

Update Paper for the United Nations Environment Programme



BY ASSISTANT DIRECTOR SHREYA GUPTA

Case Study – Nestlé

Nestlé, one of the largest food and drinks company, celebrated its 150th anniversary in 2016. It manufactures almost everything found in the kitchen, including baking goods, baby food, dairy products, Willy Wonka treats, coffee and even bottled water. Their total sales as of 2016 were 89.5 billion (CHF), with a net profit of 8.5 billion (CHF).¹ The Swiss multinational ranks #34 on the Forbes Global 2000 list, which orders companies according to their value and market performance. In terms of environmental standards, Nestlé has adopted the “Creating Shared Value” approach, a business concept that encourages companies to strengthen their corporate environmental and social responsibility and boosts their economic value.² Although the company has maintained its stance on promoting corporate environmental and social responsibility (CER/CSR), it has also been targeted by many groups for its allegedly negative global impact.

The Cocoa Plan

Nestlé purchases 414,000 tonnes of cocoa for its products. In 2009, it adopted the “Cocoa Plan” to operate across three pillars of developments: better farming, better lives and better cocoa. Their brand, KitKat, is the first global confectionary brand to be made completely from 100% certified cocoa. As of 2016, they’ve built 42 schools on the Ivory coast, a country where Nestlé is also alleged to have utilized child labour on its cocoa plantations.³ A documentary “The Dark Side of Chocolate” increased the public awareness of the cocoa beans produced in the Ivorian coast, where children were essentially forced into plantation slavery. Consequently, Nestlé joined the Fair Labor Association (FLA) and appointed

them to inspect the Ivory coast where 56 workers under the age of 18 were found, of which 27 were under 15.⁴ Although Nestlé has made substantial efforts to curb the impact of child labor, inspections show the problem continues to persist in developing areas.

Environmental damage and water exploitation

Many have decried Nestlé’s failure to live up to its “Good food, Good life” mantra. This was particularly evident after a water table sunk hundreds of feet in the Pakistani village Bhati Dilwan.⁵ For the Nestlé water bottling facility, the construction of deep wells caused a resulting water scarcity in the area. The locals, who don’t have any other source of fresh water nearby, were forced to gulp down dirty water, which spurred various illnesses. Additionally, the company’s bottled water brand “Arrowhead” is purified from groundwater extracted from local districts in California, which also happen to be drought-prone areas. Previously, Nestlé and local water agencies would submit annual water reports, but Nestlé ceased this reporting after 2009. Other reports show that the amounts drawn from two wells in the Millard Canyon varied from a high of 1,366 acre-feet in 2002 to a low of 595 acre-feet in 2005.⁶ Similar cases have arisen in Michigan, Ontario and British Colombia too.

Many complaints have been filed against the Nestlé Waters by many Canadian environmental groups. The groups charge that Nestlé has been misleading by producing statements such as “most water bottles avoid landfill sites and are recycled” and “bottled water is the most environmentally responsible consumer product in the world.” These groups found it contradictory that in the 2008 Corporate Citizenship Report Nestlé stated that most of their bottles end up in the solid-waste stream.⁷ In fact, the report states that

these bottles end up as waste due to a lack of education and limitations on recycling programs. Nevertheless, the company reaffirms its stance on following the three R's of environment: reduce, reuse, recycle.⁸

Nespresso, a Nestlé brand, has partnered with the Rainforest Alliance and has signed a pact called the "Ecolaboration". Having worked together for more than a decade, they have aimed to improve the livelihoods of farmers and produce better, more sustainable coffee. Farmers were given training for sustainable practices and were found to recycle 50% more than local farmers.⁹ Although this division practices carbon offsetting, they have also taken up a huge initiative of planting more than 10 million trees in Colombia, Guatemala, Ethiopia, Mexico and Nicaragua to reach carbon neutrality by 2020. In line with their Ecolaboration pact, they also launched a program that allows compostable bags of coffee to be collected for its Austrian customers.¹¹

Labor exploitation allegations

Palm oil is a highly controversial resource in today's world. The palm oil industry faces various issues from deforestation and climate change to animal cruelty and indigenous rights abuses. Nestlé claims on their website that it responsibly and sustainably harvests palm oil supplies, but Amnesty International's reports prove otherwise. Indonesia is the largest producer of palm oil, and Nestlé has admitted that they receive their supplies from Wilmar, Indonesia. Women were found working under dangerous, high-pressure and under-paid conditions and the existence of child labor has also been reported. Laborers said that they forced to work more than 10 hours a day, exceeding their weekly limit.¹²

In November 2015, after a yearlong self-investigation, Nestlé confirmed reports of forced labor in its seafood industry in Thailand producing Purina cat food. Some saw this as an act of bravery and encouraged other companies to come forward with the injustices to be tackled in their supply chains, while others just saw this as a medium for the company to shadow other civil allegations. "Sometimes, the net is too heavy

and workers get pulled in to the water and just disappear," a Myanmar fisherman was quoted saying.¹³ Since 2016, the company has launched new initiatives to ensure labor safety and health management and have already begun working on their new scheme to demonstrate progress by 2018.¹⁴

Nestlé therefore serves as a strong example of an important global company that has created positive and negative impacts on the environment and the lives of people around the globe. The company's purportedly contradictory aims have demonstrated that initiatives and companies have much work to do before it can truly be referred to as a promoter of social and environmental causes. The goal of this committee will be to identify these areas and, if appropriate, decide on courses of action.

Bibliography –

1 "Nestle Press Release 16 February 2017." (2017): n. pag. Web. 14 July 2017.

2 Nichols, Michelle. "Nestle Head Emphasizes Profiting from Doing Good." Reuters. Thomson Reuters, 22 Mar. 2011. Web. 14 July 2017.

3 "Nestle Cocoa Plan." Nestle.com. N.p., n.d. Web. 14 July 2017.

4 Clarke, Joe Sandler. "Child Labour on Nestlé Farms: Chocolate Giant's Problems Continue." The Guardian. Guardian News and Media, 02 Sept. 2015. Web. 14 July 2017.

5 Carey, Ian. "Do We Have The Right To Clean Water? Nestle Doesn't Think So." The Alternative Daily. N.p., n.d. Web. 14 July 2017.

6 James, Ian. "Little Oversight as Nestle Taps Morongo Reservation Water." Desert Sun. TDS, 31 Mar. 2015. Web. 14 July 2017.

7 Anderson, Scott. "Nestle Water Ads Misleading: Canada Green Groups." Reuters. Thomson Reuters, 01 Dec. 2008. Web. 14 July 2017.

8 2008 Corporate Citizenship Report. Rep. N.p.: n.p., n.d. Web. 15 July 2017.

9 "The Rainforest Alliance and Nespresso Launch Next Phase of Ground-Breaking Collaboration." Rainforest Alliance. N.p., n.d. Web. 14 July 2017.

10 Wilcox, Meg. "L'Oreal, Chanel and Nespresso Pioneer 'carbon Insetting'." GreenBiz. GreenBiz Group Inc., 28 Feb. 2017. Web. 14 July 2017.

11 Mohan, Anne Marie. "Knowledge Exchange for Sustainable Packaging." Greener Package. Greener Package, 28 May 2014. Web. 14 July 2017.

12 "Amnesty International." Palm Oil: Global Brands Profiting from Child and Forced Labour. Amnesty International, 30 Nov. 2016. Web. 14 July 2017.

13 Nguyen, Katie. "Campaigners Hope Others Follow Nestle in Admitting and Acting on Slave Labour in Its Products." Reuters. Thomson Reuters, 24 Nov. 2015. Web. 14 July 2017.

14 "Health and Safety Management." Nestle.com. Nestle, n.d. Web. 14 July 2017.

