human Rights to conduct the HRIAs. DIHR is a leading organization in the field of human rights and business. As a National Human Rights Institution DIHR is an independent entity.
Involve meaningful consultation with potentially affected groups and other relevant stakeholders	As part of the HRIAs the assessment team engages with stakeholders. Internally Nestlé employees and third party employees are consulted and externally employees of suppliers and contractors, as well as communities are interviewed.
Pay special attention to any particular human rights impacts on individuals from groups or populations that may be at heightened risk of vulnerability or marginalization	During the country risk research that is conducted in the preparatory phase of the HRIA, potential vulnerable groups are identified. These vulnerable groups could be women, migrants, young workers etc. Based on this identification, the assessment team includes questions on these groups in the assessment questionnaires.
Bear in mind the different risks that may be faced by women and men.	During the assessments women and men are interviewed. Where appropriate, women are interviewed separately from men and if the composition of the assessment team allows, the assessor is a woman to allow them to speak openly about gender-specific impacts.
Understand the concerns of potentially affected stakeholders by consulting them directly in a manner that takes into account language and other potential barriers to effective engagement	The assessment team works with local consultants who understand the country context, culture and speak the language. This allows for the assessment team to conduct interviews with stakeholders in an effective manner.
Undertake assessments of human rights impacts at regular intervals	So far Nestlé has only carried out one HRIA per country. In most cases the business activities were ongoing. In a number of country operations new activities were being set up, such as the construction of a factory. Here the assessment team has been able to assess potential human rights risks.
Include all internationally recognized human rights as a reference point	The framework of the HRIAs is based on the Universal Declaration of Human Rights, the International Covenant on Civil and Political Rights, the International Covenant on Social, Economic and Cultural Rights and ILO Core Conventions. Other relevant human rights standards such as the Convention on the Rights of the Child and soft law instruments applicable to the area of human rights and business have been used as a reference point.

**Nestlé** is the world's leading Nutrition, Health and Wellness company. Our mission of "Good Food, Good Life" is to provide consumers with the best tasting, most nutritious choices in a wide range of food and beverage categories and eating occasions, from morning to night.

At Nestlé we believe we can make an important contribution to society, not only through corporate social responsibility programmes but by going a step further to create value both for our shareholders and for the communities in which we operate. For Nestlé the commitment to Creating Shared Value, Sustainability and Compliance is non-negotiable.

**The Danish Institute for Human Rights (DIHR)** is Denmark's National Human Rights Institution. DIHR has a legal mandate to protect and promote human rights in Denmark and internationally. This includes a mandate to work with private actors in addressing their negative as well as positive impacts on human rights.

**Principle author:**

Tulika Bansal, Advisor, Danish Institute for Human Rights

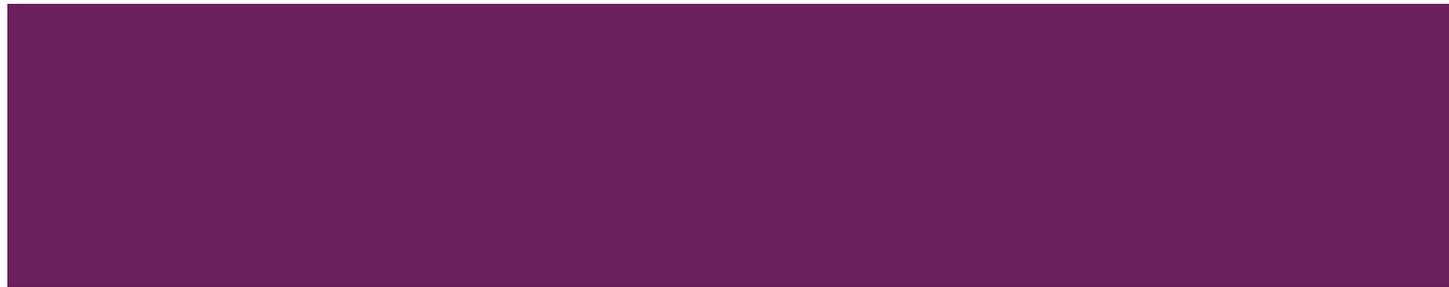
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Yann Wyss, Human Rights Specialist, Nestlé HQ

**With thanks to:**

Nora Götzmann, Allan Lerberg Jørgensen (DIHR), Samuel Adenakan, Aude Bertholet, Claus Conzelmann, Ricardo Cortes-Monroy, Elena Demina, Ricardo Echeverri, Christian Frutiger, Maxim Logvin, Marie Owoniyi, Duncan Pollard, Enrique Rueda, Marc Schaedeli, Enocha Sirimanne, Irina Sitdikova, Maria Rosario Vilhena, Benjamin Ware, Shanaka Wijeweera, (Nestlé) for their contributions to this white paper.





**For more informations please visit:**

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