



NESTLÉ S.A.

Mr Nickolas Tang
Project Officer
Globalization Monitor

Vevey, March 11, 2019

Dear Mr Tang

We acknowledge the receipt of your email dated March 5, 2019 and thank you for giving us an opportunity to review and respond to the draft report '*Exposé of formula milk companies' product development strategies and promotional practices in Hong Kong and Mainland China*' that your organization prepared.

We share your concerns about the current rates of breastfeeding and nutrition status of children and agree that current breastfeeding rates in Hong Kong and China are not sufficient.

We believe breastmilk is the best nutritional choice for an infant and that breastfeeding plays a fundamental role in a baby's growth and development during the first 1000 days. In 2015, Nestlé adopted its [Maternity Protection Policy](#), which offers new mothers up to six months maternity leave and access to 425 breastfeeding rooms across our work facilities worldwide. In China in particular, we have collaborated with public and private organisations in opening 3297 breastfeeding rooms.

This is an important expression of our global commitment to support breastfeeding, which we also protect by implementing a leading policy to market breastmilk substitutes (BMS) responsibly. As such, we have put in place a number of compliance measures and mechanisms. We encourage anyone with concerns regarding our practices to share them with us. We are determined to respond systematically.

Status of our commitments to CMF

Engaging with concerned stakeholders is of major importance for us. As an outcome to the *Busting the myth of science-based formula* report in January 2018, we engaged with Changing Markets Foundation (CMF) and, during a meeting that was held in London in March 2018, we committed on the following:

- Sucrose in our products: We do not use sucrose in any of our products for infants (for babies aged between 0-6 months), and we have voluntarily eliminated sucrose from all other follow-on formula products (for babies aged between 6-12 months). As of today, we are pleased to confirm that we have completely phased out sucrose from our infant formula for babies aged between 6-12 months.
- Vanillin in our products: We would like to emphasize again that our infant formulas (for babies aged between 0-6 months) do not contain vanillin. Although vanillin is an approved ingredient as per Codex standards, we have committed to remove it from our follow-up formulas (for babies aged between 6 to 12 months). As communicated in our email of 18 June 2018 to Changing Markets Foundation, we will communicate timelines as soon as we have a technical solution.



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- Communication on vanillin: We have committed to remove the vanillin claims from the labels on our products and we intend to adhere to this commitment. However, the change of label has not been completed yet. We have taken into account your feedback and requested our team in Hong Kong to accelerate with the completion: all newly printed labels will not contain such claim any more.

How research guides development of our products

We strongly believe breastmilk is the ideal nutrition for babies. We support and promote the World Health Organization's (WHO) recommendation of six months exclusive breastfeeding, followed by the introduction of adequate nutritious complementary foods along with sustained breastfeeding up to two years of age and beyond. For infants who cannot be fed on breastmilk as recommended, infant formula is the only suitable BMS recognised as appropriate by the WHO.

Our founder Henri Nestlé developed the first Farine Lactée as a nutrition for non-breastfed babies who were highly exposed to malnutrition 150 years ago. Since then, we work meticulously and collaborate with experts in academia and universities to bring the latest nutrition science and innovative ingredients for infants and toddlers.

We do not use any statements on our infant formula products or in our other communications that idealize our products or imply that they are superior to or equivalent to breastmilk. Modern infant formulas are compositionally closer to human milk than unmodified cow's milk, and it is clear for us that they cannot achieve the perfection of breastmilk. As such, we communicate that our products are "inspired by breastmilk" or that they contain components comparable with components of breastmilk, where these are scientifically proven as such. This does not breach the WHO Code or WHA Resolutions.

The continuous improvements to our recipes, whether it is a new technology, added optional ingredients or packaging innovations carry different profiles, characteristics (and indeed costs). We validate all new ingredients added to our products with clinical studies. Communicating different product attributes and options helps health care providers and consumers in making informed choices.

The introduction of Human Milk Oligosaccharides in our products was a real scientific breakthrough that was achieved after 30 years of extensive research. Indeed, we are proud to highlight such breakthrough to health care providers as we know it is backed by peer-reviewed clinical trials conducted together with leading independent institutions and is duly patented.

Investigation on WHO Code breach allegations

The WHO Code and subsequent WHA resolutions are recommendations for member states to translate into local legislation, regulations or other suitable measures based on their national context, aligned with local health development objectives. We apply WHO recommendations and WHA resolutions as implemented by governments.

Due to the status of Hong Kong, we follow the applicable laws and regulations implemented by Hong Kong authorities. The Hong Kong Food Health Bureau and Department of Health implemented in June 2017 a voluntary Code of Marketing of Formula Milk and Related Products, and Food Products for Infants & Young Children and we apply that Code in Hong Kong as it is stricter than our own policy.

In Mainland China, the government has decided in 2018 to discard the Administrative Measures implementing the WHO Code. According to our compliance principles in higher-risk countries, we apply our Nestlé Policy and Procedures, as they are stricter than the existing regulatory framework in China. That means we apply the marketing restrictions on starter (for babies aged between 0 to 6 months) and follow-on (for babies aged between 6 to 12 months) formulas which are aligned with the FTSE4Good criteria.

Based on the above, two of the reported allegations in Section 3.2 (The WHO Code) are confirmed:



Page	Product	Instance of non compliance	Corrective action
30	Iluma	Use of special display to promote Stage 3 and 4 products to indirectly promote stage 1 and 2.	After the introduction of the Hong Kong Code, the local teams removed from the market all promotional materials intended for products below the age of 3. It could happen that some of the stores were missed. Thanks for bringing this to our attention, we will instruct our teams on the ground to do another round and ensure all non-compliant material are removed.
32	NAN	Shelf talkers below stage 1 products were designed to be next to Stage 3 and 4 products. This is not aligned with our Policy and Procedures as the shelf talkers should only mention "Breastmilk is Best" to appear below Stage 1 product.	We instructed our teams on the ground to follow up with the store and address this issue as soon as possible.

The rest of the allegations were not considered as non-compliant as they refer to products outside the scope of national law and our policy.

Page	Product	Allegation	Nestlé response
22	Iluma	Picture of special displays to promote Iluma products at Sheung Wan Mannings.	The pictures shows Iluma Stage 4 products which are allowed to be promoted on special displays as per the HK Code.
31	NAN	'Nestlé only directly promotes formula products for children older than six months in mainland China'.	The picture shows shelf talkers related to the promotion of NAN Stage 3, designed for babies above 12 months which are outside of the scope of restrictions. We do not directly promote formula products for children between 6 and 12 months.
33	Iluma	Promotional offers on Stage 3 and 4 products	This is a loyalty program partnering with the retail chain group: all gifts are not targeted to children but to parents, for educating and nurturing children. The HK Code (art 5.2) specifies that promotional activities are allowed on prepackaged food for infants and young children (Stage 3 and 4).

Product registration process: abiding by the CFDA regulation

In Section 4.3 – 'A toothless quota system?' Nestlé is alleged to circumvent the CFDA regulation on the registration and launch of new products, for having registered more recipes than the defined quotas. We regularly communicate with the state agency and we closely follow and meet all requirements set by the Chinese Authorities. Not more than 9 recipes processed in the same factory (and not the group) can be registered in the Chinese market and this is the rule that we apply. In addition, please note that no quota limitations are defined for Infant Formula for Specific and Medical Purpose.

As initially stated, we appreciate your offer to review the report and to comment it before it is published. We hope that our comments have clarified the issues raised that we market our breastmilk substitutes in a responsible way in Hong Kong and China.



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Should you wish to engage further on these issues we are ready to have a dialogue as we have always found this the most constructive way to move forward. We remain at your disposal to define a date and a suitable format where we could further interact.

Yours sincerely,

A handwritten signature in black ink, consisting of a stylized 'P' followed by a long horizontal stroke that curves upwards and ends in a small dot.

Pindelwa Mda
Global Deputy Head of Public Affairs
NESTLÉ S.A.