



NESTLÉ S.A.

Beatriz Balbin  
Chief  
Special Procedures Branch  
OHCHR

Vevey, August 31, 2022

**Ref.: AL OTH 81/2022**

Dear Ms. Balbin,

Thank you for your letter of July 29<sup>th</sup>, 2022, addressed to Mr. Mark Schneider and sent under the communications procedure of the Special Procedures of the United Nations Human Rights Council. As the lead of the Human Rights Community at Nestlé and a member of the Executive Board of Nestlé, let me start by stating that we take the allegations outlined in your letter very seriously. We appreciate that you have reached out to us to gain clarity about our response to those allegations and about how we conduct human rights due diligence.

We are aware of the allegations against Energy & Palma, a subsidiary of Grupo La Fabril, the latter being a direct supplier to Nestlé. As laid out in more detail below, we have been engaging with Grupo La Fabril for a number of years, including on this specific issue. We made it clear to them that Nestlé has no tolerance for violence, threats, or intimidation of human, land and environmental rights defenders (HRDs). We will continue to engage with them to hold them to account on the commitments they have made to find a resolution to the conflict with the Afro-Ecuadorian community of Barranquilla de San Javier.

**Summary of our policies and processes related to human rights**

We [respect and promote human rights](#) in our operations and entire value chain, in line with the United Nations Guiding Principles (UNGPs) and the Ten Principles of the UN Global Compact. We are committed to the International Bill of Human Rights and the principles concerning fundamental rights set out in the International Labor Organization's Declaration on the Fundamental Principles and Rights at Work. We are committed to the Tripartite Declaration of Principles concerning Multinational Enterprises and Social Policy (ILO) and the OECD Guidelines for Multinational Enterprises.

We take steps to identify and address any actual or potential adverse human rights impacts arising directly or indirectly through our own activities or our business relationships. In 2011, we launched our Human Rights Due Diligence program based on the UNGPs. As part of our due diligence approach, we manage human rights risks and impacts by integrating controls into our policies and internal systems, acting on the findings, tracking our actions, and communicating with our stakeholders about how we address impacts.

Since 2011, human rights elements have been formally integrated into 22 Nestlé policies. We have also embedded human rights across our company's governance structure and trained over 282 000

Nestlé employees on the topic. In addition, we have carried out 13 human rights impact assessments (HRIAs) to better understand risks across our operations and geographies.

We also promote appropriate human rights due diligence legislation. In 2020, we joined 26 companies, business associations and initiatives as signatories on a [joint statement](#) calling for EU-wide, cross-sectoral mandatory human rights and environmental due diligence legislation. This is one example of the kind of advocacy work we are undertaking to support greater due diligence measures worldwide.

In December 2021, we published our new [Human Rights Framework and Roadmap](#), which aims to strengthen our level of due diligence and support enabling environments for the respect and promotion of human rights.

By the end of the year, we will publish action plans on our 10 most salient human rights issues, one of which is Indigenous peoples and local communities' land rights. These will articulate our strategy for assessing, addressing, and reporting on each salient issue, defining what we need to do across our value chain, as well as what collective action can be taken. These action plans are being developed based on a global human rights risk assessment we carried out in 2021 and will benefit from the learnings we gained through the previous 13 HRIAs we carried out, the results of our audit and assessment processes covering both our own operations and upstream supply chains, and the grievances that have been logged into our grievance mechanism, [Speak Up](#).

### **Regarding human rights due diligence in our supply chains**

Nestlé's [Responsible Sourcing Standard](#) sets out basic non-negotiable standards as well as sustainability practices that we ask our suppliers to respect and to adhere to at all times when conducting business with us. The Standard is an integral part of all our purchase orders and supply contracts. It sets out ways of working with regards to sourcing and production for our supply chain tiers, from Nestlé to suppliers, through intermediaries and all the way back to the origins of the goods and services we buy. One of its requirements relates to the respect of free, prior, and informed consent (FPIC) of communities.

Through our Sustainable Sourcing Tier 1 program, we verify compliance with the Standard by our direct suppliers through independent audits carried out by third-party audit firms. These audits follow the [SMETA Best Practice Guidance](#). If non-compliance issues or gaps are found, a time-bound action plan is developed and implemented by the supplier. The implementation of this plan is later verified by the auditor. In case a supplier refuses to undergo an audit or to close gaps, we may terminate the business relationship.

Through our new 'produced sustainably' key performance indicator, we are working towards these objectives:

- Traceability back to the point of origin (farm or group of farms).
- Human rights and environmental due diligence systems are in place to assess, address, and report on the potential or actual impacts in the supply chain as defined in the Nestlé Responsible Sourcing Standard.
- Tier -1 Suppliers are measurably progressing in addressing potential or actual human rights and environmental impacts identified in its supply chain.

In addition to verifying compliance with our direct suppliers, we have identified [14 raw materials](#) that present a higher risk of environmental and/or social issues. For those, we work closely with our direct suppliers and partners to conduct a [mapping of our upstream supply chains](#) and carry out assessments against our Responsible Sourcing Standard. When gaps are found, we work together with our direct

suppliers to continuously improve the sustainability practices of our upstream supply chain, all the way to the origins. This involves the development of action plans with defined milestones and deadlines to act upon risks and identified opportunities for improvement. When a supplier fails to effectively manage identified risks or meet agreed deadlines, we may terminate the business relationship. For instance, we have stopped sourcing from 14 upstream palm oil companies in recent years for non-compliance with our Responsible Sourcing Standard and no commitment to improve.

In many cases, we need to develop tailored programs to tackle root causes of social and environmental risks for greater impact. We have, for example, developed an [action plan to address labor rights risks in palm oil](#) as well as a [child labor monitoring and remediation system](#) and [Income Accelerator Program](#) to address child labor risks in our West African cocoa supply chain.

To address key challenges in our supply chains, we cannot work alone. This is why, in addition to taking action in our supply chains, we collaborate with various industry and multi-stakeholder partners to develop common tools, reporting frameworks and co-invest in joint projects and landscape initiatives.

### **Regarding allegations against Energy & Palma, a subsidiary of Grupo La Fabril**

Let me reiterate that we take the allegations in your letter very seriously. We have been engaging with Grupo La Fabril, which is a direct supplier to Nestlé, for a number of years as part of our Responsible Sourcing program. With the support of our partner, Earthworm Foundation, an evaluation of Energy & Palma's operations was carried out in 2017 as part of a broader engagement with La Fabril. This led to the development of an action plan with the company to close gaps found against our Responsible Sourcing Standard. The action plan has been updated on a regular basis and is monitored annually. Further engagement included a study of the perception of socio-environmental risks of La Fabril's operations (2019) and a conflict survey (2020), which allowed the identification of the conflict with the Afro-Ecuadorian community of Barranquilla de San Javier. Recommendations included the implementation of a mediated dialogue to resolve the conflict as well as the creation of a Community Relations Department, which was done in July 2020.

We were made aware of the legal action taken by Energy & Palma against the community leaders in November 2021. Since then, we have been regularly engaging with Grupo La Fabril on this specific issue. In our engagement with them, we reiterated our strong commitment to the respect of Indigenous peoples and local communities' (IPLCs') land and natural resources rights and emphasized the related requirements laid out in our Responsible Sourcing Standard. We have also made clear that Nestlé has no tolerance for violence, threats, or intimidation of HRDs.

On July 28<sup>th</sup> 2022, La Fabril published a [letter](#) where they state that:

- They are open to participating in a direct dialogue with the communities with the objective of finding a resolution to this conflict facilitated by a new, impartial mediator.
- They are committed to continuing to communicate about progress made with stakeholders.
- They are committed to developing and publishing an action plan and will seek the support of a third party to implement it.

We will continue to engage with La Fabril on a regular basis and hold them to account on the commitments they have made in their letter.

We hope this letter provides a good overview of our approach to human rights. Please contact us again should you require any clarification.

Sincerely,

A handwritten signature in blue ink, appearing to read 'L. Geale', with a stylized, cursive script.

Leanne Geale  
Executive Vice President  
General Counsel, Corporate Governance and Compliance