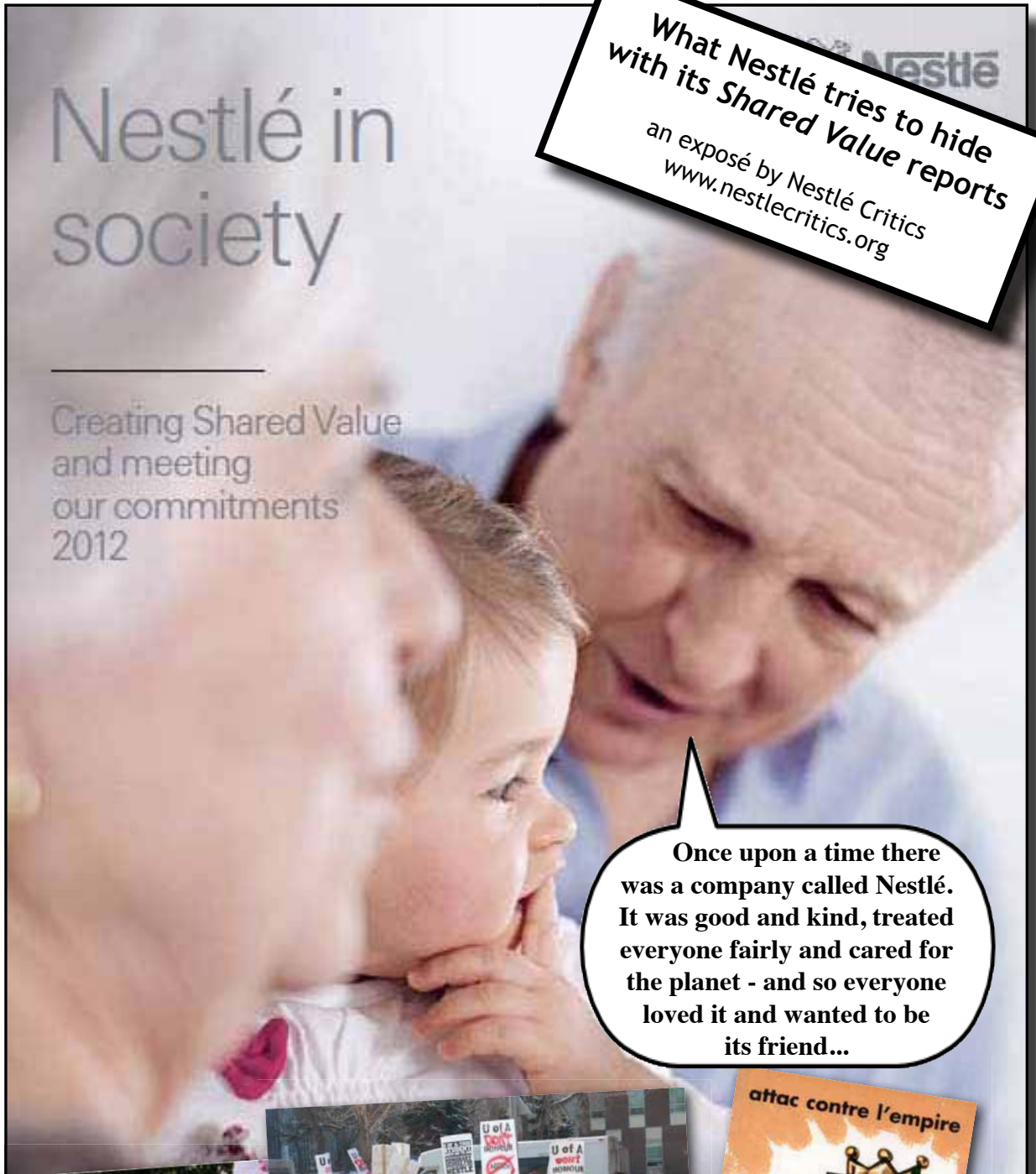


# Nestlé's Creative Storytelling Venture



What Nestlé tries to hide with its *Shared Value* reports  
an exposé by Nestlé Critics  
[www.nestlecritics.org](http://www.nestlecritics.org)

Once upon a time there was a company called Nestlé. It was good and kind, treated everyone fairly and cared for the planet - and so everyone loved it and wanted to be its friend...



How Nestlé's *Creating Shared Value* reports present a misleading picture of company activities as part of a long-running, well-developed PR strategy

**Published April 2013**

**by independent experts who monitor Nestlé around the world.**

**Preview version to coincide with the Nestlé AGM 11 April 2013**

**(pages 10 - 15 are taken from the Nestlé's Global Compact Cover-up, 2009 and will be updated)**

**Nestlé's actions speak louder than its words.**

**Cover pictures:**

- Protests in the Philippines over Nestlé's attempt to weaken baby milk marketing regulations, 2012.
- Protests in Canada over an honorary degree to Nestlé Chairman Peter Brabeck-Letmathé, 2012.
- Protests in the US over Nestlé's water bottling operations, 2010
- Image of trade unionist organisers at Nestlé plants killed by paramilitaries in Colombia, from the 2009 report
- Attac Switzerland book on Nestlé - in January 2013 a Swiss court ordered Nestlé to pay damages and costs to campaigners for infiltrating the group with a spy when the book was being produced.

**Visit the site [www.nestlecritics.org](http://www.nestlecritics.org) for the latest information from Nestlé Critics.**

**This is a Nestlé-Free Zone**  
**Boycott Nestlé - protect infants**  
NEW! Support breastfeeding - ONE MILLION CAMPAIGN launched

**Nestlé's actions speak louder than its words**  
Written by Administrator

**Nasty**  
Nestlé, the World's Largest Food Company, boasts there is not a country on the planet where it does not operate.  
It produces many Public Relations (PR) materials boasting of its positive impact and dismissing critics. For Nestlé's words, see [www.nestle.com](http://www.nestle.com)  
This website acts as a portal for those who want to know if Nestlé's words truly reflect its actions. The different sections are maintained by experts whose organisations monitor what Nestlé is really doing on the ground. If you would like to write for this site, contact the Administrator with details of your organisation.  
Check back frequently for new additions as this site is developed and for the latest news. You can also scan this page with your RSS reader or copy and paste this link:  
[feed://www.nestlecritics.org/index.php?option=com\\_rss&id=2](http://feed://www.nestlecritics.org/index.php?option=com_rss&id=2)  
[View the campaign image](#)

Take a look...  
**Philippines - overview**  
More than seven years have now passed since the more than 600 employees at the Cebu factory of Nestlé Philippines, Inc. went on strike to enforce their right to negotiate their retirement benefits. The Supreme Court's repeated rulings in their favor on this issue have failed to render justice, as the Swiss multinational food company continues to defy the court's decisions.

Latest Postings  
[I.R.F. Update March 2009: Nestlé and Child Labor in the Cocoa Industry](#)  
[NGOs expose Nestlé at 'the other Davos' meeting 28 January](#)  
[Nestlé health claims rejected in UK, but promoted in Bangladesh](#)  
[Nestlé's 'no melamine found' in products claim examined](#)

# How Nestlé's *Creating Shared Value* reports cover up malpractice and bring the UN voluntary initiative for corporate responsibility into disrepute

Nestlé is engaged in a *Creative Storytelling Venture* to cover up malpractice - and the UN Global Compact helps it get away with it

Nestlé is 'widely boycotted' and criticised because of its aggressive marketing of breastmilk substitutes<sup>1</sup> and other human rights and environmental abuses. Nestlé attempts to neutralise pressure to make required changes in a strategy developed by PR guru Raphael Pagan in the 1970s, which continues today, with some modifications. This involves attempting to improve the company's image through its *Creative Storytelling Venture* or CSV, in which it produces reports presenting the company in a positive, though dishonest, way. In recent years these reports have been posted on the website of the UN Global Compact, which gives Nestlé a prominent platform to tell its stories. At the same time it attempts to undermine critics, sometimes in underhand ways, including infiltrating campaign groups<sup>2</sup>.

Concerns raised by critics include:

- aggressive marketing of baby milks and foods and undermining of breastfeeding, in breach of international standards;
- trade union busting and failing to act on related court decisions;
- failure to act on child labour and slavery in its cocoa supply chain;
- exploitation, particularly in the dairy and coffee sectors;
- environmental degradation, particularly of water resources;

## The Global Compact is integral to Nestlé's CSV Strategy

The United Nations Global Compact is<sup>3</sup>: "*a strategic policy initiative for businesses that are committed to aligning their operations and strategies with ten universally accepted principles in the areas of human rights, labour, environment and anti-corruption.*" Nestlé uses its involvement to promote itself in a way that is at odds with the evidence presented by critics. For example, it claims in its *Creating Shared Value* report 2012<sup>4</sup>:

*Our Corporate Business Principles incorporate the 10 UN Global Compact (UNGC) Principles on Human Rights, Labour, the Environment and Corruption. They reflect the basic concepts of fairness, honesty and respect for people and the environment in all our business actions.*

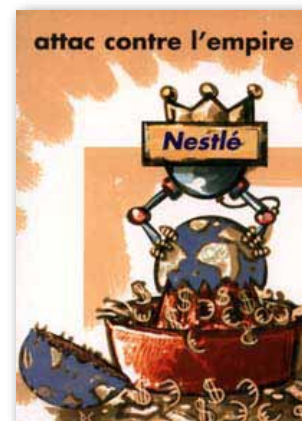
## The Global Compact Office refuses to apply Integrity Measures to Nestlé

The Nestlé Critics made a formal complaint to the Global Compact Office (GCO) in 2009 under the terms of the so-called Integrity Measures. The GCO has not only refused to take the actions it could and should take under these measures, it has refused outright to provide an explanation as to why (page 5).

Instead it allows Nestlé to be a Patron Sponsor and, as Nestlé boasts in its latest CSV report, a LEAD member. It falls to those with a genuine interest in corporate accountability to look behind Nestlé's claims and to expose what it is really doing.



Nestlé sponsors Global Compact events, such as its Leader Summit 2010, where it was Patron Sponsor. The Global Compact Office posts Nestlé's CSV reports on its website and refuses to apply the Integrity Measures when formal complaints are registered.



In January 2013 a Swiss court ordered Nestlé and its security firm, Securitas, to pay damages and costs to members of Attac Switzerland after infiltrating the group to spy on campaigners producing the above book.

The court rejected Nestlé's argument that campaigners are legitimate targets and its boast it would do the same again

1. "*The GMI Poll showed that along with Nestlé, several brands were widely boycotted. The most boycotted were generally the largest companies with the greatest visibility of which Nestlé is one.*" Dr. Gayle Crozier Willi, Nestlé, letter 10 April 2007, available at: <http://bit.ly/10Lpz7Z>
2. *No appeal from Nestlé in spying case*, Baby Milk Action press release, 23 March 2013, <http://bit.ly/12IoRw7>
3. [unglobalcompact.org](http://unglobalcompact.org)
4. *Nestlé in Society: Creating Shared Value*, 2012. Nestlé, Geneva.

# The ten principles of the UN Global Compact - and how Nestlé breaks them

The UN Global Compact Office has taken no action over the report submitted to it by the Nestlé Critics in 2009<sup>1</sup> (right) with a call for Nestlé to be excluded in line with the Global Compact Integrity Measures for ‘egregious violations’ and bringing the initiative into disrepute.

The table below from the 2009 report sets out Nestlé claims and some of the things that are missing from its reports or are misrepresented in them. The UN Global Compact office should have expelled Nestlé for bringing the concept of self-regulation into disrepute, but has refused to take the action it could or should take under the Integrity Measures<sup>2</sup> - and refuses to explain why not<sup>3</sup>.



Global Compact principle	Nestlé cites	Nestlé neglects to say
<p><b>HUMAN RIGHTS</b></p> <p>Principle 1: Businesses should support and respect the protection of internationally proclaimed human rights.</p> <p>Principle 2: make sure that they are not complicit in human rights abuses.</p>	<p>Expansion of participation in International Cocoa Initiative and Nestlé-specific cocoa projects in West Africa.</p>	<ul style="list-style-type: none"> <li>• Nestlé is criticised for lack of action on child labour and slavery in its cocoa supply chain.</li> <li>• Nestlé disrespects the <i>Convention on the Rights of the Child</i> in its baby food marketing and other rights in its treatment of workers, particularly trade unionists.</li> </ul>
<p><b>LABOUR STANDARDS</b></p> <p>Principle 3: Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining;</p> <p>Principle 4: the elimination of all forms of forced and compulsory labour;</p> <p>Principle 5: the effective abolition of child labour; and</p> <p>Principle 6: the elimination of discrimination in respect of employment and occupation.</p>	<p>We launched a new Nestlé supplier Code, which has provisions on working hours, compensation and non-discrimination; prohibits prison labour; and states Nestlé’s rights to audit, request corrective measures and terminate contracts.</p>	<ul style="list-style-type: none"> <li>• Nestlé has failed to abide by repeated court rulings in the Philippines to recognise trade union rights and negotiate with labour representatives.</li> <li>• Nestlé is criticised for trade union busting actions in countries such as Colombia.</li> <li>• Nestlé is criticised for its negative impact on cocoa, coffee and dairy farmers. It uses a Fair Trade certified coffee brand involving just 0.1% of suppliers as a PR tool, while failing to give wider support.</li> </ul>
<p><b>ENVIRONMENT</b></p> <p>Principle 7: Businesses should support a precautionary approach to environmental challenges;</p> <p>Principle 8: undertake initiatives to promote greater environmental responsibility; and</p> <p>Principle 9: encourage the development and diffusion of environmentally friendly technologies.</p>	<p>Reduced water consumption and influencing supply chain to adopt good water management practices;</p> <p>higher energy efficiency and lower GHG emissions; optimized packaging volumes and sustainable packaging;</p> <p>founding signatory, UNGC CEO Water Mandate.</p>	<ul style="list-style-type: none"> <li>• Nestlé’s bottled water marketing strategy has been criticised for undermining support for municipal water supplies.</li> <li>• Nestlé is accused of adverse impact on water suppliers in both developing and industrialised countries.</li> </ul>
<p><b>ANTI-CORRUPTION</b></p> <p>Principle 10: Businesses should work against corruption in all its forms, including extortion and bribery.</p>	<p>Establishment of Nestlé Code of Business Conduct.</p>	<ul style="list-style-type: none"> <li>• Nestlé has been cited in price-fixing cases on three continents.</li> </ul>

## The United Nations corporate responsibility scheme fails the integrity test - no action taken over 'patron sponsor' Nestlé

The official complaint was registered with the GCO in 2009 and since then correspondence with Nestlé on the matters raised has been copied to the GCO. The GCO has done absolutely nothing other than send our letters to Nestlé a second time. It refuses to consider the content of the letters - or the inadequacy of Nestlé's responses. We have asked the GCO to take other action called for in the Integrity Measures. For example, these state:

*'The Global Compact Office would be available to provide guidance and assistance, as necessary and appropriate, to the participating company concerned, in taking actions to remedy the situation that is the subject matter of the allegation in order to align the actions of the company with its commitments to the Global Compact principles.'*

The GCO responded saying that it can ONLY 'facilitate adherence to the principles of the Global Compact through openness and enhanced communication.' That is, uselessly sending our letters to Nestlé a second time and ignoring its replies. However, the Integrity Measures allow it to do much more: 'The Global Compact Office may, in its sole discretion, take one or more of the following steps, as appropriate...'

The list includes: 'Refer the matter to one or more of the UN entities that are the guardians of the Global Compact principles for advice, assistance or action.' Yet the GCO refuses to consult the UN legal experts who provide governments with advice on interpretation of the UN Resolutions which Nestlé accuses campaigners of misinterpreting. The GCO says it is not qualified to evaluate Nestlé's comments or the reports posted on the GCO site, so why not do as the Integrity Measures state and ask UN entities who are qualified?

The Integrity Measures call for a review of communications which can lead to the company being excluded from the initiative if dialogue does not resolve the issue. Pressed on why it will not conduct this review, the GCO responded to Baby Milk Action, 'As you well know, the Global Compact Office is not an adjudicatory body.' We asked the GCO to clarify why it was not taking the actions set out in the Integrity Measures - and it responded, 'we do not plan to provide a point-by-point response.' We have sent our list of questions of the UN Secretary General asking for assistance (we asked the GCO to pass our letter to its Board through its usual channels, but it refused to do so).

The GCO has told us in previous correspondence that not a single company has been excluded from the Global Compact following a complaint by a civil society organisation under the Integrity Measures.

Eveline Lubbers writes on Nestlé's PR strategy in her book *Secret Manoeuvres in the Dark* (2012)

*'The Nestlé case offers a clear example of the two sides of PR. On the one hand, there is a public strategy to create an image of a company with a sound policy of corporate social responsibility, while on the other hand the company engages in covert strategy to undermine its critics.'*

*The examples discussed [in the Nestlé chapter in the book] show that this dual strategy has been applied consistently from the 1970s up to the present day.'*



The UN Global Compact Office had a forceful presence at the RIO+20 summit, advocating corporate self-regulation.

The media reported on Executive Director Georg Kell's mission to clean up the organisation: 'More than 750 businesses... are likely to be kicked out in the next six months alone, with hundreds more to follow. These are on top of the 3,100 businesses already delisted in the past few years.'

The reports did not mention that these companies were excluded for failing to provide Communications on Progress - such as Nestlé's CSV reports - and that not a single company has been excluded following complaints by civil society under the Integrity Measures.



Nestlé's gains 100% scores on the Global Compact website for the issues covered by its reports - but there is no checking of whether the claims are true or investigations of evidence showing they are not.

1. Nestlé's UN Global Compact Coverage, Baby Milk Action, 2009. <http://bit.ly/12KFbZt>
2. <http://www.unglobalcompact.org/AboutTheGC/IntegrityMeasures/>
3. UN Global Compact punishes companies for failing to play its greenwash game, but not for violating its Principles BMA press release 29 March 2012 <http://bit.ly/ZFQWDO>



# Look at what Nestlé does, not just what it says it does - and mark it down for dishonesty

## Nestlé - the master of deception



'Fight the Nestlé Monster'  
demo, Nestlé (UK) HQ,  
19 May 2012.

Nestlé is one of the four most boycotted companies on the planet over its baby milk marketing. While the boycott has forced some changes in policies and practices, executives invest in trying to undermine critics and polish the company's image.



Hearings in the US Senate in 1978 were one result of the first boycott of Nestlé.

The exposure of aggressive marketing of baby milks led to the World Health Assembly adopting a marketing code in 1981 - and Nestlé to recruit Raphael Pagan to demonise campaigners and put in place a strategy to improve the company's image.

The basics of Pagan's strategy are still followed by Nestlé today.

Nestlé is perhaps the world's leading company on how to divert criticism of harmful business practices to minimise the changes it has to make and head off action by regulators. It began this path in the 1970s following the Public Relations (PR) disaster of the 'Baby Killer' trial, when it tried to scare off critics of its baby milk marketing with an ill-judged libel action. More recently it has resorted to dirty tricks, including using spies to gather information on critics (in January 2013 a court ordered it to pay damages to members of ATTAC Switzerland).

Key amongst the strategies developed by its 1970s PR guru, Raphael Pagan, is so-called 'two-step communication', where other organisations relay Nestlé's messages, giving them the appearance of legitimacy.

Nestlé's *Creating Shared Value* reports are a prime example of this. It is unsurprising that initiatives that rate companies based on company reports - rather than by monitoring what companies actually do - give Nestlé a good score. If they wanted to hold corporations to account, they would mark companies such as Nestlé down for dishonesty when the claims do not reflect reality.

## The origin of the Nestlé PR strategy and the *Creative Storytelling Venture*

Nestlé hired PR guru Raphael Pagan when the public health disaster of its baby food marketing blew up in its face in the 1970s. The seeds of the scandal began with Henri Nestlé and farine lactée, a milk and cereal concoction now considered unsuitable for infant feeding, first marketed in 1867. Within seven years, the company was selling 500,000 boxes of 'Nestlé Milk Food' in Europe, the United States, Argentina, Mexico and the Dutch East Indies. So began the commercial assault on breastfeeding cultures and the creation of bottle-feeding cultures, which in some countries is only now beginning to be reversed<sup>1</sup>.

The World Health Organisation (WHO) recommends that infants be exclusively breastfed for 6 months with continued breastfeeding for up to 2 years of age or beyond<sup>2</sup>. Denied the protection provided by breastmilk - a living substance - babies are more likely to become sick and, in conditions of poverty without access to health care, more likely to die. According to the World Health Organisation (WHO) and the UN Children's Fund (UNICEF), 1.5 million infants die each year because they are not adequately breastfed<sup>3</sup>.

While cow's milk is now modified in more sophisticated ways to produce infant formula, it continues to be the case that babies fed on it are at greater risk of short and long-term illness than breastfed babies. The World Health Assembly introduced *International Code of Marketing of Breastmilk Substitutes* in 1981 and manufacturers and distributors are required to ensure their marketing activities at every level comply with the Code and subsequent, relevant Resolutions. Nestlé continues to systematically violate these measures, for example promoting its formula today with the false claim that it 'protects' babies (page 8), while following the strategy developed by Raphael Pagan.

Raphael Pagan's strategy has been described and documented by Judith Richter in the Cornerhouse briefing paper *Engineering of Consent*<sup>4</sup> and the book *Holding Corporations Accountable*<sup>5</sup> in her analysis of the wider issues. The strategies developed in the 1970s have been pursued ever since and expanded, as Eveline Lubbers comments in her 2012 book *Secret Manoeuvres in the Dark* (page 5).

From Judith Richter's paper on *Engineering of Consent* (with additions in italics to bring it up to date<sup>6</sup>):

While working for Nestlé, Pagan spelled out a comprehensive corporate PR strategy for TNCs to fight for corporate 'survival' and to deal 'constructively and effectively' with the 'international regulatory mood'.

This strategy included:

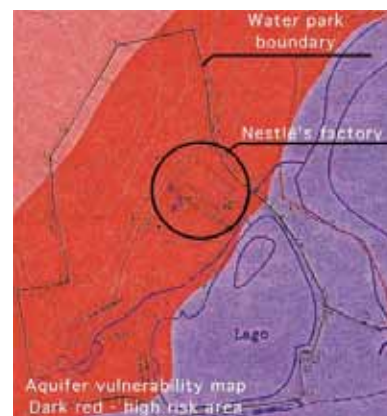
- establishing an issues management unit (such as Nestlé's Coordination Center for Nutrition) with a "responsive, accurate corporate issue and trends warning system and analysis capability"; *In 2011 Nestlé inaugurated its Digital Acceleration Team to monitor billions of postings on the internet to sound alarms when its name and interests are mentioned.*
- "organizing effective NGOs, and gaining representation for them at every possible UN agency". (By NGOs, Pagan meant generally international business organisations such as the International Council of Infant Food Industries (ICIFI) which subsequently became the International Association of Infant Food Manufacturers (IFM); *In 2012 the World Health Organisation expressed concern that its associated organisation, the Pan American Health Organisation had taken funding directly from Nestlé.*
- working with national and international civil servants, "not to defeat all regulation, but to create regulation that legitimizes and channels our rights, opportunities and contributions"; *In 2013 Nestlé is leading a campaign to have a new law introduced by Congress in the Philippines that will replace existing strong regulations; Members of Congress have been told that US\$400 million in investment will be lost if Nestlé's law is not passed.*
- "allying ourselves to some affirmative popular aspirations in the world so as to be visibly contributing not only to the world's wealth, but to its finding a freer and more open road toward meeting its heart-felt needs than the road offered by the statist or by the no-growth small-is-better redistributionists" while at the same time "reaching out to hold an ongoing dialogue with the many new publics whose understanding we need to remain in business"; *In April 2013 Nestlé will be unveiling its latest Creating Shared Value report that presents the company as solely a force for good, while misrepresenting its activities and their impact.*
- separating the "fanatic" activist leaders from those who are "decent concerned" people, and "stripping the activists from the moral authority they receive from their alliance with religious organizations". *In 2007 the Methodist Church Central Finance Board invested £1 million in Nestlé, claiming this would enable it to influence change through engagement as a complementary strategy to the Nestlé boycott (Nestlé has since falsely implied that the Methodist Church has ended its support for the boycott). Nestlé's CSV summary report 2012 states that Nestlé is involved in stakeholder dialogue with around 35 different NGOs and interest groups through annual stakeholder convenings. At the same time, Nestlé rejects IBFAN's reports of violations and its four-point plan for saving infant lives. It Nestlé accepted IBFAN's plan, this would lead to meetings with a clear purpose and, if Nestlé met its obligations, ultimately the end of the boycott.*

Reading Nestlé's CSV reports with some knowledge of how executives actually run the company soon reveals how bogus these reports are.

Some of the glaring falsehoods in the Nestlé's Creating Shared Value reports will be examined herein.

In line with Raphael Pagan's strategy, Nestlé backs its PR messages with what it presents as 'independent' assessments. In the CSV report it cites audits by Bureau Veritas, a company it pays to conduct audits to its specification, and which has a shameful history with Nestlé as shown by the case of São Lourenço.

Residents of the historic spa town in Brazil launched a civil action to stop Nestlé pumping water in the red area of maximum vulnerability on the map below.



It took ten years of campaigning and legal action to stop Nestlé's harmful activities in 2006.

Before stopping, Nestlé said in a past report submitted to the UN Global Compact<sup>6</sup>:

*"A Bureau Veritas audit confirms that the test evidence and resultant regulatory approvals do not support allegations that exploitation of the Primavera Well (Sao Lourenço) negatively impacts groundwater in the region."*

**Challenged, Bureau Veritas admitted:** *"our work did not constitute a legal audit as such, nor did it include a review of the on-going civil action"*

1. *Checks and Balances in the Global Economy*, Baby Milk Action, for referenced history. <http://bit.ly/10TxNJY>
2. *Global Strategy for Infant and Young Child Feeding*, WHO. <http://bit.ly/11VnMOO>
3. [unicef.org/sowc01/maps/maps/map1nf.htm](http://unicef.org/sowc01/maps/maps/map1nf.htm)
4. *Engineering of Consent*, Judith Richter, Cornerhouse. <http://bit.ly/10TzYxm>
5. *Holding Corporations Accountable*, Judith Richter, Zed Books, 2002.
6. Details and supporting information available at: <http://info.babymilkaction.org/news/pressreleases>

# Nestlé and baby milk - undermining infant health and mother's rights

## Nestlé should abide by World Health Assembly marketing standards

Aggressive marketing of baby foods undermines breastfeeding and contributes to the needless death and suffering of infants around the world. UNICEF has stated<sup>1</sup>:

*Improved breastfeeding practices and reduction of artificial feeding could save an estimated 1.5 million children a year.*



Pressure from boycott supporters led to Nestlé dropping its claim that its formula is 'The new "Gold Standard" in infant nutrition' in 2010. But Nestlé continues to use the bogus claim that its formula 'protects' babies in logos on labels in 120 countries.

The *International Code of Marketing of Breastmilk Substitutes* was adopted as a minimum standard by the World Health Assembly (WHA) in 1981, which has adopted further Resolutions since to be read alongside it<sup>2</sup>. Article 11.3 of the Code calls on companies to abide by its provisions independently of government measures. The Code and Resolutions are referenced by the UN Committee on the Rights of the Child when it reviews compliance with the Convention on the Rights of the Child<sup>3</sup>.

Hence, under principles 1 and 2 of the Global Compact, Nestlé should abide by the Code and Resolutions in all countries. While claiming to follow them, Nestlé actually applies its own weaker Nestlé Instructions. Since 2009, Nestlé weakened these further, removing a commitment not to advertise milks for older babies if these have the same branding as infant formula for use from birth<sup>4</sup>.

Baby Milk Action and its partners in the International Baby Food Action Network (IBFAN) monitor actual practices on the ground. Reading Nestlé's CSV reports with a little knowledge of its actual activities soon reveals how bogus they are. Here are some of the glaring falsehoods:

### 2012 Performance Summary (pg 19 of Nestlé's CSV report)

Amongst statistics regarding Nestlé use of water, CO2 emissions etc. it states:

*Nestlé contraventions of infant formula marketing policy requiring remediation*  
19 (2011) 22 (2012)

*Infant formula marketing staff in higher-risk countries trained in the WHO Code (% of staff)* 100 (2011) 100 (2012)

Behind these figures lies the fact that in 2011 Nestlé rejected 97% of the violations contained in IBFAN's global monitoring report *Breaking the Rules, Stretching the Rules 2010*. It counted 130 violations, but said it would act on just four - and one of those it had already been forced to stop after receiving thousands of emails from Nestlé boycott supporters.

Take Nestlé's claim at face value and you could be forgiven for thinking Nestlé's marketing malpractice is a thing of the past. Yet it continues to endanger health. For example, it refuses to remove claims from formula labels in 120 countries that its products 'protect' babies. In February 2013, Save the Children launched a report which include on-the-ground monitoring and found, for example, that 20 per cent of health professionals surveyed in Pakistan reported gifts from baby-food companies – over half were Nestlé-branded.

Nestlé systematically violates the *International Code* and Resolutions. Hence, Nestlé boast that it has trained 100% of its marketing staff is a cause for censure, not celebration, as it results in unacceptable practices.



There are 48 pages of Nestlé violations in IBFAN *Breaking the Rules, Stretching the Rules 2010* global monitoring report - including four pages on the 'protect' logos. Yet Nestlé claimed in 2011 that it had to act on just four of the violations (equivalent to 3%) - which includes discontinuing the 'Gold Standard' leaflet following a campaign by boycott supporters.



## Chairman's message and national laws (page 3 of Nestlé's CSV report)

*We recognise that our position in society brings both opportunities and responsibilities: to do business in compliance with national laws, international standards and our own Nestlé Corporate Business Principles; and in ways that help protect the environment for future generations.*

Baby Milk Action raises concerns directly with Nestlé in writing and at the Nestlé shareholder meeting. At the 2012 meeting, this included breaches of India's law. In line with Resolutions on conflicts of interest this prohibits companies from organising or sponsoring events for health workers. Nestlé Chairman, Mr. Peter Brabeck-Letmathé, responded by saying it was not for Baby Milk Action to tell him what to do (ignoring the World Health Assembly and the Indian Government). He then showed a film he had prepared for shareholders - about training of health workers, including in India. Nestlé also boasts about these prohibited activities on page 19 of its CSV summary report 2012 - hoping that the majority of readers will be unaware of Indian law and the Resolutions. As a manufacturer of breastmilk substitutes, Nestlé should not use breastfeeding as an excuse to target health workers - it should instead ensure it markets its own products in accordance with the requirements.

The Indian Department of Health confirmed again in March 2012, Nestlé's activities targeting health workers '*are violative of Section (9) of the Infant Milk Substitute Feeding Bottles and Infant Foods (Regulation of Production, Supply and Distribution) Act 1992 and Amendment Act 2003*'.

## FTSE4Good (page 62 of Nestlé's CSV report)

*In 2011, we became the first infant formula manufacturer to be included in the Financial Times Stock Exchange responsible investment index (FTSE4Good), the only index in the world that includes strict criteria on the marketing of breast-milk substitutes.*

Nestlé is excluded from the many ethical investment listings with breastmilk substitutes criteria that Nestlé pretends do not exist and was excluded from FTSE4Good until FTSE weakened the breastmilk substitutes criteria in September 2010. FTSE now looks to company reports, policies and descriptions of management systems - and Nestlé is rewarded for the dishonest presentation of its activities.

FTSE commissions assessments of activities on the ground AFTER companies are included in the FTSE4Good Index. FTSE Chief Executive, Mark Makepeace, wrote to Nestlé CEO, Paul Bulcke, on 14 November 2011 in the context of FTSE4Good with concerns about activities detected in India that could be regarded as promotional and supporting conference attendance was provided as an example.

UNICEF stated when Nestlé was included in the FTSE4Good Index: '*The evidence available to us suggests that all breastmilk substitute manufacturers currently violate the International Code routinely. We are therefore following the inclusion of Nestlé on the index carefully and will be looking for evidence that their marketing begins to comply with the Code.*'

In its report *Superfood for Babies*, Save the Children recommends FTSE: '*should bring its criteria into line with the International Code and resolutions. It should assess company practices in selected countries against the Code and resolutions, as well as the company's own policies.*'

Nestlé invokes the names of UNICEF UK and Save the Children in its CSV report, saying they were 'consulted' on the FTSE4Good criteria. While perhaps technically correct, this does not accurately reflect these organisations' concerns.



Executives are belligerent in response to criticism of baby food marketing practices in part because their founder's first product was a baby food. Henri Nestlé began the assault on breastfeeding cultures with Farine Lactée - now viewed as unsuitable for babies, but promoted for many years as 'complete food for infants'.



Save the Children's report, launched in February 2013, highlights violations by companies, including Nestlé in Pakistan and China. Nestlé responded: '*It is unfortunate that specific companies are singled out for criticism, yet none are given credit where it is merited.*'

1. [unicef.org/sowc01/maps/maps/map1nf.htm](http://unicef.org/sowc01/maps/maps/map1nf.htm)
2. International Code available to download at: [who.int/nutrition/publications/code\\_english.pdf](http://who.int/nutrition/publications/code_english.pdf) and online with the Resolutions at: [tinyurl.com/codeibfansite](http://tinyurl.com/codeibfansite)
3. Article 24 of the CRC relates to breastfeeding. [www2.ohchr.org/english/bodies/crc/index.htm](http://www2.ohchr.org/english/bodies/crc/index.htm)
4. <http://bit.ly/Z9xXhQ>
5. Nestlé Chairman rejects proposals from boycott coordinators at company AGM, Baby Milk Action press release, 19 April 2012. <http://bit.ly/YdHJFD>

# Nestlé's *Creative Storytelling Venture*

Nestlé is one of the world's most widely criticised and boycotted companies

Concerns raised by critics include:

- aggressive marketing of baby milk in breach of international standards;
- trade union busting and failing to act on related court decisions;
- exploitation of farmers, particularly in the dairy and coffee sectors;
- environmental degradation, particularly of water resources.



Nestlé attempts to divert attention by investing in a *Creating Shared Value* public relations strategy and linking itself with the UN Global Compact.

Nestlé Critics say Nestlé CSV is really a *Creative Storytelling Venture*, presenting a misleading picture of company activities as part of a long-running, well-developed PR strategy.

The UN Global Compact Office posts Nestlé CSV reports on its website, but has refused to carry out the actions it could or should take under Integrity Measures when complaints have been registered.

The Global Compact has shown itself to be worse than useless as it provides PR cover to Nestlé, a Patron Sponsor of its events. Not a single company has been excluded from the initiative following complaints by civil society under the Integrity Measures.

So it falls to civil society to expose the truth Nestlé tries to hide with its *Creative Storytelling Venture*.

Anyone seeking to improve corporate practices should look at what Nestlé actually does, not just its CSV reports - and mark the company down when its story does not reflect reality.