

“The Public Eye Awards”

Nominations form

***Nominated company (name):**

Nestlé S.A.

Short description of the company:

Nestlé is the world’s largest food company, boasting that there is not a country on the planet where you cannot buy its products. According to an analysis by UBS Warburg financial experts, 46% of Nestlé’s profits from a portfolio of 12,000 brands is at risk if regulations on unhealthy foods are introduced. This would have been higher, but for Nestlé’s leading role in the pet food, water and cosmetics markets. Nestlé is best known for Nescafé coffee, chocolate products and baby foods. 9% of its income now comes from bottled water.

Nestlé spends 15% of its turnover on marketing and public relations. With a turnover (2003) of 88 billion Swiss Francs (US\$70 billion) this makes a massive US\$10.5 billion.

Net profit (2003) 6 billion Swiss Francs (US\$5 billion).

Employees: 230,000.

Chief Executive Officer: Peter Brabeck-Letmathé (and Vice Chairman of the Board)

Chairman of the Board: Rainer E. Gut

Nominated for the following award categories:

- environment
- human rights
- labour rights
- corruption
- special prize _____ deceit
(name a award category in the style of the above)

More than one category can be chosen, if a company has acted irresponsibly in all these areas or if it cannot be assigned to just one category. In this case the organising committee will decide the final category.

Note: I hope other organisations will be nominating Nestlé under the environment classification over its exploitation of water resources and labour rights over trade union busting in Colombia and elsewhere.

Reasons for nomination: Human Rights

Send your nominations to: The Public Eye on Davos, Berne Declaration, Quellenstrasse 25, PO Box, CH-8031 Zurich, Switzerland; email: publiceye@evb.ch; fax: +41 (0)1 277 70 01.

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Under this heading there should be presented as much information as possible on the irresponsible behaviour of the nominated company – ideally covering each of the points below, including references or sources. Please use a separate page for each case example of the company. Additional supporting material such as reports or newspaper articles, and also film material, is welcomed.

General information on the case and date or time period

Infants have a right to the best start in life and mothers have a right to independent information on infant feeding choices. As Stephen Lewis, former Deputy Director of UNICEF has said: *“Those who make claims about infant formula that intentionally undermine women’s confidence in breastfeeding are not to be regarded as clever entrepreneurs just doing their job, but as human rights violators of the worst sort”*

Results of monitoring in 69 countries conducted by the International Baby Food Action Network (IBFAN), published as the *report Breaking the Rules, Stretching the Rules 2004* has again found Nestlé to be the most aggressive of the baby food companies, breaking the marketing requirements adopted by the World Health Assembly as it puts its own profits before health. Its aggressive marketing contributes to the unnecessary death and suffering of infants around the world.

Nestlé responds to reports of malpractice with denials and deception (see next nomination).

Characteristics of the company’s irresponsible behaviour

The company targets mothers with irresponsible advertising, promotions in shopping centres and baby clubs. It distributes free samples and supplies in health facilities, sometimes paying the hospital a fee for access to mothers. It produces information materials for health workers which make idealizing health claims for its products, often misrepresenting the findings in the research references cited or citing its own research. It targets health workers with gifts and other inducements and makes great efforts to sponsor professional associations to link Nestlé to them. It is exploiting concerns over the risk of transmission of HIV through breastfeeding to oppose any restrictions on marketing requirements and has set up a Nutrition Institute with the expressed intention of promoting infant formula for interventions, when the World Health Assembly has adopted Resolutions saying mothers should be assisted in making a decision on infant feeding methods based on assessment of relative risks and that these decisions should be free from commercial pressure.

When governments are introducing legislation, Nestlé lobbies for this to be as weak as possible. See the report *“Using International Tools to Stop Corporate Malpractice – Does it Work?”* for case studies (www.ibfan.org/english/pdfs/casestudies04.pdf).

Consequences

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According to the World Health Assembly 1.5 million infants die around the world every year because they are not breastfed. Nestlé disputes this, despite the fact UNICEF has said:

"Marketing practices that undermine breastfeeding are potentially hazardous wherever they are pursued: in the developing world, WHO estimates that some 1.5 million children die each year because they are not adequately breastfed. These facts are not in dispute."

Infants who are not breastfed are at greater risk of gastro-enteritis, respiratory infections, diabetes, allergies and other illnesses.

Demands made to the company

Nestlé is the target of an international boycott. Boycott coordinators have put a four-point plan to the company, which has been rejected by the company. The plan is as follows:

| Four-point plan | Nestlé response |
|--|--|
| 1. Nestlé must state in writing that it accepts that the <i>International Code</i> and the subsequent, relevant World Health Assembly Resolutions are minimum requirements for every country. | Nestlé does not accept that the Code applies to all countries, only those on a list of its own invention and even then, Nestlé follows its own weaker Charter rather than the Code and Resolutions. The Charter permits activities prohibited by the Code and Resolutions and only applies to infant formula, not all breastmilk substitutes. Nestlé refuses to recognise that the subsequent Resolutions have equal status to the Code. |
| 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). | Nestlé continues to dispute any wrongdoing even in the face of documentary evidence of malpractice, fines, convictions and rulings against it. |
| 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. | Nestlé has not provided the necessary statements. |
| 4. If IBFAN monitoring finds no Nestlé violations for 18 months, the boycott will be called off. | Nestlé continues to violate the Code and Resolutions in a systematic manner. |

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The first point is in line with demands made in writing to Nestlé by UNICEF and criteria included by the FTSE4Good ethical investment index, from which Nestlé is excluded.

Sources / references

As cited above. See the website www.babymilkaction.org and www.ibfan.org for further information.

Reasons for nomination: Deceit

Under this heading there should be presented as much information as possible on the irresponsible behaviour of the nominated company – ideally covering each of the points below, including references or sources. Please use a separate page for each case example of the company. Additional supporting material such as reports or newspaper articles, and also film material, is welcomed.

General information on the case and date or time period

Nestlé spends 15% of its turnover on marketing and public relations. It employs a team of people to counter the boycott, producing booklets and leaflets, a dedicated website (www.nestle.babymilk.com) and attempting to improve Nestlé's image through cause related marketing activities, particularly targeted at children.

On 12 May 1999, the UK Advertising Standards Authority upheld all of Baby Milk Action's complaints against an anti-boycott advertisement in which the company claimed to marketing infant formula 'ethically and responsibly.' Nestlé continues to make similar claims in public relations materials which are not subject to regulation by the ASA.

When the baby food campaign and other campaigns have forced change from Nestlé, Nestlé has portrayed this as demonstrating the company's ethical behaviour and used it to attack those same campaigning organisations for not giving it credit (see examples below).

Characteristics of the company's irresponsible behaviour

The company says little that is true about the baby milk issue.

A leaflet produced by the company in 2004 highlights how the company is attending debates to address the concerns of its critics. Until 2001 Nestlé refused to even speak in a public meeting if Baby Milk Action was present and this has only changed due to pressure from the boycott. Nestlé tries to speak at universities and schools supporting the boycott without Baby Milk Action being aware, but no longer runs away from debates. Nestlé's leaflet fails to mention that it has lost every debate that

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has taken place, making it impossible for anti-boycott campaigners to claim the company has changed (those continuing to oppose the boycott do so on the grounds that it should be an individual choice and not the policy of the institution).

In May 1994, the World Health Assembly adopted a Resolution stating that complementary feeding should be fostered from about 6 months of age. Earlier introduction of complementary foods is prejudicial to health and companies were expected to change the labels of these products accordingly as they were typically promoted from 4 months of age or earlier. They did not do so. Campaigns were launched on this issue and it was brought back to the World Health Assembly, prompting a further Resolution in 2001 stressing the importance of exclusive breastfeeding for the first 6 months of life. Campaigning continued. Then in May 2003, while national demonstrations were taking place in the UK, Nestlé wrote to boycott organisers saying it was 'taking the initiative' in changing its labels. Nestlé now denies the existence of the 1994 Resolution and the pressure it was put under to change and claims it led the way on this issue.

In a different area, Nestlé was the target of a campaign by Oxfam in December 2002 over its attempt to extract US\$6 million from the Ethiopian government at a time of famine as compensation for the nationalisation over 20 years before of a company it didn't even own at the time. After 40,000 people contacted the company, Nestlé backed down, accepting US\$1.5 million with the promise it would donate it back. In the letter from Nestlé's UK Chief Executive attacking the baby milk campaign Nestlé cites its support to Ethiopia as an example of its ethical conduct, conveniently not mentioning the Oxfam campaign. Nestlé also cites its support for the Brazilian government's Zero Hunger programme, which has seen a programme conceived to provide support for small-scale family agriculture distributing Nestlé processed food, including powdered whole milk. Health groups have written to President Lula of Brazil calling for Nestlé's involvement to end.

Demands made to the company

Stop misleading people and tell the truth. Nestlé's efforts generally backfire, showing the company to be deceitful. In 1999, Nestlé distributed a hard-bound 180-page book with letters presented as official government verification that the company was abiding by the Code and Resolutions. The book became a public relations disaster for the company as people read the letters and found many were nothing of the kind. Some, for example, only thanked Nestlé for attending a meeting or set out how the government was implementing the Code and Resolutions. Famously, one said the government didn't know Nestlé was selling breastmilk substitutes in the country. Nestlé had to issue an apology for misrepresenting letters and publicise this in its newsletter on the baby milk campaign. The book soon disappeared from sight.

Sources / references

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Nomination submitted by

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