



The EU Pledge on Advertising to Children

Nestlé Commitment

Introduction and Background to Nestlé and Marketing Communication to Children.

Nestlé Principles concerning appropriate communication with consumers have been a part of the Nestlé Corporate Business Principles since they were first published in 1999. These undergo periodic review, and a more complete and detailed set of Principles was released in 2002. They were further strengthened in regard to children in 2004 and 2007.

The Communication Principles (<http://www.nestle.com/Resource.axd?Id=5712709D-347D-4C03-AB74-7D4FFB78A4C6>) are required reference points for all marketing staff and advertising agencies globally, and must be used when developing our consumer communication. Nestlé has developed a strict process aimed at ensuring compliance including Guidelines for Implementation and Monitoring.

Additionally, Nestlé participates in industry initiatives aimed at furthering responsible advertising to consumers. This includes a European initiative that started in 2005, which assesses companies' compliance with industry-wide Codes of Conduct for Food and Beverages Marketing Communications. This has provided a useful tool for Nestlé to receive feedback on its advertising and for maintaining high standards of compliance. The EU-Pledge will provide yet another important tool for such feedback.

Our Communication Principles include specific criteria for communication with children (see The Nestlé Policy on Marketing Communication to Children below).

Joint industry initiatives on advertising to children

Nestlé has joined voluntary responsible advertising initiatives by the food and beverage industry in Europe, Canada, US, Thailand and Australia. The aim is to support and promote good nutrition and a healthy lifestyle. The industry pledges are subject to independent compliance monitoring.

In May 2008 a coalition of 8 international food and beverages companies, including Nestlé, signed a global commitment the WHO Director General to further action in support of implementing the WHO Global Strategy on Diet, Physical activity and Health. The commitment covers five key areas of importance including Marketing and Advertising to Children (<http://www.nestle.com/Resource.axd?Id=AB07212C-14E2-4945-AFF4-7B1B1D0569AE>).



The Nestlé Policy on Marketing Communication to Children

Nestlé fundamentally believe in providing responsible communication to consumers. Our Corporate Communication Principles meet high ethical standards and we follow them diligently, in addition to complying with national legislation. Among other elements, our communication principles mandate that all communication to children:

- Must encourage moderation, healthy dietary habits and physical activity
- Must not undermine parental authority
- Must not mislead children about the potential benefits from the use of the product
- Must not create a sense of urgency
- Must not generate unrealistic expectations of popularity or success
- Must not create difficulty in distinguishing between programme content and advertising content
- Must not use programme personalities, live or animated, other than our copyright characters to market products in or adjacent to television programmes, movies, magazines or printed material or on internet websites in which they normally appear so that our communication is clearly distinguished from such content
- Must have prior agreement and consent by school administration and event organisers, should activities in schools be considered

Effective January 2009, we added two amendments to our principles when referring to marketing and communication activity to children:

- No advertising or marketing activity to be directed to children under 6
- Advertising for children from 6 to 12 to be restricted to products with a nutritional profile which helps children achieve a healthy balanced diet, including clear limits to product size and ingredients such as sugar, salt and fat.

These will be fully implemented in all Nestlé Markets globally by the end of 2008 at the latest.

By marketing and communication to children we refer to marketing activity where adult supervision is not present and communication in media where adult audience is not predominant, as defined by media measurements, market assessment or local authorities.

Nestlé has developed a set of Implementation Guidelines and a Monitoring System to help ensure full compliance with the above. All countries where Nestlé operates have received clear instructions as to how to interpret and correctly implement these Principles.



The Nestlé Nutritional Profiling System

Below a Summary of “The Nestlé Nutritional Profiling System”. More detailed information can be found on:

- Summary: <http://www.nestle.com/Resource.axd?Id=6FFA7201-1191-48E2-BE23-4BE4769B226E>
- Full text: <http://www.nestle.com/Resource.axd?Id=4655AC45-7578-4E94-9B43-1B66EBF32D79>

Nestlé’s worldwide strategy is to offer products that have proven superiority in consumer taste preference and nutritional value. Nestlé continually invests in the innovation and renovation of its large portfolio of products both to enhance and communicate their taste and nutritional value.

In order to analyse the nutritional value of our products, in the context of a balanced diet, Nestlé has established a rigorous methodology based on public health recommendations and consumer science. This is called the Nestlé Nutritional Profiling System and has been progressively applied across Nestlé’s worldwide product portfolio since 2004. It covers 18 food and beverage product categories. It is a dynamic approach as the criteria are regularly reviewed by teams of nutrition experts and product specialists to incorporate the latest thinking and developments in nutrition, health and wellness. These criteria are established using the available recommendations for dietary intakes, issued by the World Health Organisation (2003) and the dietary reference intakes published by the US Institute of Medicine (2006) and/or local country values where appropriate.

The Nestlé Nutrition Profiling System works by profiling each individual food and beverage product against specific criteria. The criteria for each and every product are derived from four principles of assessment:

1. A consideration of the role of a product category in the overall diet
2. A consideration of specific nutritional factors pertinent to public health and essential nutritional contributions
3. A consideration of maximum & minimum non-compensatory, rigorous thresholds
4. A consideration of an individual serving as consumed by adults or children

With this system Nestlé reduced 290.000 tonnes of sugar, 34.000 tonnes of trans-fatty acids and 6.800 tonnes of salt since 2003.

The Nestlé Nutrition Profiling System is dynamic and its criteria are regularly reviewed by teams of nutrition experts and product specialists to incorporate the latest thinking and developments in nutrition, health and wellness. Consequently, the Nestlé Nutrition Profiling System can evolve over time.

Nestlé Marketing Communication to Children Policy - Implementation Guideline

As part of Nestlé’s compliance strategy, we have developed a set of Implementation Guidelines to support all our markets in the correct interpretation of our commitments.



All Nestlé markets have received a comprehensive document aimed at facilitating the understanding and thus the implementation of our Policy and of the EU Pledge.

These guidelines, which touch on the various situations that can arise at operational level, include guidance on the following topics:

- Overall, which are the restrictions to be considered for products not fulfilling our Nutritional Foundation (NF) criteria.¹
- How to brief our advertising and media agencies on
 - the circumstances when advertising to children is not permitted
 - how to develop communication and plan the media buying for products targeted to children.
- Which are the Do's and Don'ts for each of the media intended to be part of our media plans.
- Which are the appropriate practices if we decide to participate in school programmes, provided that such activities are done with the prior agreement and consent of the school administration and the authorities.
- What are the conditions that should be met if we decided to sponsor an event.

The Implementation Guideline is a dynamic document, aimed at reflecting the letter as well as the spirit of our Marketing and Communication to Children Policy, to be enriched by our market teams' experiences throughout the implementation, always striving to improve our compliance measures wherever Nestlé has operations.

Nestlé Consumer Communication Principles and Marketing Communication to Children Policy - Monitoring compliance, including reporting

Nestlé has developed an internal process for monitoring compliance with our Principles and Policy as well as with the EU Pledge. Below a Summary:

Given that Nestlé's business model is highly decentralized, the first and foremost responsibility for compliance with our Communication Principles including our Marketing to Children Policy is at local level.

The Business Executive Managers of each country have the ultimate responsibility for any marketing activity in their respective categories, but the stewardship of the Communication Principles is the local Communication Director's responsibility.

The Communication Director is responsible for the following activities to monitor and ensure compliance:

- To share the internal Guidelines developed for the implementation of the Principles at operational level with all communication partners assigned by Nestlé. A signature of agreement to comply is required.

¹ <http://www.nestle.com/Resource.axd?Id=4655AC45-7578-4E94-9B43-1B66EBF32D79>



- To inform Media company representatives about Nestlé's Principles, inviting them to collaborate in our effort to promote a healthy lifestyle.
- In particular, to request our media planning and buying agencies to keep updated records of the authorised plans, media contracts and post-buy analysis, as well as reports of viewership readings, to be able to demonstrate compliance. Agencies must keep documentation available for a rolling 3-year period.
- To collaborate with our Corporate Internal Audit team, who will be specially trained to monitor that our marketing activities are up to our standards, and will address any issue with General Management.
- To inform about the overall evaluation of our communication and marketing activity as part of a Marketing and Communication to Children Policy Compliance Report at the end of each year.

Any compliance issue should primarily be resolved by the Market Head. In case it can not be solved locally, it should be submitted to Public Affairs at the Nestlé Head Quarters for advice.

For this purpose, Public Affairs will have the support of a Central Committee with representatives of the following areas:

- Marketing & Communication
- Strategic Business Units and Globally Managed Businesses, including CPW and Nestlé Waters
- Wellness Unit
- Corporate Internal Audit

The Marketing Communication to Children Policy Compliance Report is to be presented by the Central Committee to the Executive Board Members on a yearly basis, based on the information received by the markets.

Nestlé's internal process for monitoring compliance is in addition the external, independent EU Pledge monitoring.

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