

## “The Public Eye Awards 2006”

# Nomination form A

## (for companies that have excelled in socially and environmentally irresponsible behaviour)

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The nominations will be made public before the Awards Ceremony. Handing in a precise, detailed and formulated nomination (please do not just send keywords, but full sentences) in the given form saves us a great deal of (editorial) work!

### **Nominated company or corporate group**

*Name:* Nestlé S.A.

*Headquarters:* Avenue Nestlé, Vevey, Switzerland.

*Turnover / net profit:* US\$67 billion turnover

*Branch of trade:* Food, bottled water, pet food, cosmetics.

*Owned by:* Shareholders.

*Number of employees:* 230,000

*CEO:* Peter Brabeck-Letmathé

*Further information/data on the company/corporate group:*

Nestlé describes itself as the world's largest food company and claims to be present in every country in the world. It is also the world's largest bottled water company and is on the way to being, if not already, the largest company in the pet food market.

It was founded in 1867 by Henri Nestlé, whose first product was farine lactée, a baby food, which within a matter of years was being exported to developing countries.

Much of Nestlé's growth has come from take-overs, often hostile.

### **Nominated in the category (please do *not* tick more than one category):**

- social rights (human and labour rights)

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## Reasons for the nomination:

The rationale should include detailed information and, if feasible, it should be listed according to below aspects of irresponsible behaviour of the nominated corporate group. In addition, your rationale should include a list of sources. Moreover, enclosures such as studies or newspaper articles on the case as well as film material are most welcome.

### *General information on the case and characteristics of irresponsible corporate behaviour*

Nestlé's aggressive marketing of baby foods in violation of World Health Assembly measures is well documented by the International Baby Food Action Network (IBFAN – <http://www.ibfan.org/>).

**(Note that there are many other issues of Nestlé malpractice that justify its nomination in this category and it is hoped other organisations with relevant expertise will make the submissions. For an overview of other issues see <http://www.corporatewatch.org.uk/?lid=237>)**

Aggressive marketing encourages mothers and health workers to favour artificial infant feeding over breastfeeding.

This breaches the right of parents to receive correct information on infant feeding as set out in Article 24 of the Convention on the Rights of the Child.

The United Nations Committee on the Rights of the Child and UNICEF call on governments to implement the World Health Assembly International Code of Marketing of Breastmilk Substitutes and subsequent, relevant Resolutions in legislation. Nestlé takes the lead in opposing strong, independently monitored and enforced measures, preferring voluntary codes of conduct.

Companies are required under Article 11.3 of the International Code to ensure that their activities at every level comply with the Code, independently of government measures. Despite claiming to do so, Nestlé is found to be responsible for more violations of the Code and Resolutions than any other company.

Nestlé is the target of an international boycott and has developed a range of strategies to oppose the boycott and to divert criticism of its activities. It is an acknowledged pioneer and expert in this area. A discussion of a recent example shows how Nestlé attempts to cover up its corporate crimes and provides examples of its malpractice.

Its most PR recent initiative was launched in April 2005 when it presented a new report entitled: "Nestlé's Commitment to Africa" to institutional investors at a meeting in the UK and internationally in a web broadcast. In this report Nestlé claims to abide by the World Health Assembly measures and presents an audit commissioned from Bureau Veritas, which clears the company of any wrong-doing. The audit was based

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on Nestlé Instructions, which are narrower than the World Health Assembly measures and so does not classify violations as such. In addition monitoring conducted by IBFAN demonstrates on-going systematic malpractice. IBFAN has contacted Bureau Veritas to discuss the marked difference in findings, but Bureau Veritas says it is not at liberty to discuss its work for Nestlé.

In its report Nestlé quotes the International Red Cross and Red Crescent as endorsing Nestlé's behaviour in Africa. There is an interesting relationship between Nestlé and the Red Cross. In the UK, the Red Cross was reported to the UK Charity Commission after publicly defending the company with demonstrably untrue statements after accepting funding from the company.

In the case of Africa, the International Red Cross and Red Crescent accepted Nestlé funding for famine relief efforts in Ethiopia. This funding came from the Ethiopian Government, from which Nestlé claimed US\$6 million compensation for a business nationalised 27 years earlier, before Nestlé bought the German parent company. In response to the public outcry, Nestlé first defended its action against the Ethiopian Government, claiming governments should honour their commitments to be acceptable to international investors. Following further damaging publicity, Nestlé agreed to accept a lesser amount and to donate this to famine relief efforts. Today, Nestlé cites its provision of money to the famine relief efforts as an example of its 'ethical' behaviour and the recipient of the money, the International Red Cross and Red Crescent, has made the statement of support that appears in the *Commitment to Africa* report.

In Africa and elsewhere Nestlé invests heavily in Corporate Social Responsibility initiatives, with a two-fold purpose. One, to cite the initiatives in its public relations materials. Two, to promote its products.

For example, in Africa Nestlé set up a Nutrition Institute in 2001 in breach of World Health Assembly Resolutions. The Nutrition Institute was formed with the stated purpose of promoting infant formula use in HIV interventions. World Health Assembly Resolution 54.2 states that formula use is only one option and is not always the preferred option and that mothers infected with HIV should make their decision '*free from commercial influences*'. The Nutrition Institute is now actively promoting formula use in training to health workers. Publicity materials for the *Pelargon* brand of formula used in interventions makes claims that are not substantiated and are dangerous to mothers infected with HIV and the wider population. For example, it is suggested that use of the formula reduces the risk of diarrhoea, yet artificially-fed infants have greater risk of diarrhoea than breastfed infants.

### *Consequences*

Despite the importance of breastfeeding, aggressive promotion of artificial feeding continues in a systematic way. Artificially-fed infants are at greater risk of short and

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long-term illness and where access to health care is limited they are at greater risk of dying.

The UNICEF statistics website states:

*"It has been estimated that improved breastfeeding practices could save some 1.5 million children a year. Yet few of the 129 million babies born each year receive optimal breastfeeding and some are not breastfed at all. Early cessation of breastfeeding in favour of commercial breastmilk substitutes, needless supplementation, and poorly timed complementary practices are still too common. Professional and commercial influences combine to discourage breastfeeding, as do continued gaps in maternity legislation."*

According to a Lancet study, 19% of all under-5 deaths could be prevented if the recommendations on breastfeeding were followed. This is more than the deaths that could be prevented by universal coverage for vaccination, safe water and sanitation.

Needless death and suffering occur as artificial milks do not contain the anti-infective properties of breastmilk. Nor do they contain other factors, some of which have yet to be identified, that are necessary for early development. Breastfeeding has been described as the continuation of the placenta as breastmilk provides far more than nutrition.

In addition, the expense of artificial milks mean that they are sometimes over-diluted or unsuitable alternatives are used. IBFAN has exposed how Nestlé promotes its Nido brand of whole milk alongside infant formula in the infant feeding sections of pharmacies and supermarkets. As Nido is typically a third of the price of infant formula, poor mothers who are not breastfeeding are more likely to use this unsuitable product than infant formula. One Brazilian study found that 70% of poor mothers who were feeding their infants with powdered milk were using whole milk rather than infant formula.

The suffering resulting from aggressive marketing has been described as 'commerciogenic malnutrition' – malnutrition caused by the pursuit of profit. Typically infants contract gastro-entiritis, become dehydrated and malnourished and finally die if not treated. The suffering is terrible and can be seen in various films made on this topic. Even in the developed world artificially-fed infants are 10 times more likely to be hospitalised with gastro-entiritis than breastfed infants.

Another risk that has only recently come to light is the worryingly high incidence of intrinsic contamination of powdered infant formula with *Enterobacter Sakazakii*, which can lead to meningitis. Infant deaths in Belgium and France have been directly linked to such contamination (in all cases in Nestlé formulas) and it is possible that other deaths are due to such contamination, but links were not found at the time. Nestlé has refused to amend its labels to warn of these risks and, with the industry, has opposed measures at the World Health Assembly in this area.

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### *Current status and demands made to the company*

The latest IBFAN monitoring exercise ended in April 2004, with results gathered in 69 countries. The report *Breaking the Rules, Stretching the Rules 2004* contains over 2,000 violations and over 700 pictures of companies' own marketing practices. As in previous exercises Nestlé was found to be responsible for more violations than other companies and to violate more provisions of the World Health Assembly measures than other companies. Because of this, it is singled out for boycott action.

The International Nestlé Boycott Committee (INBC) has put a four-point plan to Nestlé to save infant lives and ultimately end the boycott. Nestlé has repeatedly rejected the plan as it does not accept the validity of the World Health Assembly measures nor its need to change its practices.

The four-point plan was put by IBFAN group, Baby Milk Action, on behalf of INBC:

1. Nestlé must state in writing that it accepts that the International Code and the subsequent, relevant World Health Assembly Resolutions are minimum requirements for every country.
2. Nestlé must state in writing that it will make the required changes to bring its baby food marketing policy and practice into line with the International Code and Resolutions (i.e. end its strategy of denial and deception).
3. Baby Milk Action will take the statements to the International Nestlé Boycott Committee and suggest that representatives meet with Nestlé to discuss its timetable for making the required changes.
4. If IBFAN monitoring finds no Nestlé violations for 18 months, the boycott will be called off.

### *Sources / references*

Available in the resources section of <http://www.ibfan.org/>

#### **Breaking the Rules, Stretching the Rules 2004**

**Using International Tools to Stop Corporate Malpractice – Does it Work?**  
(case studies from 7 countries showing how Nestlé has taken the lead in opposing legislation and the different impact of legislation and voluntary codes)

#### **What Scientific Research Says**

#### **The International Code and Resolutions**

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**Related measures** (see Convention on the Rights of the Child)

Available on the Lancet website <http://www.lancet.org/> (login and search)

**How many under-5 deaths can we prevent this year?**

**UNICEF statistics website** <http://www.childinfo.org/eddb/brfeed/index.htm>

Available on the website <http://www.nestle.com/>

**Nestlé's Commitment to Africa**

## **Information for the organisers:**

**Nomination submitted by:**

*Name of organisation:* IBFAN (Baby Milk Action)

*Name of contact person:* Mike Brady

*Address:* 34 Trumpington Street, Cambridge, CB2 1QY.

*Email:* [mikebrady@babymilkaction.org](mailto:mikebrady@babymilkaction.org)

*Phone:* +44 1223 464420

The contact person may be contacted for any follow-up queries from the organisers. In addition, it is planned to make this information available to the interested public in the course of the publication of the nominations (on [www.evb.ch/publiceye.htm](http://www.evb.ch/publiceye.htm)) Please tick below if you do not wish your contact details to be made public.

## **Award's Ceremony in Davos**

If the company you nominated is awarded a price, would your organisation be in the position to send a person to Davos to give a speech and to conduct a workshop on the topic? This person should have expert knowledge on the nominated company because she/he has written a report on it or carried out a campaign on the topic. Travel, accommodation and expenses of the spokesperson will be covered by the organisers.

- A presentation of the case in Davos at the end of January 2006 is possible (please tick)

*Name of the person:* Mike Brady and/or member of the IBFAN Africa network

*Address:* Baby Milk Action, 34 Trumpington Street, Cambridge, CB2 1QY.

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