

Nestlé's UN Global Compact cover up



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

Published June 2009 - by independent experts who monitor Nestlé around the world.

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Nestlé's actions speak louder than its words.

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Nestlé's actions speak louder than its words

Written by Administrator



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

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.

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Philippines - overview

More than seven years have now passed since the more than 600 employees at the Cabuyao 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.

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

Nestlé uses the UN Global Compact and other strategies to divert attention from concerns over corporate malpractice

Nestlé is one of the world's most criticised companies¹. It actively tries to undermine critics and improve its bad image. Its Global Public Affairs Manager² has admitted it is 'widely boycotted'. Independent polling has found it to be one of the four most boycotted companies on the planet³. Nestlé's Chairman and former Chief Executive, Peter Brabeck-Letmáthé, has received many 'shaming' awards from organisations seeking to raise awareness of corporate malpractice⁴. Concerns raised 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 Public Relations Strategy

The United Nations Global Compact is⁵: *"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 on its website⁶:

Nestlé's Corporate Business Principles guide our behaviour in relation to all relevant stakeholders. They reflect the basic ideas of fairness, honesty and respect for people and the environment in all our business actions. Their ongoing evolution has seen the inclusion of the 10 UN Global Compact (UNGC) Principles on human rights, labour, the environment and corruption in 2002. Examples that illustrate our compliance with, and support for, these Principles are contained in our Creating Shared Value report.

Nestlé should be expelled from the Global Compact

The Global Compact⁷: *"is not now and does not aspire to become a compliance based initiative. Nevertheless, safeguarding the reputation, integrity and good efforts of the Global Compact and its participants requires transparent means to handle credible allegations of systematic or egregious abuse of the Global Compact's overall aims and principles."*

With this report we call on the Global Compact office to expel Nestlé, not only for its systematic abuses, but because Nestlé brings the whole concept into disrepute by using its involvement and submissions⁸ in its strategy to divert criticism so that those abuses may continue.



Nestlé makes much of its involvement in the Global Compact in its Public Relations strategy. Above: a screenshot of its website. Below: a section from one of its *Creating Shared Value* report.



1. ECOFACT, 4 July 2008. ecofact.com/news.php#29
2. "The GMI Poll³ 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, 10 April 2007. babymilkaction.org/press/press6july07.html
3. GMIPoll. 29 August 2005. gmi-mr.com/about-us/news/archive.php?p=20050829
4. For example, Black Planet Award. ethecon.org/ethecon.php?id=245
5. unglobalcompact.org
6. tinyurl.com/nestlesiteungc
7. unglobalcompact.org/AbouttheGC/integrity.html
8. tinyurl.com/nestlesharedvalue

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

According to the Global Compact¹:

The UN Global Compact's ten principles in the areas of human rights, labour, the environment and anti-corruption enjoy universal consensus and are derived from:

- *The Universal Declaration of Human Rights*
- *The International Labour Organization's Declaration on Fundamental Principles and Rights at Work*
- *The Rio Declaration on Environment and Development*
- *The United Nations Convention Against Corruption*

The Global Compact asks companies to embrace, support and enact, within their sphere of influence, a set of core values in the areas of human rights, labour standards, the environment, and anti-corruption.

Nestlé claims²: “Examples that illustrate our compliance with, and support for, these Principles are contained in our Creating Shared Value report.”

The table below examines what Nestlé claims and some of the things that are missing from its reports or are misrepresented in them. The UN Global Compact office should expel Nestlé for bringing the whole concept of self-regulation into disrepute.



Nestlé submissions to the UN Global Compact, such as its *Creating Shared Value* report above and on the cover, are a cynical abuse of the initiative

Global Compact principle	Nestlé cites	Nestlé neglects to say
HUMAN RIGHTS Principle 1: Businesses should support and respect the protection of internationally proclaimed human rights. Principle 2: make sure that they are not complicit in human rights abuses.	Expansion of participation in International Cocoa Initiative and Nestlé-specific cocoa projects in West Africa.	<ul style="list-style-type: none"> • Nestlé is criticised for lack of action on child labour and slavery in its cocoa supply chain. • 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.
LABOUR STANDARDS Principle 3: Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining; Principle 4: the elimination of all forms of forced and compulsory labour; Principle 5: the effective abolition of child labour; and Principle 6: the elimination of discrimination in respect of employment and occupation.	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.	<ul style="list-style-type: none"> • Nestlé has failed to abide by repeated court rulings in the Philippines to recognise trade union rights and negotiate with labour representatives. • Nestlé is criticised for trade union busting actions in countries such as Colombia. • 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.

Global Compact principle	Nestlé cites	Nestlé neglects to say
ENVIRONMENT Principle 7: Businesses should support a precautionary approach to environmental challenges; Principle 8: undertake initiatives to promote greater environmental responsibility; and Principle 9: encourage the development and diffusion of environmentally friendly technologies.	Reduced water consumption and influencing supply chain to adopt good water management practices; higher energy efficiency and lower GHG emissions; optimized packaging volumes and sustainable packaging; founding signatory, UNGC CEO Water Mandate.	<ul style="list-style-type: none"> • Nestlé's bottled water marketing strategy has been criticised for undermining support for municipal water supplies. • Nestlé is accused of adverse impact on water suppliers in both developing and industrialised countries.
ANTI-CORRUPTION Principle 10: Businesses should work against corruption in all its forms, including extortion and bribery.	Establishment of Nestlé Code of Business Conduct.	<ul style="list-style-type: none"> • Nestlé has been cited in price-fixing cases on three continents.

Nestlé's positive contribution - confidence undermined through misrepresentation of audits

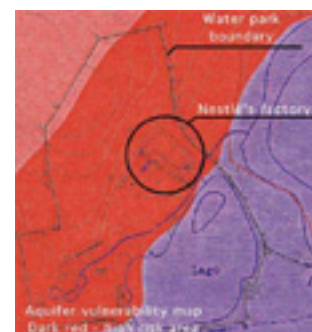
Nestlé employs a quarter of a million people around the world and, undeniably, generates wealth for shareholders, employees, suppliers and retailers. It claims to be a good corporate citizen and cites examples in its reports, from cutting water usage and carbon emissions to sponsoring various community schemes. Nestlé wants people to only consider these activities - and to believe its presentation of them. There are two significant problems with Nestlé's approach which brings the entire self-regulatory system advocated by the UN Global Compact into disrepute.

Firstly, as the table above and this report summarise, Nestlé does not tell the whole truth about its impact. It denies or ignores the concerns raised by those who monitor its practices around the world. Secondly, there is no independent assessment of the truth of the claims. Nestlé states in recent reports that these have been audited by Bureau Veritas. However, as this analysis shows, in some areas, at least, the auditing task that Nestlé commissions Bureau Veritas to do has been lacking in objectivity and veracity.

Links to UN bodies used for PR purposes

As described previously, Nestlé uses its links to the UN Global Compact as a major part of its PR strategy. It also attempts to suggest close relationships with bodies such as the Food and Agriculture Organisation and the World Health Organisation. Both FAO and WHO wrote to Nestlé demanding their logos be removed from a report published in November 2008 which claimed *"Nestlé products, especially popularly position products (PPPs) can make a contribution to correcting certain deficiencies in several areas of the world where they are prevalent."*

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



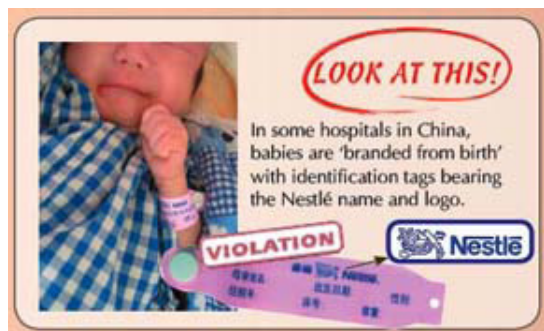
Before stopping, Nestlé said in a past report submitted to the UN Global Compact³: *"A Bureau Veritas audit confirms that the test evidence and resultant regulatory approvals do not support allegations that exploitation of the Primavera Well (Sao Lourenço) negatively impacts groundwater in the region."*

But 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. www.unglobalcompact.org/AbouttheGC/TheTENPrinciples/index.html
2. www.unglobalcompact.org/ParticipantsAndStakeholders/search_participant.html?detail=Nestle+S.A.
3. www.babymilkaction.org/resources/yqsanswered/yqanestle10.html

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

Nestlé should abide by World Health Assembly marketing standards



Nestlé's Corporate and Healthcare Relations Manager admitted to students at Sheffield University in January 2008 that the purpose of gifts such as this wrist band⁶ "is to keep the company name and products in people's mind."

The ONLY Nestlé product where the bird logo appears prominently front-of-pack is formula as on the Nestlé formula, right.



Nestlé boasts that it is the only company to market complementary foods from 6 months of age - neglecting to mention that it only changed its policy in 2003, following 9 years of campaigning by health advocates after the World Health Assembly adopted a Resolution on this issue in 1994. Despite its boast, it is still marketing foods and juices from 4 months of age, as in the example from 2009 in Kyrgyzstan.

Aggressive marketing of baby foods undermines breastfeeding and contributes to the needless death and suffering of infants around the world. UNICEF has stated¹:

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

The World Health Assembly first introduced marketing standards in 1981. Nestlé report on its *Commitment to Africa* (listed as a significant Communication on Progress on the United Nations Global Compact website²) contains a section on 'Infant Food marketing'. In this is included an audit from Bureau Veritas, stating:

Based on a total of five weeks of observation and interview within South Africa, Mozambique, and Nigeria, we found no systematic shortfalls in terms of Nestlé's implementation of its Instruction on the Marketing of Breast-milk Substitutes.

It is a serious flaw that the audit, as in later reports, took place against Nestlé's Instructions which are narrower than the measures relevant to Global Compact principles. Truly independent monitoring, conducted by the International Baby Food Action Network (IBFAN), consisting of more than 200 groups in over 100 countries, finds systematic violations of the relevant measures.

The *International Code of Marketing of Breastmilk Substitutes* was adopted as a minimum standard by the World Health Assembly in 1981, which has adopted further Resolutions since to be read alongside it³. 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 Child³.

Hence, under principles 1 and 2 of the Global Compact, Nestlé should abide by the Code and Resolutions in all countries. It refuses to do so, applying its own weaker Nestlé Instructions⁵.

Nestlé baby food marketing malpractice is institutionalised

Nestlé attempts to portray violations of the marketing requirements as isolated. For example, Bureau Veritas reports just three cases, one being: "related to the activities of a pharmacist that had breached the Instructions through the special display of infant formula."

Yet, as the *Breaking the Rules, Stretching the Rules* reports produced by the IBFAN International Code Documentation Centre show, violations are widespread and sanctioned from the centre. For example, Nestlé's Corporate and Healthcare Relations Manager has defended giving of branded gifts in hospitals, while admitting their intention is to keep the company name and products in people's minds. The identifying wrist bands for newborn infants shown left are an example. Nestlé invests heavily in courting health workers to gain influence, even in countries such as India, where this has been outlawed⁷.

In South Africa Nestlé advertised infant formula and follow-on formula in supermarkets with the edge-of-shelf 'talkers' shown right. These products are

labelled with the claim they 'protect', yet children fed on them are more likely to become sick and, in conditions of poverty, to die. The authorities stated in 2008:

The Department of Health is extremely concerned about all the health claims that Nestlé make on the new NAN 1, 2 and 3 tins. The health claims are a contravention of the current South African Regulations. A meeting was held with representatives of Nestlé and Department of Health and it seems they were not aware that they are transgressing the Regulations. However, they are reluctant to change the labels.

So reluctant, in fact, that similar labels were on proud display at the Nestlé shareholder meeting in April 2009, showing the contempt executives show for the opinions of the South African authorities. It was not only the Department of Health that was concerned about the promotion in South Africa. Nestlé's competitors in the Infant Feeding Association denounced the advertising in supermarkets to the Advertising Standards Authority (ASA), arguing the strategy:

contravenes both the World Health Organisation (WHO) Code and the Code of Advertising Practice, which [prohibits] practices used to induce sales directly to the consumer at retail level.

Nestlé fought the case at the self-regulatory ASA, which is funded by the advertising industry and ruled in Nestlé's favour. This will perhaps force the competitors who viewed the shelf-talkers as a clear breach of the *International Code* to follow suit and advertise formula in supermarkets.

The Global Compact states:

Businesses operating outside their country of origin may have an opportunity to promote and raise standards in countries where support and enforcement of human rights issues is insufficient.

Nestlé, however, is driving standards down.

Battling against regulations

Nestlé has a long history of opposing implementation of the Code and Resolutions in legislation despite the Global Compact stating:

Businesses should support and respect the protection of internationally proclaimed human rights.

As Bureau Veritas notes in the Africa report Nestlé encourages: "governments to develop national codes where they did not exist." While this is presented in a positive light, in truth it is registering Nestlé's lobbying for voluntary measures. Famously Nestlé threatened to pull out of Zimbabwe if it introduced legislation implementing the Code and Resolutions in 1998. The then Ministry of Health described it as an 'idle threat' and the legislation went ahead⁸.

More recently, in 2007, Nestlé called for the heads of UNICEF and WHO Philippines to be recalled for speaking out in favour of breastfeeding at the time stronger formula marketing regulations were being challenged in the Supreme Court by the pharmaceutical industry⁹.

Note: The examples of violations given here have been raised in depth with Nestlé. For details, Nestlé's poor responses and other violations see the 'codewatch' section of babymilkaction.org and ibfan.org

The Global Compact

As a minimum, business should strive to ensure that its operations are consistent with the legal principles applicable in the country of operation.



Nestlé edge-of-shelf advertising in South Africa. According to the Department of Health the following claims on labels are against the law: "optimal physical and mental development", "activate your baby's immune defences" and "strengthen your baby's natural defences".

They - and the logo shouting 'Protect' - mislead mothers into believing formula protects against infection, when the opposite is the case. Nestlé proudly displayed the labels at its shareholder meeting in 2009.



1. unicef.org/sowc01/maps/maps/mapInf.htm
2. Global Compact website tinyurl.com/nestleungccop
3. International Code available to download at: who.int/nutrition/publications/code_english.pdf and online with the Resolutions at: tinyurl.com/codeibfansite
4. Article 24 of the CRC relates to breastfeeding. www2.ohchr.org/english/bodies/crc/index.htm
5. tinyurl.com/nestledoc01ibfan
6. boycottnestle.blogspot.com/2008/04/nestle-uk-strategy.html
7. Nestlé and the Indian Law babymilkaction.org/CEM/cemsept06.html#2
8. Dr. Timothy Stamps on the Mark Thomas Product, Channel 4, 5 October 1999 babymilkaction.org/boycott/boyc26.html#2
9. *Spilled Corporate Milk in the Philippines*, Asia Times, 25 July 2007. atimes.com/atimes/Southeast_Asia/IG25Ae01.html

Nestlé's response to criticism of its baby food marketing

Nestlé has refused to stop most of the aggressive baby food marketing practices exposed in IBFAN's *Breaking the Rules*, *Stretching the Rules* reports. However, when the *International Code* and Resolutions are implemented in legislation and enforced violations can be stopped, showing it is not impossible to comply¹. It is not as if Nestlé is being asked to do something unreasonable.

According to the company²: "Nestlé firmly believes that breastfeeding is the best way to feed a baby and we are strongly committed to the protection and promotion of breast-feeding." It claims to abide by the Code.

So who is telling the truth about Nestlé's marketing practices? Nestlé refuses to debate with critics and has repeatedly refused an invitation to set out its terms and conditions for participating in an independent expert tribunal. The proposed tribunal would enable in-depth investigation of the claims and counter claims.

When people raise the evidence of systematic violations, Nestlé attempts to discredit its critics. The distortions of the truth it is prepared to use to do so are revealing.

The following arguments come from a Nestlé briefing² provided to George Clooney, the actor known for his humanitarian work. It is intended for use when he is questioned over his willingness to appear in Nestlé advertisements, particularly by people who support the boycott of Nestlé over its baby food marketing practices.

From Nestlé's briefing - "Ethical Investor Analyst, GES"

Our commitment to the WHO Code was confirmed by GES, Northern Europe's leading analysis house for socially responsible investment in 2006. GES assessed the largest listed manufacturers of infant food and then rated them by on policy, programme, compliance and reporting. They found that Nestlé far out-performs competitors in terms of having the most detailed policies and mechanisms to address the WHO Code.

Nestlé doesn't point out that GES is the only 'ethical investment listing' in the world to include it. GES refuses to look at independent monitoring, instead evaluating reports provided by companies. IBFAN has attempted to persuade it to consider evidence of systematic malpractice without success⁴.

Nestlé is not included in other listings, such as the widely respected FTSE4Good because neither its policies nor practices meet their inclusion criteria⁵.

From Nestlé's briefing - "The Methodist Church"

In June 2006 the Joint Advisory Committee on the Ethics of Investment (JACEI) of the Methodist Church stated that there is "no compelling justification" against investment in Nestlé on the basis of its involvement with breast milk substitutes. Further, the Annual Report of the Central Finance Board of the Methodist Church stated that it had become a shareholder (of Nestlé) in the past year.

This is extremely dishonest. In its 2007 Annual Report⁶ the Central Finance Board says it met with Nestlé management and:

JACEI [the Joint Advisory Committee on Ethics in Investment] reviewed the information gained from this meeting and confirmed its previous conclusion that, although there were still issues of concern in relation to the marketing of breast milk substitutes, there were insufficient reasons to avoid Nestlé on ethical grounds. The CFB has since become a shareholder.



Nestlé branded a 'liar'

In 1999 the UK Advertising Standards Authority upheld all Baby Milk Action's complaints³ against a Nestlé anti-boycott advertisement in which it claimed to market infant formula 'ethically and responsibly'. The marketing press said it had effectively been branded a 'liar'. Above, *Marketing Week* 11 February 1999. Nestlé continues to make similar claims where there is no recourse to authorities.



George Clooney has been briefed by Nestlé on how to respond to questions over his links to them (Observer 3 August 2008).

But the arguments it wants the internationally-famous actor to relay to people such as Emma Thompson are simply dishonest.

The Methodist Church CFB statement⁶ on Nestlé explains why it invested:

JACEI acknowledges and respects the work of organisations such as Baby Milk Action in highlighting the scandal of inappropriate marketing of breast milk substitutes. The way in which the CFB responds to such activities is to engage with company managements and seek change from within. These approaches should be seen as complementary strategies working to achieve a common aim.

Prior to the investment, the 2006 Methodist Conference adopted texts⁶ that suggested ‘engagement’ and the ‘boycott’ go hand in hand:

JACEI acknowledges the continuing concern with regard to some aspects of Nestlé’s interpretation of the International Code, the implementation of company guidelines and the transparency of the procedures for monitoring compliance. These concerns may cause some through conscience to maintain a consumer boycott of Nestlé products.

From Nestlé’s briefing - “British Midwives”

British midwives visited Nestlé in 2005 on a fact finding mission and reported a dissonance between their prior perceptions and what they observed in actual Nestlé culture, ethics, policies and hard evidence.

The resulting article published in the British Journal of Midwifery⁷ was so flawed that Baby Milk Action was given a substantial right to reply. Nestlé neglects to include this in the off-prints of the article that it distributes.

Aside from the journal’s peer-review process being called into question as misuse of references was missed, the British Journal of Midwifery gained further notoriety for violating the *International Code* by distributing a free 2009 calendar advertising a brand of formula from a Nestlé competitor.

The ‘fact finding mission’ referred to in the Nestlé briefing was, in truth, an all-expenses-paid trip to Nestlé’s HQ in Vevey, Switzerland. The lead author was Chris Sidgwick and she concluded the article by calling on midwives to accept Nestlé sponsorship. She had earlier worked with Nestlé in launching a video at the Royal College of Midwives Conference. Such materials have to have the authorisation of the Secretary of State for Health, which Nestlé had not obtained. Enforcement authorities had to remind Nestlé in 2008 that it requires this authorisation.

This lead author is funded by Nestlé to run training days targeting health workers. The main speaker at events in 2008 works for Nestlé, but this was not mentioned in the publicity. The links are strong. The speaker, Zelda Wilson, is thanked in the British Journal of Midwifery article for arranging the paid trip to Nestlé Headquarters.

Nestlé presents the article as from ‘British Midwives’, failing to mention this history or the fact that lead author and Zelda Wilson work with Nestlé’s PR firm, Webber Shandwick, in lobbying students to drop their support for the boycott.



Baby Milk Action’s annual demonstration at Nestlé (UK) HQ.

The Methodist Church said that some ‘through conscience’ may be moved to boycott the company because of concerns over its marketing of baby foods.

Its investment is presented as a parallel strategy of engagement to try to stop malpractice. Baby Milk Action points out it manages to communicate with Nestlé without becoming an investor.



Baby Milk Action’s right-to-reply in the British Journal of Midwifery. Errors in the pro-Nestlé article include misuse of the primary reference, which had gone undetected: “... a quote is wrongly applied to WHO and UNICEF, important information is excluded and information confused...”

Nestlé continues to distribute the article, written by a member of its anti-boycott lobbying team, but without the response.

1. *Checks and Balances in the Global Economy: Using international tools to stop corporate malpractice - does it work?* IBFAN, 2004. babymilkaction.org/shop/publications01.html#checks
2. *Nestlé’s policy governing the marketing of baby milk.* Nestlé. Undated. Briefing provided to George Clooney by Nestlé.
3. *ASA Adjudication 3586*, 12 May 1999, available via: babymilkaction.org/press/pressasa12may99.html

4. babymilkaction.org/resources/yqsanswered/yqanestle10.html
5. ftse.com/Indices/FTSE4Good_Index_Series/Downloads/FTSE4Good_Breast_Milk_Substitute_Criteria.pdf
6. Source documents can be downloaded via: babymilkaction.org/resources/yqsanswered/yqanestle08.html
7. Source documents can be obtained via: babymilkaction.org/resources/yqsanswered/yqanestle09.html

Nestlé and Child Labor in the Cocoa Industry - Nestlé and Labor Rights Abuses in Colombia



ILRF is campaigning to end child labour and slavery on cocoa farms, but finds Nestlé has failed to live up to its promise to act.

All the same in its latest management report launched in April 2009, below, Nestlé boasts of *"Helping cocoa farmers and their families"*.



Nestlé refused to attend a meeting to discuss progress on the Harkin-Engel protocol on ending child slavery in 2006 - but the following week in the UK it spoke at and sponsored an event at the conference of the ruling Labour Party, boasting of its action in this area. Its reports to the UN Global Compact similarly claim it is taking action.

Reports about the widespread use of child labor on cocoa farms in West Africa surfaced internationally in 2001¹. An estimated 70% of the world's cocoa comes from West Africa and 40% comes specifically from Cote d'Ivoire. Children working on cocoa farms, some of whom were victims of trafficking, often work long hours in the heat coming in to close contact with pesticides and often using machetes. Cocoa in West Africa is largely cultivated on small, family farms, but because farmers do not receive fair compensation for their beans, they are often forced to cut labor costs and use the labor of children. Nestlé is among the international chocolate companies that source cocoa from Cote d'Ivoire and other West African nations. Unlike other chocolate manufacturers,

Nestlé has operated representative offices and processing facilities within Cote d'Ivoire.

The International Labor Rights Forum (ILRF) first wrote to Nestlé in 2002 to inquire about the company's cocoa sourcing policies and to encourage Nestlé to increase transparency, pay a fair price to farmers and comply with international labor standards. Nestlé immediately referred to chocolate industry association initiatives and would not meet ILRF's demands. As a chocolate company that has traders and processing facilities directly in Cote d'Ivoire, Nestlé is well positioned to institute higher standards of accountability, but has failed to do so.

When US lawmakers learned of the situation in the cocoa industry, they initially proposed a bill to require chocolate manufacturers to participate in a "child labor free" labeling system. Under pressure from industry, the major chocolate companies instead signed a voluntary agreement in 2001 known as the Harkin-Engel Protocol, named after Senator Tom Harkin and Representative Eliot Engel. An initial July 2005 deadline required major chocolate companies, including Nestlé, to establish a public certification system to ensure that their cocoa was grown and/or processed without any of the worst forms of child labor. Nestlé and other companies failed to meet their self-imposed 2005 deadline as well as an extended deadline of July 2008, and to date, Nestlé has not certified any of its cocoa supply as free from child labor.

In February 2008, Nestlé did make a public commitment to the Good Inside Cocoa Program, established by the Dutch non-profit organization Utz Certified and intended to provide greater traceability within cocoa supply chains. At that time, Utz stated that its first pilot projects would begin by the end of 2008, with the final Code of Conduct available in early 2009 and "Good Inside" cocoa available on the market by the end of 2009. While the program is moving forward in Cote d'Ivoire, it does not have the specific labor expertise necessary to fully ensure adequate protection of a range of labor rights.

While Nestlé states in its Corporate Business Principles that it "fully supports" the UN Global Compact's Principle 5 on the abolition of child labor and says that it is "against all forms of exploitation of children," the company has not instituted proper programs to verify that its cocoa suppliers are actually implementing these broad commitments. Despite recent requests from the International Labor Rights Forum for details on how Nestlé specifically ensures that it is complying with international labor standards in its specific cocoa sourcing, the company has not responded.

A lawsuit filed by International Rights Advocates against Nestlé, as well as Cargill and Archer Daniels Midland, on behalf of Malian children who were trafficked to work on cocoa farms in Cote d'Ivoire is ongoing in US court in California. In its

court filings, Nestlé has repeatedly argued that it is just buying a product when it comes to cocoa and is not responsible for egregious labor rights violations involved in its production. Nestlé also consistently argues that its own code of conduct is merely “aspirational.”

Consumers should be aware that Nestlé apparently does not believe it should be expected to implement its own business principles.

Nestlé and Labor Rights Abuses in Colombia

Nestlé has also been accused of collaborating with paramilitary groups who have attacked unionists at one of the company’s bottling facilities in Colombia.

Reports have alleged that paramilitaries associated with the AUC assassinated several leaders of the SINALTRAINAL union after workers exposed Nestlé’s use of expired milk in its popular Milo brand drink.

A lawsuit is pending against Nestlé in US courts for the company’s complicity in the violent attacks against union leaders.

New evidence linking Nestlé with paramilitary groups in Colombia continues to emerge.

Treatment of coffee and dairy farmers

In addition to the concerns raised by ILRF above, concerns have also been raised about its treatment of coffee and dairy farmers. Oxfam launched a campaign² calling for better treatment of coffee farmers and welcomed encouraging statements from Nestlé, but little has changed in practice.

Nestlé blames low coffee prices on over production of coffee, yet has encouraged farmers to enter the coffee market in countries such as China and Vietnam. While Nestlé refuses to commit itself to paying a fair price for coffee, it has launched one brand with the Fairtrade mark. This amounts to 0.02% of Nestlé’s coffee purchase, but it has been used in major advertising campaigns to suggest Nestlé is addressing the crisis facing farmers, without acknowledging its own role in forcing down prices³.

Nestlé has been criticised in a report from a coalition of UK development organisations for its milk sourcing in Brazil and elsewhere, where it has used strategies to force consolidation in the industry and restricts market access which have seen thousands of farmers lose their livelihoods⁴.

Concerns continue to be raised. Nestlé has recently boasted of its investment in dairy collecting facilities in Pakistan, but this has been coupled with demonising direct selling by farmers⁵ and an assault on laws that protect consumers from excessive price rises⁶.

Asian Human Rights Watch launched an ultimately unsuccessful appeal in 2001 for action on the destruction of the national dairy industry in Sri Lanka, stating⁷:

Just two decades ago, Sri Lanka was a country where fresh milk was freely available and very cheap. In 1981, under the policy of liberalisation and privatisation, the government took a decision to close the National Milk Board and signed an agreement with Nestle to develop the dairy industry. After 20 years, there is no fresh milk available in the market, and the entire milk foods sector is in the hands of just two or three large companies, such as Nestle, Anchor and Maliban.



Nestlé refused to attend a 2005 tribunal on its activities in Colombia, organised by the Swiss development and trade union coalition, Multiwatch.



Some of the trade union activists who have been assassinated by paramilitaries after raising issues at Nestlé plants in Colombia.

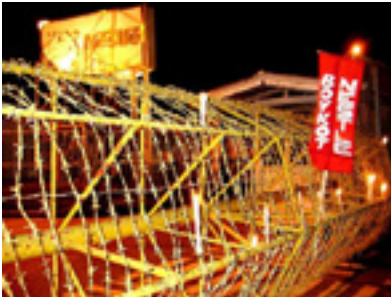


How a token Fairtrade product is used to divert criticism over coffee sourcing practices.

1. For further information on the issues raised by ILRF, see: www.laborrights.org/
2. See *Mugged: Poverty in your coffee cup*, available at: www.oxfamamerica.org/newsandpublications/publications/research_reports/mugged
3. For statements from various organisations involved in Fair Trade regarding Nestlé’s *Partners’ Blend*, see: www.babymilkaction.org/resources/yqsanswered/yqanestle07.html
4. See *Food Inc.* at: www.ukfg.org.uk/docs/UKFG-Foodinc-Nov03.pdf
5. See the report *The Political Economy of Milk in Punjab* at: www.babymilkaction.org/pdfs/milkinpunjab.pdf
6. See *Daily Times* report 21 April 2007 at tinyurl.com/nestlemilkpakistan
7. See www.ahrchk.net/ua/mainfile.php/2001/137/

Nestlé abusing workers' rights in the Philippines - and ignoring Supreme Court rulings

February 2009



Razor wire and watch towers at the Nestlé factory. There have been 23 strike-related deaths, including union leader Diosdado “Ka Fort” Fortuna, who was assassinated on his way home from a picket line on September 22, 2005. His predecessor, Union president Meliton Roxas, was assassinated in front of the picket line on January 20, 1989, during the workers’ previous strike.

[The following summary of the Nestlé Cabuyao workers’ strike is an edited composite of extracts of statements issued by the Union of Filipino Employees, an affiliate of Drug, Food and Allied Workers Unions-Kilusang Mayo Uno (UFE-DFA-KMU); by Noel Alemania, the union’s Acting President; by Marlon Torres, Public Information Officer, Pagkakaisa ng Manggagawa sa Timog Katagalugan-Kilusang Mayo Uno (PAMANTIK-KMU); and of articles in Bulatlat written by Dennis Espada and Alexander Martin Remollino. It was prepared for the UFE by Paul Germanotta.]

More than seven years have now passed since the more than 600 employees at the Cabuyao 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.

The Cabuyao factory workers and their union launched their strike on January 14, 2002, forced into it by Nestlé management and its deliberately provocative position demanding the exclusion of the issue of retirement benefits from the CBA negotiations as a matter subject to unilateral determination by management.

The Global Compact

Principle 3: Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining.

This position blatantly defied a ruling of the Supreme Court handed down in February 1991 (and later upheld on appeal), in which the court concluded: “*The Court agrees with the NLRC’s [National Labor Relations Commission] findings that the Retirement Plan was a collective bargaining issue from the start ...*”

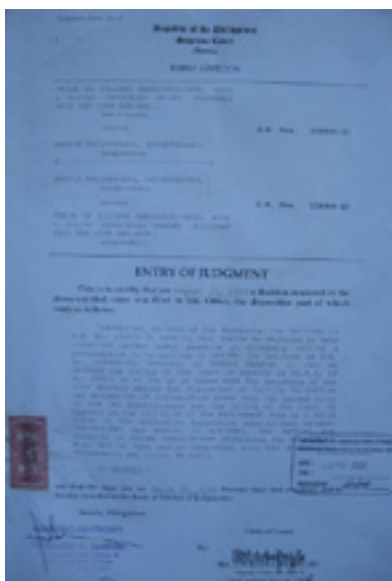
Several days after the strike vote on November 22, 2001, Patricia A. Santo Tomas, then-Secretary of the Department of Labor and Employment (DoLE), granted the company’s petition for a notorious “assumption of jurisdiction” order, arbitrarily placing the dispute into the hands of the state and its apparatus of repression.

On January 16, 2002, Sto. Tomas issued a Return to Work Order; on January 18, 2002, Sto. Tomas issued a Police Deputation Order, ordering the Philippine National Police (PNP) to send in their units; and on January 28, 2002, 1,000 PNP, 400 police and 300 Blue Guards violently dispersed the picket line set up by the striking workers at the factory gate.

During a trip to Switzerland to the ILO Conference in June 2001, Sto. Tomas enjoyed limousine services that billed a total of 9,000 Swiss Francs or P316,000, courtesy of Nestlé-Philippines, Inc. Documents uncovered by the UFE reveal that Nestlé paid for her chauffeur services and the Mercedes Benz for a shopping trip to Milan, Italy from Geneva from June 15 to 16, 2001.

The protracted labor-management conflict (see photos on the workers website¹) has been marked by a militarization of the factory and the violent dispersal of the workers’ picket lines and protests at the factory gate and elsewhere by the police and military, measures the company has encouraged and been fully complicit with.

This repression has directly or indirectly resulted in 23 strike-related deaths, including union leader Diosdado “Ka Fort” Fortuna, who was assassinated on his way home from a picket line on September 22, 2005. His predecessor, Union president Meliton Roxas, was assassinated in front of the picket line on January 20, 1989, during the workers’ previous strike involving the same issue. To date, not a single perpetrator has been apprehended for these murders.



A Supreme Court ruling from 22 August 2006 affirming previous decisions stating that Nestlé should negotiate with the trade unions. Nestlé has flouted the court rulings, prompting strike action.

The Supreme Court again ruled on the labor dispute on August 22, 2006, reaffirming the validity of its 1991 decision. It now explicitly ordered Nestlé management to return to the negotiating table (and by necessary implication to call back its workers) to resume CBA negotiations with the union, including the issue of retirement benefits.

To date, the company has deliberately and contemptibly flouted the court's orders, just as the government has deliberately and contemptibly failed to enforce them.

In a recent statement, the UFE laid out in compelling terms the basis of the courage and heroism of the Cabuyao workers, who persevere in the face of overwhelming forces that capital and its state allies have mobilized against them:

"Nestlé uses all state instruments such as the Department of Labor and Employment (DoLE), the MTC-Cabuyao (Municipal Trial Court) and RTC-Binan (Regional Trial Court), the Philippine National Police (PNP), the Armed Forces of the Philippines (AFP), and the Intelligence Service of the Armed Forces of the Philippines (ISAFP), with the blessings of a Philippine president who continuously clings to power ...

"Pres. Arroyo is betraying the people instead of defending the workers who have moral and just basis in their struggles. The Arroyo government likens the workers to criminals, drug lords, gambling lords and terrorists. It is like a rabid dog in kowtowing to the dictates of imperialist globalization and giant monopoly capitalists. Not contented, Arroyo further strengthened its iron hand rule by implementing the Calibrated Preemptive Response (CPR) on Sept. 21, 2005 to further repress the rights of the people.

"On Sept. 22, 2005, a day after Pres. Arroyo declared CPR, two motorcycle-riding assassins shot and killed Nestle union president Diosdado 'Ka Fort' Fortuna, with two .45 caliber bullets exploding his chest."

The surveillance, harassment, and other forms of violence perpetrated against the Nestlé Cabuyao workers have not ceased. At a protest held at DoLE on December 4, 2008, strikers identified, arrested and turned over to police two intelligence operatives, who had followed and threatened them from Cabuyao, Laguna to Intramuros, Manila. [Watch the video about this incident².]

One week later, on December 10, 2008, a picket staged by the strikers at the factory gate was violently dispersed with water cannons by the police, who then proceeded to arrest and detain Noel Alemania, Acting President of the UFE, who was leading the protest.

In speaking about the ongoing conflict, Alemania affirms that the Cabuyao workers *"are determined to get justice, even if our fight has caused the murder of our two union presidents, the death of 22 of our co-workers, the forced stopping of our children from school and the forfeiture of our properties."*

The striking Nestlé workers employed at the Cabuyao factory in Laguna are determined to hold and ultimately regain - and transcend - their ground at all costs. They say that, assuming the company fails to change its own behavior, the best immediate step the government can take in this conflict to legitimize its illegitimate claim to be a genuine, socially accountable popular democracy is to enforce the Supreme Court rulings ordering Nestlé management to call back and re-hire its workers and return to the bargaining table.

Visit the strike/boycott website³.



Diosdado Fortuna is remembered on 22 September 2008, the third anniversary of his assassination.



Sacked workers continue to call for their rights to be respected in the Philippines. While refusing to do so, Nestlé uses its involvement in the Global Compact to portray itself as a responsible company.



The lawful, peaceful picket at Nestlé's Cabuyao factory is sometimes violently dispersed the police and military, measures Nestlé has encouraged and been fully complicit with.

1. <http://austinaims2008.multiply.com/>
2. <http://www.youtube.com/watch?v=v78G-Z3gJhw>
3. <http://blood-in-your-coffee.blogspot.com/>

Nestlé in conflict with communities over water resources

From Corporate Accountability International on 1 April 2009



Nestlé presents some impressive figures for reduced water use in its Water Management Report, but not everything stands up to scrutiny.

“Nestlé is sometimes questioned by local communities regarding its performance. These enquiries are systematically investigated and external audits carried out where concerns remain.”

The ‘external audits’ are funded by Nestlé and evidence shows auditors have failed to include key information and their results have been misrepresented.



Nestlé presents its Pure Life brand as a safe, healthy source of water in developing countries.

But its launch preparation was controversial as Nestlé commissioned ‘awareness seminars’ that criticised the quality of municipal water and other bottled water brands. The Wall Street Journal reported:

“These foreign companies are misleading the people to make money,” charges Mohammed Amin, managing director of the Lahore Water Supply Company, after learning of the seminars.’

Nestlé later distanced itself from the strategy.

BOSTON – In the lead-up to Nestlé’s annual shareholders’ meeting on April 23rd 2009, a storm is gathering around the business practices of the world’s largest water bottler. Communities across the country have long been engaged in struggles with the bottling giant over control of local water resources. Now many of these struggles are coming to a head and a national campaign called Think Outside the Bottle is using April Fools Day to call on the corporation to, *“stop fooling with community water supplies.”*

“For years Nestlé employed a range of tactics to wrest water rights from rural communities and downstream users, keeping its abuses out of sight and out of mind to the public,” said Deborah Lapidus, campaigns director for Corporate Accountability International. *“Well, affected communities have now made it clear there is a pattern that needs to stop.”*

To begin bottling in communities, Nestlé has been engaged in everything from costly public relations campaigns and legal challenges to backroom deals for water rights. For example:

Public relations to pump. This year, several Maine communities passed ordinances to protect community water rights. Their victory was significant, given that just a few years earlier, Nestlé pumped more than \$200,000 to front groups that successfully attacked and defeated similar, statewide measures in the media.

Draining community resources in more ways than one. When communities in Michigan challenged Nestlé’s right to drain hundreds of thousands of gallons of water every day, the corporation waged a drawn out court battle to maintain its access to water. The protracted legal struggle has burdened community members with costly legal fees, exhausting the community’s resources to challenge water withdrawals.

Behind closed doors. Nestlé is now making yet another pass at Mt. Shasta water after backroom negotiations with county officials precipitated a six year struggle. In 2003, Nestlé negotiated a deal to pay a little less than 1/100th of a cent per gallon for at least 50 years, before any public meeting or knowledge of the project.

“When one tactic fails, Nestlé changes things up and tries another,” said Anne Wentworth, of Protect Our Water and Wildlife Resources in Shapleigh, Maine. *“What doesn’t change is the resolve of our communities to keep water under local control. We know all too well what happens when that changes.”*

In Florida, Nestlé has a record of being cited for exceeding water extraction limits, and has sought to increase the amount of water it extracts from local water sources, even when there is concern about local water resources. For example, outside of Tampa, FL, Nestlé once pushed to quadruple its daily water extraction from local sources from 300,000 to almost 2 million gallons a day – even when nearby cities were adopting water conservation

measures during a time of drought.

There are also the environmental consequences. Nestlé has skirted necessary environmental reviews in California and communities from Maine to Michigan have observed declining surface water levels.

“What’s most insidious is that this corporation uses public relations to create a divide between what really happens at the source and what people think of Nestlé downstream,” said Terry Swier of Michigan Citizens for Water Conservation in Mecosta County, Michigan. *“Well, that divide is closing today in markets hundreds of miles from bottling plants.”*

In the market, Nestlé wants to be seen as an “*environmental steward*” and pumps millions in to advertising its lighter weight bottles – a deflection from its environmental abuses in communities and the amount of waste and energy water bottling generates...regardless of the thickness of the plastic. The corporation has, in fact, a long track record of opposing bottle recycling bills across the country for fear that fees on its product will curb consumption and cut into its profits – only recently shifting its position to support ‘modified’ bottle bills that are more friendly to the beverage industry.

Nestlé would also like to be seen as “*community involved*” and a good “*corporate citizen*,” sponsoring marathons and sports teams – a means of positioning bottled water at civic events, where waste conscious athletes would be content with paper cups and tap water coolers.

For more information on Think Outside the Bottle and Exposing Nestlé visibility events in a city near you, visit **www.StopCorporateAbuse.org**

Global Compact Office misled over Nestlé

The UN Global Compact Office presents the report *The Nestlé Concept of Corporate Social Responsibility as Implemented in Latin America* as an notable COP (Communication on Progress). This report contains misleading information, citing a flawed audit from Bureau Veritas, which cleared Nestlé of irregularities in the hisotric spa town of São Lourenço, Brazil.

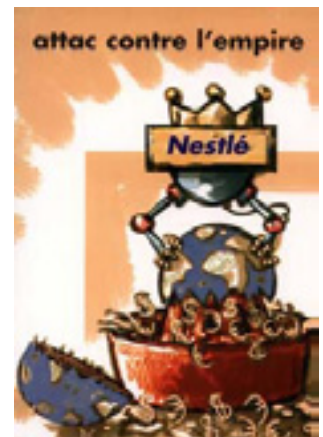
In reality, townspeople in São Lourenço collected thousands of petition signatures to prompt the Public Prosecutor to investigate the damage caused to their water park which was affecting tourism. The Public Prosecutor did so and subsequently took Nestlé to court, succeeding in stopping pumping. Nestlé went to a higher court and restarted pumping for five more years, before finally reaching an out of court settlement requiring it to stop under pain of daily fines and to compensate the town by refurbishing the park. Bureau Veritas, which visited São Lourenço, later admitted that it was unaware of the civil public action. It also failed to mention a congressional hearing into breaches of federal mineral water laws and the legal opinion of a federal prosecutor which highlighted numerous irregularities³.

Misled by Nestlé, the Global Compact Office continues to hold up the report as an example, not realising how this and the others posted to its site and launched at its events undermine the credibility of the initiative.



Corporate Accountability International launched a campaign stating:

“In the face of a growing global water crisis, corporations are turning water into a profit-driven commodity. Nowhere is the corporate water-grab more insidious than the exploding corporate control of our drinking water.”



Nestlé spys on its critics

In 2004 the group Attac Switzerland launched a book examining various aspects of Nestlé’s activities, including its exploitation of water resources in Brazil and the US.

It emerged in 2008 that a member of the editorial board was in fact a spy working for Nestlé who passed information on this and on campaigners on the baby milk and trade union issues to their Nestlé controller, a former MI6 agent⁴.

1. Wall Street Journal article by Ernest Beck also available at: www.expressindia.com/news/fe/daily/19990623/fec23069.html
2. tinyurl.com/nestlesharedvalue
3. Source documents are available via: www.babymilkaction.org/press/press2march06.html
4. See tinyurl.com/nestlespy

Nestlé's *UN Global Compact* cover up

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 *Shared Value* public relations strategy and linking itself with the UN Global Compact. Mr Brabeck presented the latest report to the shareholder meeting in Switzerland in April 2009 (above).

In this exposé, independent experts who monitor Nestlé's activities around the world present some of the information that Nestlé fails to mention and highlight some of the untrue claims made in Nestlé's reports.

These reports are published on the UN Global Compact website and sometimes launched at joint events. But the UN Global Compact Office does not assess whether the reports are accurate or complete.

We call on the Global Compact office to expel Nestlé, not only for its systematic abuses, but because it brings the whole concept into disrepute by using its involvement and submissions in its strategy to divert criticism so that those abuses may continue.