

	Weight	Score
BMS 1: Corporate Profile	50%	55%
BMS 2: In-country assessment	50%	17%
Total	10%	36%
Impact on the Global Index score		-0.96

## BMS 1: Corporate Profile analysis

### Application of policy

Product type	Product made?	Policy scope <sup>1</sup>	Which policy applies?	Geographic coverage? <sup>2</sup>	If local regulations are weaker than own policy in higher-risk countries, follows:
Infant formula: 0-6 months	✓	✓	Nestlé policy	Higher-risk countries	Own policy*
Complementary foods: 0-6 months	✓	✓	Nestlé policy	Higher-risk countries	Own policy*
Follow-on formula: 6-12 months	✓	✓	Nestlé policy	Higher-risk countries	Own policy*
Growing-up milks: 12-24 months	✓	✗	Out of policy scope	Out of policy scope	Local regulations

The company's policy applies to joint ventures and subsidiaries even where the holding is less than 50%

Nestlé is not a member of the International Association of Infant Food Manufacturers (IFM) and so does not follow the IFM Rules of Responsible Conduct (RRC); it has adopted its own stricter policy.

\* Nestlé also commits to complying with all local regulations in all markets.

### Initial Corporate Profile score

Section	Article	Topic	Score
1	Intro	Overarching commitments	100%
2	4	Information & education	92%
3	5	The general public and mothers	100%
4	6	Health care systems	100%
5	7	Health workers	100%
6	8	Persons employed by manufacturers and distributors	100%
7	9	Labeling	71%
8	10	Quality	100%
9	11	Implementation	93%
10		Lobbying (policy and objectives)	75%
11		Disclosure	82%
Initial Corporate Profile score			92%

For explanation see page 3.

### Final Corporate Profile score

Product type	Weight	Final score
Initial Corporate Profile score		92%
Infant formula (0-6 months)	35%	69%
Complementary foods (0-6 months)	25%	69%
Follow-on formula (6-12 months)	20%	69%
Growing-up milks (12-24 months)	20%	0%
Total weighted Corporate Profile score		55%

For explanation see page 3.

<sup>1</sup> The assessment does not include analysis of whether the company's policy extends to teats and bottles.

<sup>2</sup> Higher-risk countries are countries which have 'More than ten per 1,000 under-five mortality rate' or 'More than 2% acute malnutrition (moderate and severe wasting) in under-fives' based on UNICEF data.

## Analysis

### Overarching commitments

Nestlé's policy explicitly acknowledges the importance of The International Code of Marketing of Breast-milk Substitutes (The Code) and subsequent World Health Assembly (WHA) resolutions. It also states clear support for exclusive breastfeeding for the first six months and for continued breastfeeding for two years or more, and for the introduction of appropriate complementary foods from the age of six months.

### Policy commitments on marketing

Among the six BMS manufacturers assessed, Nestlé's policy is most closely aligned with the Articles of The Code. In addition to its global 'Nestlé Policy and Instructions for Implementation of The Code', the company has implemented in all higher-risk countries consistent local management systems which include a policy and procedures manual. The basic requirements of this local policy are unified, but in addition, in each country where Nestlé operates the policy takes into account local regulations.

The products covered by the scope of Nestlé's policy are limited. Nestlé should extend its own policy to products for children up to 24 months of age, and apply that policy globally, rather than only in higher-risk countries. This would more clearly demonstrate the company's support for the WHO recommendation that infants continue to be breastfed up to two years of age or beyond while also being fed with appropriate complementary foods from six months of age.

Nestlé is to be commended as the only company assessed to commit to following its own policy in countries where local regulations are weaker than its policy (where it is legal to do so).

The language of Nestlé's policy commitments is the most closely aligned to The Code and relevant WHA resolutions of the six companies assessed. Nestlé policy commitments related to the general public and mothers (Article 5), health care workers (Article 6), health care systems (Article 7), persons employed by manufacturers and distributors (Article 8), labeling (Article 9) and quality (Article 10) are fully in line with the Articles of The Code.

Although most of Nestlé's policy commitments strongly mirror the Articles of The Code, the company could strengthen them in the following areas to bring its policy fully into line with The Code:

- Broaden and specify standards related to providing information to health workers, parents and other caregivers that powdered infant formula may contain pathogenic micro-organisms. This standard should also be expanded to labels, which should include an explicit warning that the product may contain pathogenic micro-organisms.<sup>3</sup>
- Make a commitment to collaborate with governments in their efforts to monitor the application of The Code as outlined in Article 11.2 of The Code.

Nestlé demonstrates industry best practice in terms of including a commitment relating to donations of informational or educational equipment or material at the written request and with written approval of appropriate government authorities as outlined in Article 4.3 of The Code. Moreover, it is the only assessed company to make commitments in full to include all information on its labels as instructed by Article 9.2 of The Code.

<sup>3</sup> This refers to WHA resolution 58.32 which requires that: i) labels of powdered infant formula include an explicit warning that the product may contain pathogenic microorganisms and must be prepared and used appropriately and; ii) that health workers, parents and other caregivers are provided with information that powdered infant formula may contain pathogenic micro-organisms and must be prepared for use appropriately. This is a topic of dispute with some of the companies; see the Global Index 2016 report chapter on BMS for further discussion.

### Management systems

Nestlé has a comprehensive global management system and clear procedures applied globally. For each market it develops and uses procedure manuals adjusted to take local regulations into account. Nestlé reported that it is in the process of developing and implementing a unified systematic management system for lower risk countries. Overall, Nestlé demonstrated strong evidence of how it ensures that it upholds all its commitments related to all Articles included in its policy. Nestlé was the only company that gained credit for being included in the FTSE4Good Index, which is based in part on regular external verification of its management systems and compliance with the FTSE4Good criteria.

### Policy commitments on lobbying

Nestlé has a high-level corporate policy to guide its interaction with authorities and organizations, including lobbying on all issues, and other documents that reference working with governments. However, these documents do not set out specific objectives with respect to lobbying on BMS and omit the specific wording required to achieve credit in the ATNI methodology. Nestlé is however only one of two companies to name the executive with responsibility for implementing its public affairs policy. Overall, therefore, the company scores relatively well on this element of the methodology but has room for improvement.

### Disclosure

Nestlé discloses the most of the six companies assessed. It publishes many documents related to BMS marketing, e.g. its Global Policy and Instructions to Staff (the only company to disclose these in full), auditors' reports, position papers on BMS, a response to the International Baby Food Action Network's (IFBAN) 'Breaking the Rules, Stretching the Rules' report and a certified list of memberships in trade associations and industry groups related to BMS. The areas in which Nestlé could strengthen its disclosure are by publishing an annual declaration that it does not include sales of BMS products in bonus calculations and quotas, and by describing in greater detail its lobbying activities.

## Corporate Profile methodology & scoring

**Research:** The research was undertaken by ATNF between June – August 2015, based on documents available in the public domain or provided by the company up to the end of July. Any documents published since then are not reflected in the score. Nestlé engaged actively in the research process.

**Methodology used:** The BMS Corporate Profile methodology was the basis for assessment, developed with extensive input from the ATNI Expert Group, and available at [www.accessstonutrition.org](http://www.accessstonutrition.org).

**Product scope:** In line with the WHO definitions set out in The Code and its statement of July 2013, the 2016 Global Index assesses whether companies restrict marketing of certain BMS products in line with the recommendations of The Code and relevant WHA resolutions. These include complementary foods and beverages identified as being suitable for infants up to six months of age, any type of milk-based formula or follow-on formula (also called follow-up formula) or growing-up milk (also called toddler milk) identified as being suitable for infants and young children up to 24 months of age.

**Initial Corporate Profile score:** This score is based on an initial analysis of the company's policy, management systems and disclosure, as set out in the ATNI BMS methodology. It reflects the extent to which its policies are aligned with The Code and subsequent WHA resolutions, its policy commitments on lobbying, the scope and strength of its management systems, and extent of its disclosure (but not yet taking into account the product scope).

**Weighted scores:** The initial Corporate Profile score is adjusted according to: i) which types of countries the policy applies to (the score is reduced by 25% if the policy applies only in higher-risk countries for a particular product type); ii) where local regulations are weaker than its policy, whether the company complies with local regulations or its own policy (the score is reduced by a further 15% if it does not commit to following its own policy in these circumstances). The scores under each product type show the level of compliance each company achieves for that product type. If the company does not apply its policy to any product category it scores zero. This is also the case if it does not disclose its policy.

**Final Corporate Profile score:** This is the final score weighted according to whether the company's policy applies to each type of BMS product being assessed by the 2016 Global Index.

**Adjustment to Global Index score:** For those companies included in the 2016 Global Index, the total possible adjustment relating to the Corporate Profile is 0.75, fifty percent of the maximum possible adjustment of 1.5. The final Corporate Profile score represents the level of compliance with the ATNI methodology; the adjustment is based on the level of non-compliance. Therefore, the calculation for the adjustment is:  $0.75 \times (100\% - \text{final CP score})$ .

## BMS 2: In-country assessments in Vietnam and Indonesia

	Vietnam	Indonesia	Total
<b>Total number of BMS products assessed</b>	<b>22</b>	<b>23</b>	<b>45</b>
Infant formula	8	10	18
Complementary foods	1	0	1
Follow-on formula	6	5	11
Growing-up milks	7	8	15
Formula, age not specified	0	0	0
<b>Total incidences of non-compliance identified</b>	<b>24</b>	<b>353</b>	<b>377</b>
Infant formula	4	12	16
Complementary foods	0	3	3
Follow-on formula	7	9	16
Growing-up milks	12	308	320
Formula, age not specified	1	21	22
<b>Ratio of incidences of non-compliance by products assessed</b>	1.1	15.3	
<b>Level of compliance</b>	Medium	Low	
<b>Aggregate score (Vietnam and Indonesia)</b>	33%	0%	17%
<b>Adjustment to Global Index score (out of 0.75)</b>			-0.62

Note that the final adjustment to the Global Index score based on the in-country assessments is calculated as follows:  $0.75 \times (100\% - \text{aggregate in-country score})$ .

### Key to levels of compliance

**Complete:** No incidences of non-compliance found  
**High:** Fewer than 1 incidence of non-compliance by number of products assessed  
**Medium:** Between 1.1 and 2 incidences of non-compliance by number of products assessed  
**Low:** More than 2.1 incidences of non-compliance by number of products assessed

## Products

<b>Vietnam</b>	Nestlé markets BMS products under the brand names Lactogen, Nan, S26, Boost and Gerber.
<b>Indonesia</b>	Nestlé markets BMS products under the brand names Lactogen, Nan, S26, Dancow, Nutren and Danstar.

### Article 4: Information and education for mothers and pregnant

- Overall, Nestlé placed fifth out of the six companies assessed for its level of compliance in both countries, with eight incidences of non-compliance found in total.
- No informational or educational materials produced by Nestlé about infant feeding were found in the sampled health facilities and stores in Vietnam.
- Eight items were found in Indonesia; half of them did not name a specific product.

### Article 5: Advertising and promotion to the general public including mother and pregnant women

- Overall, Nestlé placed last out of the six companies assessed for its level of compliance in both countries on Article 5, with 342 observed incidences of non-compliance in total. (Note that data based on recall is not included in the score).
- In Vietnam, the formal media monitoring conducted during the study by Andi identified no advertising of covered products on the media monitored – radio, TV and print and online newspapers. However, two adverts were found on online media.
- Over 8% of the women interviewed in Vietnam recalled seeing an advertisement on the internet for what they believed to be a Nestlé product, more than 6% recalled seeing such an advertisement on

television. A smaller number recalled seeing such an advert on social media or through other sources.

- In Indonesia, again, 48% of the women interviewed recalled seeing an advertisement on television for what they believed to be a Nestlé product. A smaller number also recalled seeing such an advert through other advertising sources, with over 8% recalling such an advert in a shop or pharmacy.
- Media monitoring in Indonesia carried out by Nielsen and the local study team detected 173 advertisements for Nestlé products, more than twice the number for any other company. A substantial majority (158) was on the internet or social media, and the vast majority (160) were for growing-up milk.
- Ten point-of-sale promotions were identified in the 114 stores visited in Vietnam. By contrast, 157 promotions for Nestlé covered products were identified in the 111 stores visited in Indonesia. The vast majority of these (137) were for growing-up milk, and 17 of the remainder did not specify a single product.

### Article 6: Health care systems (promotion within)

- Overall, Nestlé had a lower level of compliance on Article 6 than the other five companies assessed. Taking the two countries together, more women recalled health care workers recommending Nestlé products than any other products. Similarly, six health care workers recalled a visit by a Nestlé representative in both countries in total.

- Four of the 814 women (<0.1%) interviewed in Vietnam recalled that a health care worker had recommended that they use a Nestlé product.
- Three of the 114 health care workers (<0.1%) interviewed recalled any visits by a Nestlé representative to talk to the women or distribute samples.
- Eighteen of the 856 women (<0.1%) interviewed in Indonesia also recalled that a health care worker had recommended that they use a Nestlé product.
- Three of the 111 health care workers (<0.1%) interviewed recalled any visits by a Nestlé representative to talk to the women or distribute samples.

#### Article 9: Labeling

- Overall, Nestlé placed fifth out of the six companies assessed for its level of compliance in both countries, with a total of 27 products with non-compliant labels.
- A total of 12 instances of labeling non-compliance were recorded on 13 of the 22 Nestlé products assessed in Vietnam. The only product label that was fully compliant was a Gerber complementary food.
- A slightly lower rate of labeling non-compliance was found in Indonesia, with 15 of the 23 Nestlé products included in the pilot study having non-compliant labels.

### In-country assessment methodology & scoring

**Research:** The research was undertaken under contract to ATNF by Westat, a US-based health and social science research company.

**Methodology used:** The Interagency Group on Breastfeeding Monitoring (IGBM) Protocol, entitled 'Estimating the Prevalence of Violations of The Code and National Measures' from 2007. Adapted to local context. Used with permission from UNICEF.<sup>4</sup>

#### Data collection methods:

- Interviews with pregnant women and mothers of infants in health facilities.
- Interviews with healthcare workers in health facilities.
- Identification of informational materials produced by BMS manufacturers available in health facilities and retail stores.
- Identification of sales promotions by BMS manufacturers in retail stores.
- Analysis of product labels and inserts of all available products on the local market.
- Media monitoring.

#### Definitions used:

Drawn from The Code and subsequent guidance issued by WHO in July 2013.<sup>5</sup>

- Covered products include: infant formula (for infants less than six months of age); follow-on formula – sometimes called follow-up formula – (for infants 6-12 months of age); growing-up milk (for children 12-24 months of age); complementary foods when recommended for infants less than six months of age and bottles and teats.

- Non-compliance with The Code's recommendations: IGBM Protocol, WHO and other authoritative sources (such as the Helen Keller Institute). Available as an Annex to Westat reports.

**Location:** Urban Hanoi and urban Jakarta.

#### Sampling:

- Health facilities: selected with probability proportionate to size from a sample frame of eligible facilities.
- Women and health care workers: selected on a probability basis within each health facility, as were health care workers.
- Retailers: Three retail stores near health facilities selected on a purposive basis. All identified BMS products were selected for analysis of labels and inserts.
- Advertising: Two most widely used traditional media channels monitored, such as television and print, as well as online media, by a specialist agency in each country. Additional monitoring of online media undertaken by local partners (ISMS and Polling Center).
- Over 800 women and 125 health care workers were interviewed in each country, and over 110 retail stores were visited in each country.

**Scoring:** For an explanation of how the scores were arrived at, see the BMS chapter and Annex of the 2016 Global Index report.

### About the company<sup>6</sup>

- Nestlé is the largest manufacturer of BMS with a 23.7% global market share in the baby food category in FY2014.
- In 2014, Nestlé generated worldwide revenues of \$13.4 bn from baby food, accounting for 14% of its total revenues that year.
- Nestlé has the biggest value shares in the following products categories globally: toddler milk formula and follow-on milk formula, standard milk formula, prepared and dried baby food.
- Nestlé's Gerber and S26 rank as the third and fourth largest brands in the world, followed by Nan, ranking sixth.
- Nestlé's market focus is Asia Pacific and Latin America. Nestlé has the strongest presence in Latin America while the Middle East and Africa are becoming increasingly important markets for the company.

### Documents assessed in the Corporate Profile methodology

- Nestlé Policy and Instructions for Implementation of the WHO International Code of Marketing of Breast-milk Substitutes
- CHARTER Nestlé Infant Formula Policy
- Nestlé in society, Creating Shared Value and meeting our commitments 2014
- The Nestlé Corporate Business Principles
- The Nestlé Policy on transparent interaction with authorities and organizations
- Documents relating to FTSE4Good Breast-milk Substitutes (BMS) marketing criteria and its application
- Findings of Nestlé's investigations of the allegations made in IBFAN's Report 'Breaking the Rules, Stretching the Rules – 2014'
- Company website, <http://www.nestle.com/>
- More than 65 documents submitted to ATNF under NDA
- Nestlé Facebook Vietnam, <https://www.facebook.com/giadinhnestle>
- Nestlé Twitter Vietnam, <https://twitter.com/nestlelcv>
- Nestlé Youtube Vietnam, <https://www.youtube.com/giadinhnestle>

<sup>4</sup> UNICEF's permission to use the IGBM protocol does not imply endorsement of the methodology used or the results of the survey.

<sup>5</sup> [http://www.who.int/nutrition/topics/WHO\\_brief\\_fufandcode\\_post\\_17July.pdf](http://www.who.int/nutrition/topics/WHO_brief_fufandcode_post_17July.pdf)

<sup>6</sup> Source: Euromonitor, a market research provider

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### Note

Westat is responsible for the collection of data related to company compliance with the International Code of Marketing of Breastmilk Substitutes and any additional country-specific regulations related to marketing of these products. Westat is responsible for the analysis of the data related to compliance with the BMS marketing standards and for preparation of summary reports that have been incorporated by ATNF into the scoring of company performance for the Access to Nutrition Index.

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