



Save the Children

DON'T PUSH IT

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**Why the formula milk industry
must clean up its act**

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must clean up its act**

Every child has the right to a future. Save the Children works around the world to give children a healthy start in life, and the chance to learn and be safe. We do whatever it takes to get children the things they need – every day and in times of crisis.

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Note on terminology

The term ‘milk formula’ in this report refers to breast-milk substitutes, including infant formula. This should be understood to include any milks that are specifically marketed for feeding infants and young children up to the age of three years, including follow-up milks and growing-up milks. This is in line with the most recent World Health Assembly resolution (WHA69.9 from May 2016), which states that the articles and resolutions of the Code include all these products. The Code also covers other foods and beverages that could be used to replace breast milk.

‘The Code’ refers to the International Code of Marketing of Breast-milk Substitutes and subsequent World Health Assembly Resolutions.

NetCode refers to the Network for Global Monitoring and Support for Implementation of the International Code of Marketing of Breast-milk Substitutes and subsequent relevant World Health Assembly Resolutions.

Executive summary

The lives and the health of millions of vulnerable children are at risk from a threat that receives too little attention – the rapid growth of the market for baby milk formula. The unique life-saving and life-enhancing benefits of breastfeeding are proven. However, the global market in breast-milk substitutes is seeing a five-fold increase in two decades that far outstrips the world's population growth. By 2019 that market will be worth more than \$70 billion – more than a tenth of the GDP of a rich country like Switzerland.

Much of this growth stems from powerful marketing campaigns that have led mothers to limit or abandon breastfeeding. Six companies today are among the leaders of the aggressive global promotion of milk formula and other foods for very young children – Nestlé, Danone, RB (who recently acquired Mead Johnson), Abbott, FrieslandCampina and Kraft Heinz.*

CHILDREN'S LIVES AND FUTURES ON THE LINE

This report does not deny that milk formula has a positive role to play in the right conditions. There is a recognised medical need for some infants to be formula-fed and, in addition, some parents choose to provide their children formula for a number of different reasons. Nor does this report pin all the blame for the rapid increase in milk formula consumption on manufacturers: rising incomes, urbanisation, increased female participation in the labour force, and inadequate policies and legislation to encourage and empower mothers to breastfeed at home or while returning to work play a significant role.

However, an overwhelming and growing body of scientific evidence makes clear that no industrially processed substitute comes close to providing the benefits of breast milk. WHO recommends breastfeeding exclusively for the first six months of life to achieve optimal growth, development and health. Thereafter, children should be given

nutritious complementary foods and continue breastfeeding up to the age of two or beyond.

It is estimated that 823,000 child deaths would be prevented each year in low- and middle-income countries if breastfeeding were adopted at close-to-universal levels. In particular, insufficient breastfeeding increases the risk of pneumonia and diarrhoea – now the first and second biggest infectious killers of children worldwide. If all children were breastfed, it is estimated that about a third of respiratory infections and half of all cases of diarrhoea would be avoided. Yet despite this, in low and middle-income countries, only 40% of children younger than six months are exclusively breastfed.

The decline in breastfeeding has been linked to Western epidemics of inflammatory disease and obesity, and has the potential to affect the health of future generations. And yet manufacturers of milk formulas – a direct competitor of breast milk – have successfully established a supposed 'equivalence' in the minds of many people between breast milk and milk formula, creating the perception that the latter is simply an artificial replica of the former.

* The data presented in this report is the best evidence of Code violations to date. It is primarily drawn from the Access to Nutrition Foundation, which is aligned with the UNICEF and World Health Organization monitoring guidelines, alongside other surveys, including NetCode, a WHO method for assessing Code violations in countries.

While the problem is global, there is evidence that developing countries suffer most. In countries with limited access to sufficient, safe and affordable water and adequate sanitation, and with a high prevalence of acute respiratory infections, diarrhoea and measles, the consequences of a mother switching to infant formula can be a matter of life and death. The risk of dying from pneumonia among infants under five months is about nine times greater among those not breastfed compared with those partially breastfed.

In 2016 the UN Office of the High Commissioner of Human Rights declared that breastfeeding is a human rights issue for both mothers and children, and should be protected and promoted for the benefit of both.

THE BOOMING BREAST-MILK SUBSTITUTE INDUSTRY

The market for infant formula and follow-on milk formulas is growing at eight times the pace of the global population. This is a first in the history of human evolution – never before has the way babies and small children are nourished changed so dramatically and on such a scale.

A global milk formula market that was worth less than \$15 billion in 1998 reached sales of almost \$44.8 billion in 2014 and is set to reach \$70.6 billion by 2019. *The Lancet* describes the shift from breastfeeding to formula use as having “catastrophic consequences on breastfeeding rates and the health of subsequent generations.”

This growth of the industry is no accident. It is not simply due to overzealous sales and marketing departments. Instead, as this report shows, it is driven from the most senior levels of each organisation and by extensive use of advertising and promotion. As Mead Johnson’s former Chief Executive Kasper Jakobsen has said: “We have to wait for babies to be born that we can capture. That can then go through our acquisition, retention, and extension model.”

FLOUTING THE CODE

The rapid growth of the breast-milk substitute industry has occurred in spite of the adoption almost 40 years ago of the International Code of Marketing of Breast-milk Substitutes by the World Health Assembly (WHA), the highest public health policy-making body in the world. The Code is designed to prevent companies from promoting infant formula, other milk formulas and food that fully or partially replace breast milk. It sets out ‘a recommended basis for action’ that companies can voluntarily adopt to demonstrate their commitment to safeguarding the health of our youngest children. The Code and its subsequent resolutions (‘the Code’) has been adopted, though seldom in full, in 135 countries.

While compliance with the Code varies by company, new analysis by Save the Children shows that RB, through its recent acquisition of Mead Johnson, is the least compliant company, while Nestlé and Danone have in place the most extensive policies. However, all the six companies listed in this report* – which together own more than 50% of the industry’s market share – fail to adhere to the Code on the ground. There is an urgent need for the industry to put an end to the promotion of breast-milk substitutes, and to comply with the Code.

Furthermore, spending on infant and young child formula promotion dwarfs public health budgets that aim to encourage and support breastfeeding. New analysis by Save the Children indicates that global marketing expenditure by the leading international producers may have been as high as \$7.2 billion in 2015. If spending on sales staff and administration are included, that figure is closer to \$17 billion.

By contrast, it would cost \$570 million a year to meet a commitment by the World Health Organization (WHO) Member States to increase the rate of exclusive breastfeeding in the first six months of life to at least 50% by 2025.

* The selection of companies for review and the evidence of Code violations presented in chapter 5 is largely based on the work of the Access to Nutrition Foundation (see page 28).

OUR CALL FOR ACTION TO MANUFACTURERS, INVESTORS AND GOVERNMENTS

Save the Children, Action contre la Faim, BRAC, FHI 360, Helen Keller International and SUN-Pakistan call on manufacturers and distributors of breast-milk substitutes, investors and governments to create a race to the top to help millions of children get the healthiest start in life.

The chief executives of all six global manufacturers and distributors of breast-milk substitutes should publicly commit to upholding the Code and its subsequent resolutions, and agree to meet targets set to achieve full compliance. These companies should lead the way, by respecting the rights of mothers and babies, making the health of young children their first priority, and complying with the Code.

We recognise that Code compliance may hurt companies' bottom line. But it is not acceptable that the inappropriate marketing practices repeatedly condemned by all Member States of the WHA should continue to encourage formula use, displacing breastfeeding and, in turn, contribute to higher infant mortality and poorer health for millions of children.

Investors should recognise that aggressive marketing harms families, infants and young

children globally and to use their influence to encourage companies to comply with the Code. The leading investors in this sector have more than \$110 billion invested in these companies. Business models that undermine the health and wealth of future generations pose a long-term financial threat to investors. In the shorter-term, business practices that generate the risk of legal disputes and reputational damage should also be a concern for responsible investors. The aggression with which milk formula is being marketed, and the tactics employed by companies to increase the size of the market and their share within it, mean these risks are real for all of these milk formula businesses and should be taken seriously by those who invest in them.

Governments should incorporate the Code and subsequent resolutions fully into their laws and regulations and should invest in independent monitoring, free from commercial interest, and effective enforcement mechanisms. Evidence from India suggests that violations are far fewer when the Code is enshrined in law and enforcement is effective. Governments have a duty to promote, protect and support breastfeeding as part of their obligations under the UN Convention on the Rights of the Child to help ensure children's right to health.



A mother from Mtwara, Tanzania

Introduction

It is the forgotten issue of our time, a problem that most people thought had gone away with the Nestlé boycott of the 1970s and 1980s.

The incontrovertible science around breastfeeding is accepted by public health authorities, international and national government agencies, and many politicians and policy-makers. But feeding practices for infants and young children remain a source of disputed claims that are targeted at many millions of mothers around the world.¹

From pregnancy through until well into the second year of their child's life, mothers are subjected to a barrage of information in which milk formula companies seek to influence the choices they make – be it through TV advertising, social media or, in some parts of the world, influencing healthcare professionals. As this report shows, they promote an increasingly sophisticated array of messages that blur lines, sow doubt and suggest convenience. While there is a recognised need in some special cases for infants to be formula-fed, breast-milk substitutes are being used unnecessarily and improperly in rich and poor countries alike.

The aggressive marketing by large companies of industrially-processed alternatives to breast milk – not just milk formulas, but a range of complementary foods promoted as being suitable for babies as young as four months of age – is not solely to blame for the lack of progress in increasing breastfeeding.

Governments need to do more to protect, promote and support breastfeeding by improving labour laws and welfare systems in order to facilitate

breastfeeding and to enable lactating mothers to return to work after periods of paid leave. Evidence from India also suggests that violations are fewer when the Code is enshrined in law and enforcement is effective.²

Under International Labour Organization conventions,³ employers have obligations to do more to support mothers in the workplace, for example, by granting maternity and paternity leave, and allowing mothers breastfeeding breaks. Mothers also need sufficient independent and well-informed care and support from health professionals. At the community level, mothers' groups and health workers need resources to protect, promote and support breastfeeding and debunk cultural myths around it.

As awareness of the need to eat fresh, healthy food and to avoid highly processed food increases among adults, and as public health systems in many parts of the world extol the benefits of healthy lifestyles, families are lost in a fog of uncertainty about how best to feed their babies and small children. This report highlights the extent to which the six companies which own over 50% of the global market of breast-milk substitutes are benefiting from this rapidly expanding market. It informs investors, who own and profit from these companies, of the effects the marketing of milk formula has on infants and young children. And it calls on companies, investors and governments together to bring about change.

1 The case for breastfeeding

The case for breastfeeding is categorical. It is the single most effective intervention for the prevention of deaths in children under five years old. And its protection and promotion have been determined to be a matter of human rights for mothers and children.¹

The Lancet estimated that 823,000 child deaths would be prevented each year in low- and middle-income countries if breastfeeding were adopted at close to universal levels.² Some 20,000 maternal breast cancer deaths every year would also be

prevented in such a scenario³ along with deaths from other reproductive cancers.⁴ *The Lancet* describes the shift from breastfeeding to formula use as having “catastrophic consequences on breastfeeding rates and the health of subsequent generations.”⁵

BREAST OR BOTTLE? THREE MOTHERS FROM THE PHILIPPINES



Aiza from Mandaluyong City has three children.

“Breast milk not only costs you less but also saves you having to buy medicine when your child gets sick,” she says.

“Since I used formula milk for my eldest child, AJ, it takes a longer time for her to get better when she has a fever. So we have to bring her for a medical check-up and pay for it, including medicines.

“Whereas when you breastfeed your child, the fever might only last for two or three days and then it’s gone.

“It’s not only the milk that you have to buy, there’s also the water. And sometimes the milk doesn’t last for a week. It’s only good for four or five days. When the milk is consumed immediately and you don’t yet have any more money, you can’t buy another one.”



Leslie lives in Manila. Her youngest child, Xian, is three months old.

“I feed Xian Jeff with Bonna every morning,” she says.

“The formula I am using right now is rather expensive especially if you have a tight budget. It costs a hundred pesos a day. It’s hard to budget because we don’t have enough income.

“Sometimes we don’t get to buy breakfast in the morning so that the rest of my children can have packed snacks for school. That’s why it is really hard.

“I used Bonna because I saw it on TV commercial. That’s why I tried it. And my baby liked it too.”

Melony lives in Caloocan City. She has four children.

“My eldest child is five years old. When he was a baby, I breastfed him but only for two months. My second child is three years old. He’s taking formula milk because he’s with my first husband.

“For my twins, it’s mixed. Breast milk and formula milk.

“But it’s really hard to prepare when it’s formula. You have to boil water, [sterilise] the bottles and you have to wake up to feed them.

“And they always have a cold and cough with formula milk.

“When I switched to formula, it was difficult for me especially with preparations at night and also the added expenses. It’s hard for us because there’s two of them. It’s like we’re sending a child to college.

“Because of the formula milk we can’t afford to buy new clothes or even go out. Sometimes my husband don’t get to eat just so the twins have their milk.

“To all the pregnant and soon-to-be pregnant, it’s always better to breastfeed your babies so they don’t get sickly. And it will cost you less.”



Children who are breastfed for longer periods suffer less from infectious diseases and are less likely to die. Breastfeeding is important for all women and children in all parts of the world, regardless of whether they are rich or poor. In poor countries, the protection it gives against infectious diseases saves lives. Infants between six months and two years of age who are not breastfed are more likely to die and have a higher risk of diarrhoea,⁶ particularly in low-income countries.

If mothers were supported to breastfeed nearly 50% of diarrhoea episodes and a third of respiratory infections would be avoided.⁷

Similarly, counselling to support breastfeeding has shown the greatest potential in reducing child mortality.⁸ One study showed that children under six months and those six to 23 months who were not breastfed were respectively fifteen and two times as likely to die compared with those who had been breastfed.⁹

In neonates, breastfeeding reduces deaths from necrotising enterocolitis (an inflammation of the bowel) – fatal in up to a quarter of infants who contract it;¹⁰ it helps reduce gastrointestinal problems and sudden infant death syndrome; and it reduces problems associated with being overweight and with diabetes later in life. Breastfeeding also helps prevent ovarian cancer and diabetes in mothers.¹¹

Initially the acid test of infant formula adequacy was its ability to enable babies to grow, with survival, plus weight and length the only outcome measures. But while there is little doubt that infants grow bigger on formula, research is starting to consider its role in intergenerational obesity.¹²

Some studies looking at the biology of breast milk describe it as a personalised medicine for infants in which genetic material is transmitted from mother to baby, helping immune regulation, metabolism and “possibly even brain development and cognitive functioning.”¹³

Recent research on the gut microbiome strongly suggests that the exposure of infants to milk formula in the very first days of life can create gut dysbiosis that can have multiple negative effects on lifelong development. In this context, it may be that the almost universal supply to hospitals of free infant formula in the 1960s and 1970s has been critical in the emergence of the western immune dysfunction epidemic.¹⁴

The Lancet found that breastfeeding duration was lower in high-income countries than in low- and

middle-income countries.¹⁵ Even in these poorer countries, only 40% of infants under six months are exclusively breastfed.¹⁶ *The Lancet* series also noted that in rich nations advantaged women are more likely to breastfeed than less advantaged women, but poor women breastfeed for longer in all country groupings.¹⁷

Recent estimates indicate that about one-third of all respiratory infections and half of all cases of diarrhoea would be avoided if all children were breastfed.¹⁸

In countries with limited access to sterile water and adequate sanitation, and with a prevalence of acute respiratory infections, diarrhoea and measles, the consequences of a mother switching to milk formula can have dire consequences.¹⁹

Furthermore, breastfeeding brings substantial economic benefits. For each dollar invested in breastfeeding, \$35 are generated in economic returns.²⁰ The cost of long-term cognitive losses on the workforce that result from not breastfeeding have been estimated at some \$302 billion every year, or 0.49% of global gross national income. Low and middle-income countries lose more than \$70 billion a year, and richer nations lose more than \$230 billion a year.²¹ In China, India, Indonesia, Mexico and Nigeria, where inadequate breastfeeding is responsible for more than 236,000 child deaths a year, the estimated economic cost amounts to almost \$119 billion per year.²²

THE PROTECTIVE EFFECT OF BREASTFEEDING ON PNEUMONIA

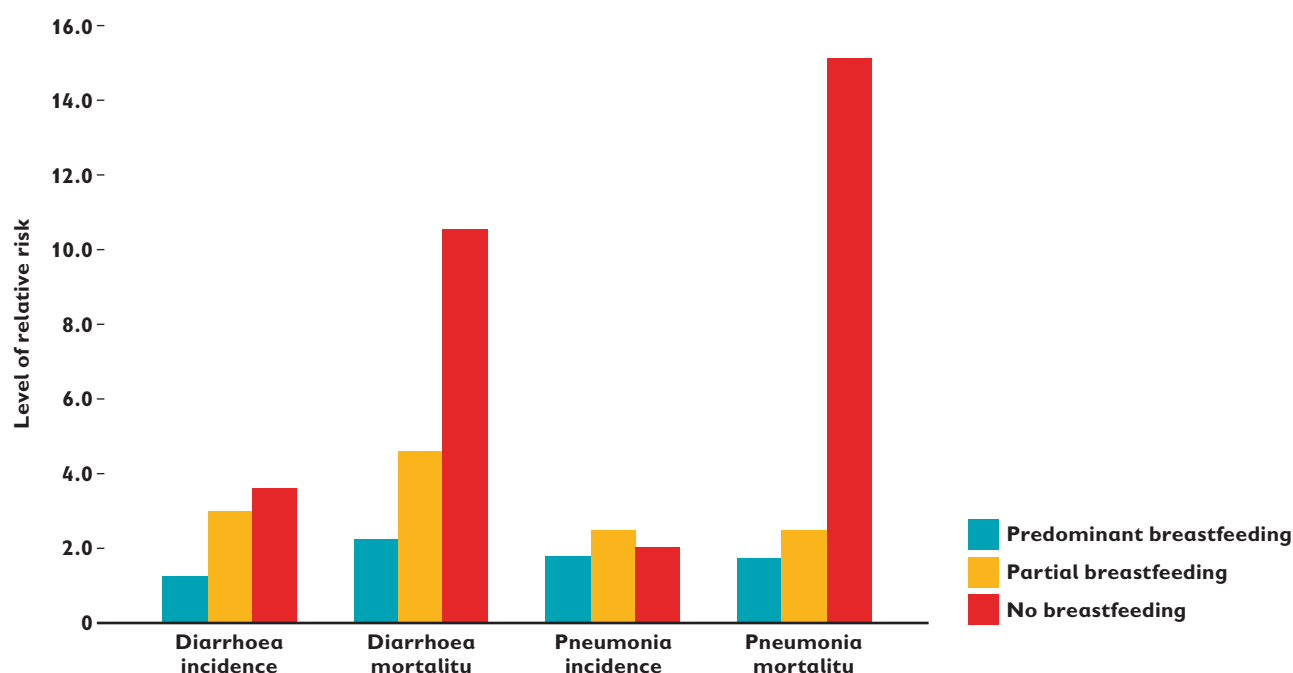
Significant progress has been made in reducing mortality of children under five –with the number of child deaths cut by a half between 1990 and 2015. However, pneumonia still remains the world’s biggest infectious killer and the single biggest cause of under-five deaths. Almost all those who die are in low- and middle-income countries and the majority are poor.²³

The immune system of these children is particularly weakened by malnutrition or insufficient breastfeeding. The strong protective role of breastfeeding reduces pneumonia

incidence, prevalence, hospitalisations and mortality. The risk of dying from pneumonia amongst infants aged 0–5 months is about nine times greater among those not breastfed compared with those partially breastfed. And among infants and children aged 6–23 months who have not been breastfed, the risk of dying from pneumonia is roughly double that of children who have been breastfed.²⁴

Breastfeeding plays a role in reducing the risk of undernutrition and diarrhoea, both of which are also risk factors for pneumonia.

FIGURE 1 CHILDREN IN POOR FAMILIES WHO ARE NOT BREASTFED FACE A FAR GREATER RISK OF DYING FROM PNEUMONIA AND DIARRHOEA



Note: Relative risk of incidence of and mortality from diarrhoea and pneumonia for partial breastfeeding and not breastfeeding; compared with that for exclusive breastfeeding among infants aged 0–5 months. A relative risk of 1.0 indicates the same risk incurred as for exclusively breastfed children. Relative risks above 1.0 indicate increased risk.

Source: UNICEF (2012) *Pneumonia and Diarrhoea: Tackling the deadliest diseases for the world's poorest children*

THE BENEFITS OF BREASTFEEDING – IN THE TOUGHEST SITUATIONS

SYRIAN REFUGEES IN JORDAN

More than 660,000 Syrian refugees have crossed the border into Jordan²⁵ since the start of the war in Syria in 2011. Ensuring that babies and small children are properly nourished has been one of the most difficult problems faced by relief teams on the ground.

Working with the Jordanian authorities, UNHCR and Save the Children developed a pioneering programme to encourage more mothers to breastfeed their babies. The results have been spectacular.

Breastfeeding fared badly in Syria, even before the outbreak of the war, with only 46% of babies fed shortly after birth and only 43% exclusively breastfed for the first six months.²⁶

Sura Al Samman, health and nutrition manager with Save the Children in Jordan, says that around 80,000 mothers in Jordan's refugee

camps used to feed milk formula to their babies in the early days of the war when camps such as Za'atari opened their doors to refugees. Five years later, in 2017, she said that no more than about 120 mothers were using milk formula. There is also anecdotal evidence of lower incidences of diarrhoea and respiratory infections.

“It was difficult at first. There were some very aggressive reactions because, for many mothers, formula was like breast milk and they felt they were being denied,” said Sura.

With the support of midwives and counsellors, and by creating spaces that are ‘mother and baby friendly’ and where aid workers are able to support mothers – who aside from all else are living with the trauma of displacement – Save the Children was able to empower them to make the change.

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Aside from the health and nutrition advantages of breast milk over formula, managing the distribution of milk formula in a refugee camp is extremely difficult. Even when rations are given to families with children under the age of two, a black market often emerges where some mothers choose to sell part of their allocated formula because its price is so high.

But support for mothers has not been the only element in making such a dramatic difference in the improvement of breastfeeding rates in refugee camps. As the lead international agency managing the camps, UNHCR has led the way in making sure the supply of milk formula is controlled.

Now milk formula is only dispensed from one point in each camp and only with a medical prescription.

ONE MOTHER'S STORY

Fatima and her family came to Za'atari, just a few weeks after her youngest daughter was born. She has six children.

"I started to feed my baby formula milk when I was in Syria. My breast milk dried out as a result of a sudden change of my circumstances, so I started to give her formula milk, and continued with it after I entered Jordan.

"My daughter was lethargic. After giving her a meal she used to sleep. I felt that she wasn't developing immunity in her body.

"Our financial situation was so bad when we came to Jordan, so I used to deprive my children of their pocket money to buy a can of milk, which cost us 4 Jordanian dollars.

"I suffered quite a lot – getting up at night, preparing the bottle. As well as the problem of water. It was difficult to feed my baby formula milk.

"Shortly after arriving in Jordan, I went to see Save the Children. I'm happy I met them. Thank God.



PHOTO: JONATHAN HYAMS/SAVE THE CHILDREN

"The organisation helped me and put me on the right path. First they advised me not to give her water. I previously felt my baby was thirsty, but the nutritionist convinced me that my milk has water in it.

"The next step was she taught me how to keep trying to breastfeed my baby. She said it wasn't true that a mother's milk can't satisfy her baby's needs. The more I breastfeed my baby daughter, the more milk I'll produce, so I'll eventually stop the formula feeding.

"The nutritionist who used to visit me at home gave me the instructions and I applied them all. I was really convinced by her advice.

"I followed the new regime, alternating between my milk and formula milk until my milk became enough on its own.

"Sure, there is nothing in the world like breastfeeding; you can't compare it to formula feeding.

"I hope this project stays in the camp, because many children need it. We really need people to save the children. Thank you."

A MOTHER'S TESTIMONY FROM THE 'FRONTIER MARKET' OF MYANMAR

"I thought that formula was better than my own breast milk," says La Min, as she holds two-year-old San Sundari in her arms, in their neighbourhood on the outskirts of Yangon, the capital of Myanmar. "I thought it wouldn't be a problem if I didn't breastfeed, because I can afford to buy formula instead. So I chose formula over my own breast milk."

"Then, I realised that my child was getting sick at least two times a month, and I needed to bring her to the hospital very frequently while I was giving formula to her. Her immunity was very low. I started thinking something is going wrong."

La Min started feeding San Sundari formula after being told by the nurse that helped deliver her daughter that it would improve her baby's IQ. Abbott spent \$486,460 on advertising its Gain IQ Similac brand, making it the biggest advertising spend in the country, according to a survey in 2015 by Alive & Thrive, an initiative to strengthen maternal, infant and young child nutrition.²⁷ So pervasive is the belief that artificial breast-milk substitutes are better than the real thing in Myanmar's healthcare system, that La Min even recalls doctors shouting at her when she decided to switch to breastfeeding.

Even her husband thought La Min was in the wrong. "I feel really sad because my husband still wants to give formula to our daughter because he wants her to be a big baby," she says.

"The doctor and my husband are on the side of formula and I'm the only one on the side of breast milk. We're always fighting. It's very disappointing."

Despite a traditionally strong culture of breastfeeding in Myanmar, mothers in recent years have been exposed to marketing of breast-milk substitutes that can undermine their confidence to breastfeed, idealises artificial feeding, and fails to warn of the risks involved in feeding children breast-milk substitutes.

Myanmar is seen as one of the last untapped markets for breast-milk substitutes in Asia, with a growing economy, an emerging middle

class, a large young population and a history of weak regulation.

Companies are promoting formula for infants and young children in shops, supermarkets and health facilities, and on billboards, buses, television, Facebook and other media channels. Products on the market are often labelled with misleading information and images.

Market analyst Euromonitor describes Myanmar as one of the "markets of the future".²⁸ According to Alive & Thrive, an initiative to strengthen maternal, infant and young child nutrition, companies spent \$480,000 on advertising in Myanmar in the first six months of 2015.²⁹

The effects of such a media blitz are not only affecting the health of babies in Myanmar, but the emotional well-being of mums, says La Min. "In my neighbourhood, there is a mother who operates a photo-copy shop. She can breastfeed well. One day, when her baby was about three or four months old, she told me that she's very sad because she can't afford to buy formula. I asked her 'Is it because you have no breast milk?' She said 'No, I have enough breast milk. I want to give formula because every other mother is giving their baby formula.'"



PHOTO: ANDY NILSEN/SAVE THE CHILDREN

2 A brief history of breast-milk substitutes – and how the International Code is ignored

2017 marked 150 years since Henri Nestlé created ‘Farine Lactée’ in 1867, which along with other rival mixtures, rapidly made the systematic feeding of breast-milk substitutes feasible for the first time.

Within less than a century, fewer than 20% of US babies were getting any breast milk. In Sweden, 88% of babies had been breastfed at two months in 1944. By 1970 that rate had plunged to 30%.¹

Social and economic changes, including rising incomes and greater numbers of women entering the labour market, combined with inadequate policies to support breastfeeding in this changed environment, helped stimulate demand for breast-milk substitutes.

But demand alone was only a part of the story. Over time “the use of artificial feeding substances grew rapidly and was significantly influenced by advertising campaigns.” This has had “a profound negative effect on breastfeeding trends.”²

In the 1970s, companies would provide gifts for health workers and even dressed saleswomen as nurses to donate formula and give advice to mothers in poor countries. Given the levels of illiteracy and limited hygiene and sanitation, the adoption of infant formulas coincided with a dramatic increase in deaths of very young babies from malnutrition, diarrhoea and pneumonia.³

In industrialised countries, every summer saw hundreds more formula-fed infants admitted to hospital with dehydration, and in winter with bronchiolitis.⁴

But even as milk formula was winning new customers, some early pioneers began to fight back. Dr Cicely Williams’ ‘Milk and Murder’ speech in 1939 highlighted the effects of bottle feeding in Asia.⁵

The pamphlet ‘Baby Killer’ by the UK charity War on Want marked the beginning of a popular outcry that led to a boycott against Nestlé products from 1977. United States Senator Edward Kennedy held Congressional Hearings and called on the WHO to take further action.⁶

The WHO took up the challenge. In 1981, the International Code of Marketing of Breast-milk Substitutes was drafted and adopted by the World Health Assembly, the highest international health policy body. 118 Member States of the World Health Organization voted for the Code.^{7, 8} While the Code was adopted as a non-binding measure, it set out “a recommended basis for action” and called on countries to enact it in national laws and regulations to give it legal effect.⁹

The Code is also addressed to companies. It states that, independently of other measures, companies must regard themselves responsible for operating according to the principles and aims of the Code.

Moreover, the UN Committee on the Rights of the Child acknowledged in 1997 that Code implementation is an “appropriate measure” that all state parties to the UN Convention on the Rights of the Child are obliged to take in fulfilling their international human rights obligations.

In the decades that followed, successive countries incorporated the Code into their national legislation, often in the face of aggressive behind-the-scenes lobbying from industry via a plethora of trade bodies.¹⁰

Since 1981, the Code has been clarified and strengthened by successive WHA resolutions, including that:

- maternity wards should not receive free or subsidised supplies of breast-milk substitutes from companies
- exclusive breastfeeding is recommended through to six months
- nutrition and health claims are not permitted for breast-milk substitutes
- follow-up formula and growing-up milks fall under the scope of the Code and should not be promoted.¹¹

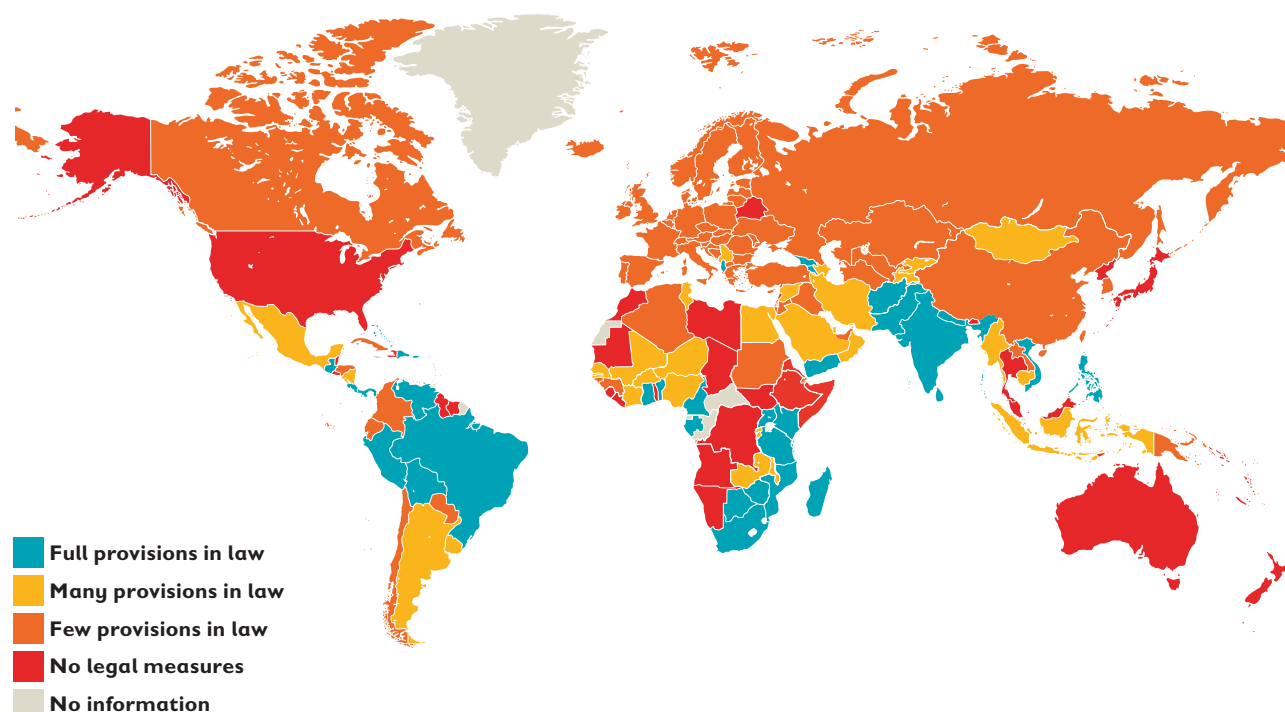
Yet, as subsequent chapters show, the global effort to protect and support breastfeeding and limit the promotion of breast-milk substitutes has failed to

prevent the growth of the formula market. The breast-milk substitute industry has often argued against the Code, attempted to limit its application and interpretation, or relied on weak enforcement of legislation.

By March 2016, 135 out of 194 WHO Member States have had at least some parts of the Code in place in national legislation, but of these, only 39 countries have comprehensive legislation that reflects all or most provisions of the Code. Another 31 countries incorporate many but not all provisions of the Code in law, while 65 only have a few provisions enshrined in law. To this day, 49 countries have made no provision for the Code in their statute books.¹²

FIGURE 2 A MIXED PICTURE: PROVISION FOR THE CODE IN NATIONAL LAW

National implementation of the Code as of March 2016



Source: WHO/UNICEF/IBFAN

THE INTERNATIONAL CODE OF MARKETING OF BREAST-MILK SUBSTITUTES

The Code defines a breast-milk substitute as any product that represents a partial or total replacement for breast milk. This includes infant formula and other formula milks (including follow-on milks and growing-up milks) targeted at parents of children less than 36 months of age. It also covers any other food or beverage that is represented as suitable to be fed to infants less than six months old, and applies to feeding bottles and teats.

The Code states:

1. No promotion to the public¹³

1. No advertising of breast-milk substitutes and no other promotion of products, ie, no product displays, posters or promotional materials.
2. Marketing personnel should not seek direct or indirect contact with pregnant women or mothers of infants and young children up to three years of age.
3. There should be an end to inappropriate promotion of food for infants and young children.¹⁴

2. No gifts to mothers or health workers¹⁵

1. No financial or material inducements to promote products should be offered to health workers or members of their families.
2. Financial support and other incentives for programmes and health professionals working with infants and young children should not create conflicts of interest.¹⁶

3. No promotion in healthcare facilities or to healthcare workers

1. No displays of products, posters concerning breast-milk substitutes; no distribution of materials bearing the brand names of products.¹⁷

2. Information provided to healthcare professions by manufacturers or distributors should be restricted to scientific or factual matters.

3. Samples should only be provided for professional evaluation or research.

4. No free samples or supplies to pregnant women or mothers of infants and young children, their families or health workers¹⁸

1. No free or low-cost supplies to any part of the healthcare system.

5. No promotion of complementary foods before they are needed¹⁹

1. Infants should be exclusively breastfed for six months and only receive safe and appropriate complementary foods thereafter.

6. No sponsorship of meetings of health professionals or scientific meetings by companies²⁰

7. Adequate labels²¹

1. Product information must be factual and scientific; no pictures of infants, or other pictures or text idealising the use of infant formula.
2. Labels must state the superiority of breastfeeding and warn about health hazards; labels must be written in the local language.

8. Companies must comply with the Code, independent of other measures taken for the implementation of the Code²²

(adapted from IBFAN, 2017, *Breaking the Rules*)²³

GOVERNMENT ACTION WORKS

In 1992, the government of India passed the Infant Milk Substitutes Act. This goes further than the International Code and is backed by tough enforcement, including prosecution when companies break the law.

A 2016 study by Access to Nutrition Foundation (ATNF)²⁴ found that advertising of breast-milk substitutes was “virtually non-existent” in Greater Mumbai where the survey was carried out. The report found no point-of-sale promotions in shops and that company representatives had little direct contact with women or healthcare workers. Similarly, it found almost no incidences of non-compliance on product labels.

The domestic formula manufacturer Raptakos Brett had a “complete” level of adherence to the Code as measured in the ATNF study. Abbott, Danone, Kraft Heinz, Mead Johnson

and Nestlé India showed “high” levels of compliance – in stark contrast with other assessments carried out by ATNF in Vietnam, Indonesia and Thailand.

The high levels of compliance were “a credit to the strength of the Infant Milk Substitutes Act, and to diligent application by healthcare workers and vigilant monitoring”, the report found. While sales of milk formula have been increasing in recent years, breastfeeding of the 26 million babies born each year in India has been improving and is now higher than the global average.

The report also found that in the seven northern states of India – where over half of infants are born and almost three-quarters of infant deaths occur – rates of early initiation of breastfeeding within one hour of birth increased from 12.4% in 2006 to 42.1% in 2011.²⁵

CODE VIOLATIONS IN LATIN AMERICA

At the invitation of the Network for Global Monitoring and Support for Implementation of the International Code of Marketing of Breast-milk Substitutes and Subsequent relevant World Health Assembly Resolutions (NetCode), led by WHO and the Pan American Health Organization, three recent surveys of Code violations have been undertaken in Latin America – in Mexico, Ecuador and Chile – which highlight the degree to which Code violations are rife in these countries.²⁶

MEXICO

Just 31% of infants in Mexico are exclusively breastfed.²⁷ Inadequate breastfeeding practices are estimated to result in 2,360 child deaths a year, and 4,907 maternal deaths from related cancers and type II diabetes. The economic cost attributed to increased mortality and cognitive losses as a result of poor breastfeeding is estimated at \$8 billion a year, or 0.67% of gross national income.²⁸

In a recent survey which spanned 48 public and private healthcare providers and 51 retail outlets in Puebla and Chihuahua states, public health officials found a catalogue of Code violations, including signs that the formula industry was engaged in rampant promotion of its goods, not just in stores and on TV, but in a large number of the health clinics surveyed.²⁹

Almost half of the 693 mothers with children under the age of two who were surveyed said that they had been recommended to feed breast-milk substitutes to their children. Most of these recommendations were made by doctors.

The survey found over 10% of women surveyed reported having been given free samples, while 8.5% said they had been given branded gifts. It also found 52% of health facilities visited had some form of advertising of breast-milk substitutes – mostly posters – in direct violation of the Code.

More than 80% of mothers interviewed reported seeing advertisements in the media, principally for Nestlé and Mead Johnson.

CHILE

In Chile, 351 mothers with children under two and 140 health care professionals were interviewed in family health centres in Santiago.³⁰ A further 16 health care professionals and 100 mothers were surveyed in maternity units in four hospitals.

Chilean law (article 5 of Law 20,869³¹) has incorporated some provisions that reflect the Code – in particular, prohibiting all advertising of breast-milk substitutes – although these are limited to formula for infants up to 12 months old.

10% of mothers of children older than six months received free samples of infant formula. More than 80% of the mothers interviewed reported having seen or heard in the media the promotion of products covered within the scope of the Code. This was mainly on television and was confirmed by specific analysis of TV adverts. Such advertising is prohibited by Chilean law.

40% of the health care professionals in the family health centres and 75% of health care professionals in hospitals reported contact from representatives of companies that manufacture formula or other products covered by the Code. Almost all the companies selling milk formula in Chile established such contact, with Nestlé the most frequently reported, followed by Abbott. Of the health care professionals who had received a visit from a company representative, 59% reported receiving promotional materials, 75% milk samples and 45% gifts – all violations of the Code.

ECUADOR

In Ecuador, the most recent national health and nutrition survey showed that the rate of exclusive breastfeeding among 0–5-month-old infants is 43.8%, with less than a fifth of children breastfed up to two years.³²

In 2017, the WHO NetCode protocol was used to assess the extent of Code violations in the cities of Quito and Guayaquil. 33 health facilities were selected, where 330 mothers and 66 health care professionals were interviewed. Code violations were also assessed in the 33 health facilities and in 11 pharmaceutical chains or supermarkets.

20% of the health care professionals reported having been contacted by manufacturing companies and/or distributors of products covered by the Code within the last six months.

The survey assessed different forms of promotion used by the companies, including:

- distribution of breast-milk substitutes to mothers
- delivery of gifts to health professionals
- advertisements within the health facility
- offering free supplies of breast-milk substitutes
- offering donations of equipment
- invitations to or support for attendance at events outside the health facility.

All of these forms of promotion are explicitly prohibited by the Code. Nestlé was found to employ five of them, and Abbott, Mead Johnson and Danone each undertook four.

VIOLATING THE CODE: MARKETING OF BREAST-MILK SUBSTITUTES IN BANGLADESH

Bangladesh was one of the first countries worldwide to adopt the Code, which remains today within a strong legal framework.

Action contre la Faim undertook a survey in the areas of Dhaka, Cox's Bazar and Satkhira, assessing the infant feeding practices of 48 mothers and 15 fathers of children under two years. All the mothers were based at home or were able to take their young children to their workplace.

One in five of the mothers interviewed and one-third of the fathers had been advised to use a milk formula – in most cases by a private 'village doctor', and in half of cases following the sickness of a child, of themselves or of both. One mother explained that her baby had "yellowish eyes" which the doctor advised would become worse with breast milk and she needed to combine medicines with formula until her child was better. Others were told they should stop breastfeeding if they themselves were sick in order to avoid 'transmitting' their illness to their infants. In the other half of cases where parents had been advised to use a milk formula, mothers reported that the advice was given based on a suggestion that they did not have enough breast milk. For fathers, the main reason was the perception of insufficient breast milk or the anticipation of such a situation. All of these recommendations came without primary breastfeeding counselling.

There was a clear difference between the advice given by private and public health staff.

Private health advisers failed to give consistent breastfeeding counselling or support, were unfamiliar with the Code and were more likely to prescribe formula for a young child, whereas in the public sector, a basic knowledge of the breast-milk substitute marketing legislation existed and some breastfeeding counselling was provided.

The survey found that both public and private health professionals have been approached by company representatives, although this was more widespread in the private sector. Such approaches are against the law in Bangladesh, and researchers noted a reticence on this subject among government staff at larger public health facilities.

Private doctors interviewed described monthly visits mostly from Nestlé representatives and reported receipt of small gifts and invitations to training (on breastfeeding, nutrition and practical use of breast-milk substitutes) at least on an annual basis.

Code violations were found on the labelling of formula found in shops and pharmacies – for example, the instructions for use being given in a foreign language. Pharmacists also received visits from formula company representatives and one reported direct financial incentives from a breast-milk substitutes company to start selling the company's products.

Source: Action contre la Faim, January 2018

THE IMPORTANCE OF THE CODE OF MARKETING OF BREAST-MILK SUBSTITUTES – 37 YEARS ON

Dr Francesco Branca, World Health Organization

While the benefits of breastfeeding have traditionally been portrayed in terms of protection from contaminated water in low-income settings, research over the past few decades has led to a much broader understanding of the harms resulting from not breastfeeding. Failure to breastfeed or breastfeeding for shorter durations is associated with increased risk of leukemia, sudden infant death, diabetes, and childhood obesity. The intestinal microbiome, which is increasingly understood to impact health, is dramatically altered by the introduction of infant formula. Brain development, intelligence, school performance, and even adult productivity are positively impacted by breastfeeding.

The promotion of breast-milk substitutes is a significant barrier to the protection, promotion, and support of breastfeeding. When families are bombarded with messages on how similar infant formula is to breast milk, it is no wonder that many choose not to breastfeed or to supplement with breast-milk substitutes starting from an early age. When bottle feeding is widely portrayed as the “normal” way to feed babies, it is no surprise that families often decide that the benefits of breastfeeding just aren’t that great. Advertising works. Companies that manufacture breast-milk substitutes know it and that is why they spend billions of dollars every year on advertising their products.

But marketing of breast-milk substitutes also affects how society supports breastfeeding. Physicians who are trained in universities that are funded by manufacturers of breast-milk substitutes, who attend conferences sponsored by those companies, or are invited to symposia

run by those companies are naturally better educated on how to recommend an infant formula than on how to counsel a mother on concerns over inadequate milk supply. Legislators who are told that commercial baby milk is almost as good as breast milk are naturally less inclined to prioritize funding for programmes that support breastfeeding. Employers who have repeatedly been told by industry that breastfeeding is a woman’s choice are naturally less likely to see that they have a responsibility to construct a work environment that facilitates breastfeeding.

Recognizing the widespread negative effects of the marketing of breast-milk substitutes, WHO developed in 1981 a Code of Marketing of Breast-milk Substitutes. The Code was designed to ensure that formula was available to families that needed it but was not marketed in such a way as to interfere with breastfeeding. The Code laid out clear responsibilities for governments, manufacturers and distributors of breast-milk substitutes, and healthcare workers. Subsequent resolutions by the World Health Assembly have clarified and reiterated the importance of adherence to the Code.

Despite 37 years of repeated calls for implementation, only 39 countries have fully implemented the Code in legislation. The baby food industry continues to market its products in violation of the Code and actively resists attempts to strengthen legislation. The Code was important 37 years ago and, given our new understanding of breastfeeding, is even more important today. It is high time to hold manufacturers and distributors of breast-milk substitutes accountable for full adherence to the Code.

3 The booming milk formula market – ignoring what’s best for babies

More babies and small children are being fed milk formula than ever before. A global market that was worth less than \$15 billion¹ in 1998 reached sales of \$44 billion in 2014 and is set to reach \$70 billion by 2019.²

Sales of milk formulas are growing roughly three times as quickly as the global economy³ and almost eight times as quickly as the world’s population.⁴

Even sales of packaged food – the closest equivalent consumed by adults – are predicted to languish in comparison, growing a meagre 12.5% over the five years to 2019 compared with growth in excess of 57% for milk formula.⁵

This report questions how a product originally designed to meet a narrow medical need can grow so relentlessly despite competing with breast milk – a product described by *The Lancet* as both “a perfectly adapted nutritional supply for the infant [and] probably the most specific personalised medicine he or she is likely to receive”.⁶

The answer lies in large part with a small group of multinational companies pursuing aggressive expansion plans to open new markets, principally in the fast-growing economies of East Asia, which routinely disregard the Code.⁷ Marketing is not the only factor at play. Demand for formula is increasing due to urbanisation, increased female participation in labour markets and other factors. However, the biggest companies are today finding customers months before babies are even born.⁸ Infant and young child nutrition has some of the highest returns of any industry, and is routinely more profitable than many other packaged food businesses. On average, the industry makes more than 23 cents in profits for every dollar of sales.⁹ The market for industrially produced milk formula is not only growing at a rapid pace, it is also one of the most resilient markets in the global food business.

TABLE 1 BABY NUTRITION – A HIGHLY PROFITABLE BUSINESS

2016 Underlying adjusted margins for earnings before interest and taxes*

Company	Rate of returns on baby food as a percentage of companies’ overall sales	Rate of returns as a percentage of companies’ sales of baby nutrition	Baby food market share	Market share within the 5 listed companies
Nestlé	15.3%	22.7%	23.5%	42.3%
Danone	13.8%	21.9%	12.1%	21.8%
Mead Johnson		24.7%	10.4%	18.7%
Abbott	22.1%	24.1%	6.8%	12.3%
Kraft Heinz		27.2%	2.7%	4.9%
Total			55.5%	100.0%
Weighted average of profits		23.29%		

* As a Dutch cooperative, FrieslandCampina is not included in the table.

Source: company reports

OVERPRICING OF FORMULA: A CASE STUDY FROM SINGAPORE

The price of baby formula in Singapore has more than doubled over the past nine years, prompting competition authorities to carry out a wide-ranging investigation into the functioning of the market.

The Competition Commission of Singapore (CCS) found that the rise in prices had taken place largely following a rapid rise in marketing and research and development costs, rather than because the manufacturing costs or the price of ingredients had risen. Total marketing expenditure by all major manufacturers increased by 42.4% between 2010 and 2014.¹⁰

“Driven by strong consumer brand loyalty and a preference for ‘premium’ brands in Singapore, formula milk manufacturers compete mainly on building a premium brand image through aggressive marketing activities and reinforcing this image by engaging in research and development,” the CCS said in May 2017.¹¹

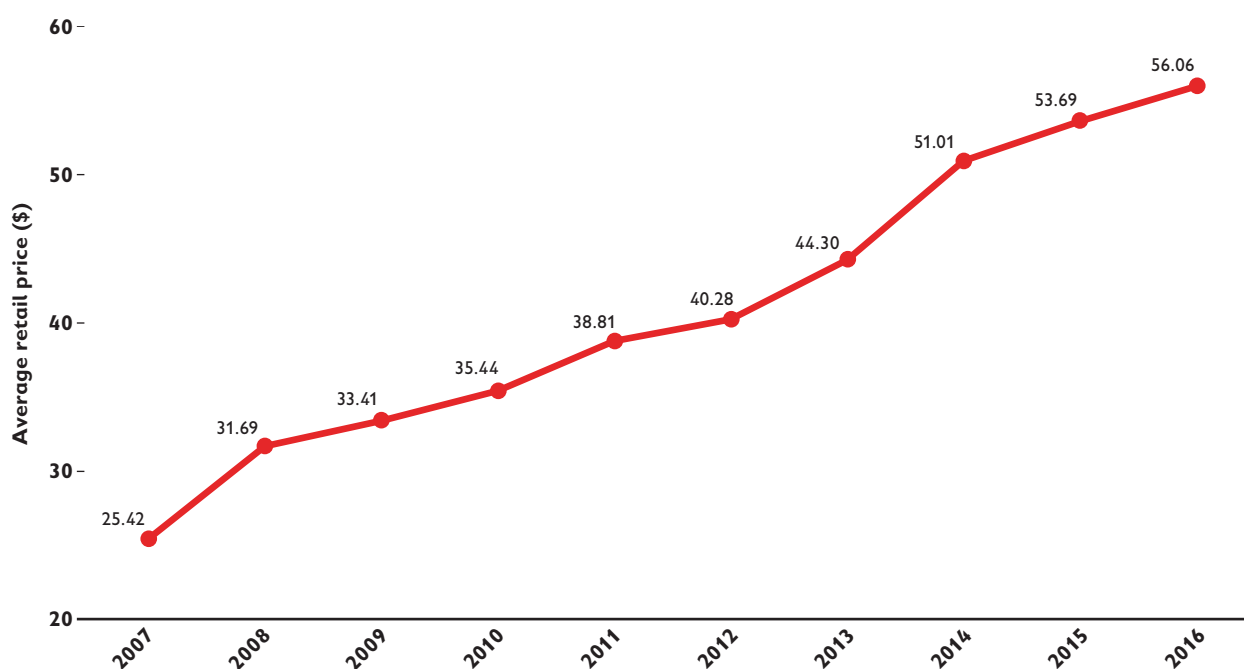
The study found that brand name is among the top three considerations when consumers purchase formula and a majority of parents rarely switch from the brand that their baby is exposed to at birth in the hospitals. Little surprise that companies put so much effort into getting customers early on.

The study also found that “insufficient understanding of the nutritional content of formula milk and the dietary requirements of infants and young children have often led parents to perceive that the more expensive or premium products are of higher quality”.

The “aggressive” marketing activities to build a premium brand image for their products and entrench brand loyalty include:

- hospital sponsorships and milk rotation programmes in order to encourage early adoption by new parents
- sponsorship and payments to the private hospitals to ensure certain companies’ products are recommended for longer periods.

FIGURE 3 AVERAGE RETAIL PRICES OF FORMULA MILK IN SINGAPORE



Note:

- Prices are per 900g tin.
- Prices of items starting from January 2014 may not be strictly comparable to those published earlier due to changes in the sample of brands/varieties and outlets priced.

Source: Singapore Department of Statistics/Straits Times Graphics

Even when recession hits, sales continue to grow. Zenith International, a consultancy firm that specialises in analysis of food and drink markets, notes that baby food “bucked the trend” in 2009, growing 7% at a time when the global economy plunged into recession. Zenith predicted it will continue to be the fastest-growing packaged food category until 2019.¹²

The commercial opportunities of the breast-milk substitute market are leading to a shift in the way humans are nourished in their early years which has no parallels in history, and is “unprecedented in terms of the rate and scale of change.”¹³

Even by the standards of other food industries, infant and young child nutrition remains highly consolidated. Six multinational companies control over half of the global market.¹⁴ The big global players also tend to capture the top spots in national markets. In western Europe, Nestlé and Danone are leaders, while in the USA, Abbott and Mead Johnson – recently acquired by RB – have an 80% share of the market between them. All four companies – along with others including

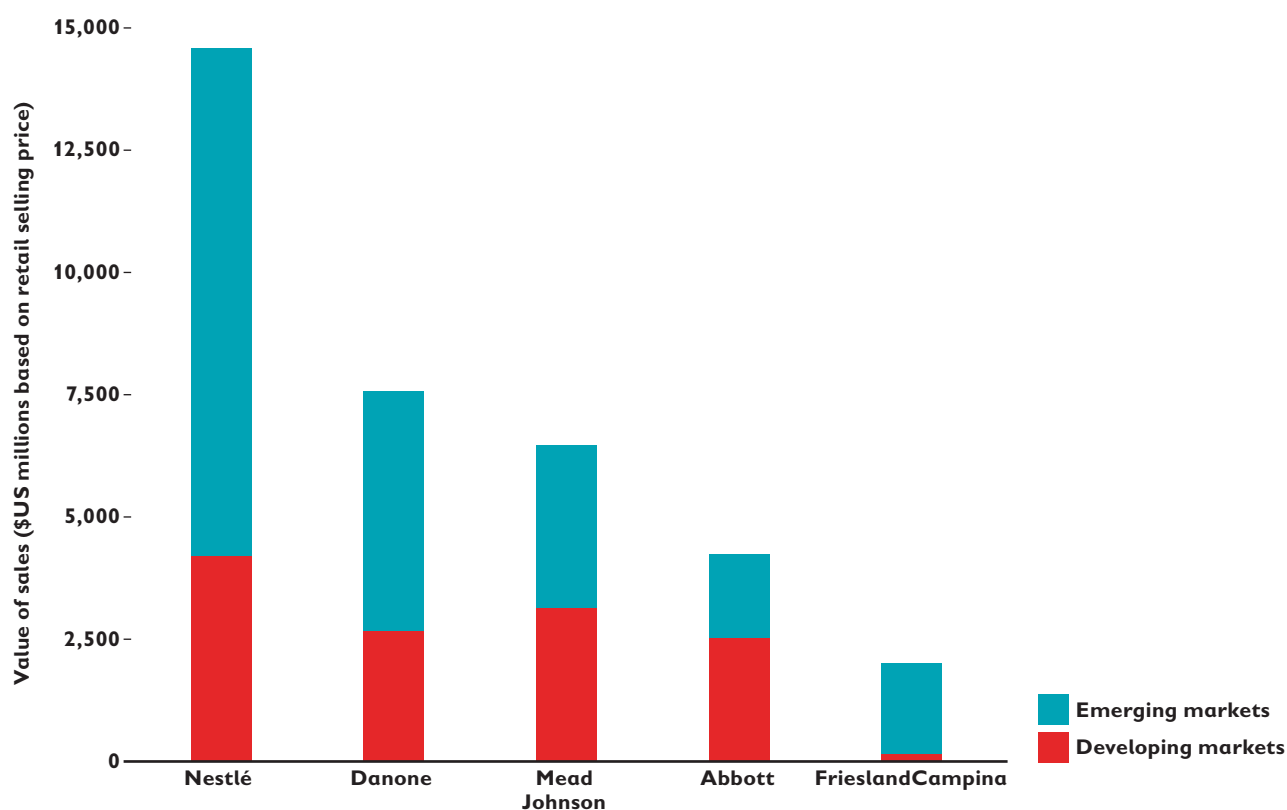
Netherlands-based FrieslandCampina and Kraft Heinz of the USA – are fighting it out for control over the fast-growing markets of Asia.

China consumed more than a third of the world’s milk formula in 2015, up from 25% in 2010. By comparison, global sales of milk formula in the USA – the world’s second-largest market – accounted for only 11% in 2015, down from 17% five years earlier.

It is difficult to gauge how much is spent each year on promoting breast-milk substitutes with any accuracy. Some studies have suggested companies devote about 10% of turnover, which means that the overall expenditure on marketing would have been \$4.9 billion in 2015.¹⁵ There are indications that the real figure could be considerably higher.

Mead Johnson is the only company whose business relied solely on milk formula sales (prior to its acquisition by RB). The company spent more than \$641 million in 2015 on marketing, almost 16% of overall net sales, which stood at \$4.1 billion. It spent almost \$891 million on paying its sales and administration staff, more than a fifth of net sales.¹⁶

FIGURE 4 MARKETING TITANS: BABY FOOD COMPANY SALES IN 2015



Source: Global Baby Food Overview: Key Categories, Countries and Trends. Euromonitor International. September 2015.

The amounts are likely to vary depending on each company but, given that the market share of the big players has only varied slightly, it could be assumed that the proportion devoted to marketing does not vary widely.

Using Mead Johnson as a proxy and applying it to the six companies in this report, global marketing spend on breast-milk substitutes would have reached some \$7.2 billion in 2015. Including sales and administration, that figure might have been closer to \$17 billion. These figures dwarf the \$570 million per year needed to fund the World Health Organization's target for increasing the number

of exclusively breastfed infants by 2025.¹⁷ This WHO target aims to provide infant and young child nutrition counselling on a global scale that would result in 105 million children exclusively breastfed and 520,000 lives saved.

In the UK, the \$12.8 million spent on marketing breast-milk substitutes was more than ten times that spent by the government to promote breastfeeding in 2006–07. In Cambodia, two milk formula companies are among the top ten advertisers of any product, spending \$34 million between them in 2013, more than 60 times what the government spends on promoting breastfeeding.¹⁸

4 How the baby food industry wins customers – and undermines breastfeeding

In this chapter we show how breast-milk substitute companies seek to gain new customers. Many tactics referred to are violations of the Code.

The lucrative market for breast-milk substitutes has not grown spontaneously. Companies are engaged in a “battle for baby bucks”,¹ with marketing campaigns that “can powerfully influence social norms” of how babies and young children are fed.²

Manufacturers of milk formulas have successfully established a perception of a supposed “equivalence” between breast milk and milk formula, leading parents to believe that the latter is simply an artificial replica of the former.³

TABLE 2 SOURCES USED TO GAIN NEW CUSTOMERS FOR BREAST-MILK SUBSTITUTES
Sources used to learn about baby food products and for influencing purchases: global average

Sources		Source for learning	Source for influencing
Word of mouth	Recommendation from friends/family	44%	38%
	Recommendation from baby health expert (eg, doctor, nurse)	36%	34%
Traditional	TV advertising	33%	23%
	Parenting magazines	22%	14%
	Magazine or newspaper advertising	16%	6%
	Radio advertising	7%	3%
In-store	Products on shelf in store	30%	17%
	Special displays in store or in-store sales/promotions	18%	8%
	Store circular	14%	5%
Online	Parenting websites	26%	17%
	Baby blogs	19%	11%
	Brand/manufacturer website, email or mobile app	19%	11%
	Social media (eg, Facebook)	19%	12%
	Online advertising	16%	7%
	Store website, email or mobile app	13%	6%
	Other websites or mobile apps	8%	4%

Source: Nielsen Global Baby Care Survey, Q1 2015

In reality, one transmits not just nutrients but a raft of antibodies and other genetic material that science has yet to fully understand, while the other is a processed food made up largely of bovine milk powder (or soy products), sugars, vegetable oils, vitamins, minerals and other additives, which has a shelf life of up to two years.⁴

As medical historian and consultant to the WHO and UNICEF Maureen Minchin has written: “That belief in equivalence, in artificial breast milk, is perhaps the single most powerful myth ever created, allowing humans to abandon a fundamental survival mechanism, lactation and breastfeeding. Companies have consistently marketed their current formulas as almost equivalent to breast milk, so close as to make no real difference, even as perfect foods for infants, ‘richer’ in nutrients than breast milk.”⁵

INFLUENCING THE INFLUENCERS: FRIENDS, FAMILY AND HEALTH PROFESSIONALS

Market research conducted by Nielsen in 2015 showed that most parents in a survey of 60 countries turned to friends and family for advice, followed closely by baby health experts such as a doctor or nurse, when it came to “influencing purchases”.⁶

Nielsen’s report said: “Marketers must prove their value not only to the shopper but to a broader network of trusted sources. Product endorsements from doctors, hospitals and healthcare professionals can hold tremendous clout with parents. As parents’ first introduction to baby food/formula is often from these trusted advisors, aligning offerings with affiliations can provide an instant gateway to first time users.”

Companies often sponsor events or individual health professionals and offer branded educational materials such as posters and leaflets for professionals. That health professionals – an important source of advice for mothers – have been found to actively promote milk formula is of particular concern, and in direct violation of the Code.⁷ Save the Children has previously shown that in Pakistan, which has high malnutrition-related mortality, 40% of mothers with babies under six months were advised to use formula by doctors or nurses.⁸

Samples are often used as a promotional tool that is linked to health facilities. One study found that 81% of US mothers received formula in discharge packs,⁹ while another found that 91% of more than 3,200 US maternity hospitals surveyed distributed formula in company-sponsored discharge packs.¹⁰

Pushing samples has a powerful impact on behavioural change. Using samples early on undermines a mother’s ability to breastfeed because once a baby is full of formula, he or she demands less breast milk. Supply is stimulated by demand so when a baby breastfeeds less, a mother produces less breast milk. The perception held by some mothers that they are not able to provide enough milk is one of the most common reasons why they start using formula.¹¹

One study found that mothers in the USA who are not given free samples or coupons or a discharge bag are 58% more likely to breastfeed exclusively for the first six months than those who are.¹²

THE IMPACT OF PR AND ADVERTISING

The power of advertising is well understood. That’s why, when it comes to infant and young child nutrition, tougher standards have been developed. The Code prohibits companies from advertising to pregnant women or mothers of children up to the age of three or from having direct or indirect contact with them. Yet many companies either openly flout this or find ways around it.

The result is that in those countries without legislation or other safeguards to prevent inappropriate promotion of products, advertising of breast-milk substitutes is rampant. A study in the Philippines in 2011 found that 59% of mothers with young children recalled a formula advert, primarily on television. It also found that formula feeding was twice as likely among those who remembered seeing an advert.¹³

A powerful example of formula companies’ marketing techniques could be seen in a website post (now removed) by London PR firm Futureproof, acting for Nestlé’s SMA brand. Its ‘mum-to-mum’ campaign helped the brand move from number three in the UK to number two in just six months (see box).

IN THEIR OWN WORDS: HOW PR FIRM FUTUREPROOF IMPROVED THE MARKET POSITION OF NESTLÉ'S SMA BRAND

The following text – describing a marketing campaign for Nestlé's SMA brand – appeared on the website of PR firm Futureproof. It has since been removed.

BUILDING A RELATIONSHIP WITH MUMS

Nobody understands infant nutrition better than SMA, with 90 years of expertise in feeding babies. From formula to baby food, their products support all of the first stages of life.

After years of category leadership, a lack of internal investment and focus meant the brand had slipped to number three. SMA needed to deepen the relationship they had with mums, and create a relationship that went beyond the product. They wanted to refresh their long-standing 'KnowHow' platform with something more relevant. The overall goal was to place SMA as the go-to brand for support and advice whilst showcasing their infant formulas.

Futureproof were briefed to create a deeper relationship between SMA and mums, and take the relationship from 'necessary product to trusted partner.'

From our research, we discovered that the main thing that mums wanted was reassurance. Reassurance that at this incredibly tricky, emotional, and daunting time, they were making the right decisions and doing OK. Particularly around the delicate, emotional, and controversial subject of breastfeeding and weaning. They didn't want to be dictated to; they just wanted trusted, gentle advice from people who had been there before. Indeed, their most trusted source of information was their own mother.

We created an insight-based campaign called 'We know, because we're mums too'. We heroed the mums who were working at SMA, writing the guides, and giving the advice. It

was critical that we made sure that the tone of voice was supportive, and 'mum to mum.'

As part of this process, we ran user testing to create an optimal and logical user journey through all touch points both on and offline. We ensured that the right messages with the right tone were being provided to mums during pregnancy and early childhood, to make sure SMA was supporting mums every step of the way.

We then redefined the visual language of SMA to show the realism of mums and motherhood. This took us away from scientific and product led photography towards lifestyle based imagery.

Once this new visual and tonal language had been defined, it was applied to almost 1,000 touch points of interaction that SMA had with mums during their maternal journey.

To launch the campaign we sent out half a million 'We're mums too' packs to pregnant women and new mums, illustrating the commitment of the SMA brand to them and their journey through motherhood.

The results were outstanding and immediate. Within six months, the brand increased levels of interactivity with mums, and dramatically shifted the perceptions of SMA to a more caring and 'supportive' space. But perhaps the most encouraging result has been that commercially the brand moved from number three in market to number two within six months, and is now pushing to regain the number one spot.

Source : <http://futureproof.co.uk/project/sma/> (February 2016)

FOLLOW-ON FORMULA AND CROSS PROMOTION

The Code is very clear: there should be no promotion of breast-milk substitutes, feeding bottles or teats. A substitute is defined as any product that does just that – substitutes breast milk. The Code is based on WHO guidance that an infant should be exclusively breastfed until six months and thereafter receive nutritionally adequate and safe complementary foods while breastfeeding continues for up to two years or beyond.¹⁴

Faced with a ban on consumer advertising of milk formulas – there was essentially only one type of formula until the introduction of the Code in 1981, generally known as infant formula – the industry moved to find ways around this. It created the impression that advertising substitutes for children above four or six months old is permitted by the Code. But, again, the Code is clear: it applies to all breast-milk substitutes. This was most recently clarified by the 2016 WHO guidance on ending inappropriate promotion of foods for infants and young children, which states that:

“Products that function as breast-milk substitutes should not be promoted. A breast-milk substitute should be understood to include any milks (or products that could be used to replace milk, such as fortified soy milk), in either liquid or powdered form, that are specifically marketed for infants and young children up to the age of 3 years (including follow-up formula and growing-up milks). It should be clear that the implementation of the International Code of Marketing of Breast-milk Substitutes and subsequent relevant WHA resolutions covers all these products.”¹⁵

Despite this clarification, companies have continued to promote a range of so-called follow-on milks aimed at children from six months upwards, products that WHO has said are both unnecessary and unsuitable as a substitute for breast milk.¹⁶

Companies routinely bundle products together in a marketing technique known as ‘cross-promotion’. Products are packaged almost identically so that they appear part of a range, with different products within the range aimed at different age groups. This allows the promotion of one product to benefit the whole brand.¹⁷ As WHO has noted, this practice causes “confusion”, which may have “a negative impact on breastfeeding.”¹⁸

A study in Cambodia, Nepal, Senegal and Tanzania found that two-thirds of follow-up formula and growing-up milks under a given brand used similar colour schemes, designs and brand names, as well as a wide and confusing range of ages and categories.¹⁹

A separate study in Italy found almost identical branding, differentiated only by different numbers, confused many mothers. Only 43% were able to ascribe the right number formula milk to the right age.²⁰

A third study in the UK found that 16% of mothers reported that they first used follow-on formulas before their babies were six months old, while a third said they did not know the difference between the products. Even health workers found them confusing.²¹

Giving younger infants formulas that are designed for older children can also be dangerous as these products do not meet younger children’s specific nutritional requirements and contain higher levels of mineral content than is appropriate.²²

However, market analyst Euromonitor spells out the importance of follow-on formulas to the industry: it forecasts milk formula will continue to drive growth in baby food globally. Toddler milk formula – now the largest baby food category – will alone account for 39% of this growth.²³

THE RISE OF SOCIAL MEDIA

Marketing through social media channels has opened up a world of possibilities for makers of milk formulas. Twitter, Facebook, Instagram and other similar sites allow behavioural targeting of products in a way that was never possible in the first days of the Code.

One study in the USA showed how Facebook pages were used to sponsor photo contests in which users were urged to submit photos of their children. Pages often had links to coupons or other special offers, including links to websites promoting free product samples. One even linked to maternity facilities offering a hospital discharge bag.²⁴

In Myanmar, companies used their Facebook page to promote their brand and products for children under two, and idealised formula usage. Promotions included baby pictures and made claims that formulas were close to mothers’ milk. Dumex held a “milk moustache” photo contest.²⁵

COMPANIES' CODE VIOLATIONS: EXAMPLES FROM THAILAND

This Enfa promotion by **Mead Johnson (owned by RB)** on Facebook offers pregnant women a free gift package that includes milk for mothers. This is in violation of the Code, which states:

- “Manufacturers and distributors should not distribute to pregnant women or mothers or infants and young children any gifts of articles or utensils which may promote the use of breast-milk substitutes or bottle-feeding” (article 5.4)
- “Marketing personnel, in their business capacity, should not seek direct or indirect contact of any kind with pregnant women” (article 5.5).



This Facebook promotion for Similac Mom, produced by **Abbott**, is also targeted at pregnant mothers, offering them free milk if they call the phone number. This violates the same articles of the Code as the example above.



This SMS message was received by a mother from Dumex, owned by **Danone**. It promotes a Dumex product for infants of one year and over, and promises to help the infant be ‘strong and happy’. It also offers a free sample. This is in violation of the Code, which states that:

- “Marketing personnel, in their business capacity, should not seek direct or indirect contact with pregnant women or with mothers of infants and young children” (article 5.5)
- “Manufacturers and distributors should not provide, directly or indirectly, to pregnant women, mothers or members of their families, samples of products within the scope of this Code” (article 5.2).



- “Happy 1st birthday. Wish your child to be strong and happy.”
- “Introduce Dumex Dugrow 1 plus for child 1 year old and up. It has 25 mg of DHA and 28 kinds of fruits and vegetables. This helps your child to be strong and happy. Call to get free sample at 02-740-3400.”
- “Children should receive 100 mg of DHA per day according to the recommendation of WHO and EFSA.”

Another US study showed how tweets and blog posts often go beyond customer service engagement, and veer into the realm of marketing, with formula promotions appearing on 56% of tweets and on 66% of sponsored blogs. The majority of these claims focused on the health benefits of formula for infants. One claimed formula is superior to breast milk in combatting colic.²⁶

Another online marketing tool has been the use of sponsored blogging or 'influencer marketing' – a

controversial practice in which parent bloggers with implied editorial independence create content for a sponsoring company in return for a fee.²⁷

Mobile apps are the latest tool used in the efforts to promote formula. Apps provide expectant parents with weekly updates on foetal development, pregnancy to-do lists, and even a tool to create and send birth announcements. Some also show users how they could receive a formula gift bag at the hospital.²⁸

KEEPING AHEAD OF THE GAME: THE WORLD HEALTH ASSEMBLY'S ATTEMPTS TO REGULATE NEW PRODUCTS AND MARKETING TECHNIQUES

David Clark, Legal Specialist, Nutrition Section, UNICEF, New York

Manufacturers and distributors of breast-milk substitutes have continually tried to find new ways to get around the prohibitions contained in the International Code of Marketing of Breast-milk Substitutes.

The World Health Assembly has, in turn, tried to keep up with these developments, adopting a series of subsequent Resolutions over the years to address the new challenges from the baby food industry. Most recently, in 2016, the Assembly considered new guidance on ending the inappropriate promotion of foods for infants and young children. It called on Governments to implement the recommendations which sought to provide clarity in two areas where the baby food industry has relied on ambiguities to its commercial advantage: which products are subject to regulation under the Code, and what constitutes a conflict of interest in terms of company interaction with the health care system.

When the Code was adopted in 1981, it was intended to prohibit all forms of promotion of all breast-milk substitutes. However, at various places it makes reference to a "legitimate market for infant formula" and "the proper use of infant formula", and although the scope of the Code refers to "breast-milk substitutes, including infant

formula", infant formula is the only breast-milk substitute product mentioned and defined.

Manufacturers thought they could use this to argue that the Code only applies to infant formula, leaving them to invent new "formulas" that they could claim were not covered by the Code's prohibition on promotion. Indeed, at that time companies generally manufactured only one type of breast-milk substitute – infant formula – which was marketed as "suitable from birth". There was no upper age limit indicated and at the age of six months, non-breastfeeding mothers could introduce complementary food, while continuing to use the same infant formula.

Almost immediately, companies began inventing new formulas and milks, trying to persuade regulators that these products were not covered by the Code or its marketing restrictions. Parents and caregivers were persuaded through aggressive marketing that these products were needed for the growth or development of children. But by 1986, the World Health Assembly had declared that "the practice being introduced in some countries of providing infants

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KEEPING AHEAD OF THE GAME: THE WORLD HEALTH ASSEMBLY'S ATTEMPTS TO REGULATE NEW PRODUCTS AND MARKETING TECHNIQUES *continued*

with specially formulated milks (so-called follow-up milks) is not necessary”, and some Governments began to include follow-on formulas in the scope of their national Code regulations.

And so the companies began their next effort to get around the Code. They suggested that follow-on milks were only suitable for use for babies up to the age of one year, introducing new “growing up” or “toddler” milks for one-, two- or three-year-olds. By 2008, Euromonitor International had noted that “partly due to government restrictions of the marketing of baby formula, manufacturers are increasingly targeting toddler milk formula”. Given the similar branding and packaging, the promotion of the toddler milks resulted in cross promotion of all the companies’ other breast-milk substitutes.

This is why public health advocates celebrated the 2016 Guidance that stated:

A breast-milk substitute should be understood to include any milks (including soy milk), in either liquid or powdered form, that are specifically marketed for feeding infants and young children up to the age of 3 years (including follow-up formula and growing-up milks).

Adding to the problem has also been the conflicts of interest arising from the close relationship the industry has for many years cultivated with the health care system.

In the past the companies were open about their motives, with Mead Johnson stating early on that “our interest in this important phase of medical economics springs, not from any motives of altruism, philanthropy or paternalism, but rather from a spirit of enlightened self-interest...”.²⁹

In the 1960s Nestlé claimed that “in less developed countries, the best form of promoting

baby food formulas may well be the clinics which the company sponsors....”.³⁰

The Code was unclear on conflicts of interest and even though it stated that “no facility of a health care system should be used for the purpose of promoting infant formula or other products within the scope of this Code,” it allowed health workers to receive contributions for fellowships, study tours, research grants, and attendance at professional conferences, as long as both parties disclosed this support.

Again in 2016, the WHA went on to call on companies to “not create conflicts of interest in health facilities or throughout health systems” and for health workers, health systems, and health professional associations to “avoid such conflicts of interest.”

The guidance states that companies should not provide “free products, samples or reduced-price foods for infants or young children” via health workers or health facilities. Nor should they donate or distribute equipment or services, or provide gifts or incentives to health care staff or parents, caregivers or families.

Neither should they use health facilities to host events, contests or campaigns or provide education to parents in health facilities; or sponsor meetings of health professionals and scientific meetings.

Governments should now implement these recommendations contained in the guidance and state exactly which products need to fall under the promotional ban contained in the Code. They should also clearly explain what behaviour constitutes a conflict of interest. Only then will mothers, babies, other caregivers and even health workers obtain adequate protection from the unethical marketing practices of an industry that puts business before babies.

PRICE FIXING IN CHINA

Mead Johnson, Danone, Abbott and FrieslandCampina were among six companies fined a total of \$110 million following an investigation into price fixing and anti-competitive practices in 2013.³¹

Antitrust authorities said the fines were for restricting competition, curbing minimum prices for distributors and for using a variety of methods to disrupt the market. Mead Johnson was fined almost 204 million yuan (\$33 million), while Danone was fined 172 million yuan (\$27.8 million), Abbott 77 million yuan

(\$12.4 million) and FrieslandCampina 48 million yuan (\$7.7 million). Nestlé, although part of the same investigation, escaped any fines after cooperating with investigators.

This highlights the importance of the large breast-milk substitute companies ensuring that ethical practices are adhered to throughout their supply chains. It is critical that companies take ownership of their distribution channels and stop subsidiaries from breaking the Code and local laws.

A VIOLATION BY A DIFFERENT NAME: COUPONS, CORPORATIONS AND A HIDDEN GOVERNMENT ENDORSEMENT

Kimberly Seals Allers, journalist and author

A breastfeeding mother in Detroit checks out at the grocery store and receives formula coupons with her receipt.³² A family in a New York City apartment building welcomes a new baby girl and days later steps out of their apartment to find a box of infant formula at their doorstep which they never ordered or requested.³³ A childless young woman goes to a popular baby store to buy a gift for a friend's baby shower and within weeks she is receiving direct marketing from infant formula companies.³⁴

All over America, the direct marketing of breast-milk substitutes to families is problematic and unethical, leading to increased costs and compromised health for mothers and babies.

While breastfeeding becomes more difficult for mothers, due to a lack of policy and workplace support, technology has made direct marketing easier and less expensive for companies. The wide use of shopper reward cards and gift registries creates databases that make personal targeting more efficient. Women are targeted

at retailers and doctors' offices, via online ads that monitor their search engine behaviour and through social media behemoths like Facebook, which has nearly perfected the art of targeted advertising. And thanks to the ubiquitousness of mobile devices, milk formula companies do not have to wait for mothers to pass by large billboards or visit small doctors' offices – they can be directly and repeatedly reached on their phones.

The US is still the only industrialised country in the world that does not offer a federal paid maternity leave. In fact, one in four women in the US go back to work just two weeks after giving birth.³⁵ Therefore, the majority of women in the US are forced to return to work long before their babies are six months old. Bottle feeding, proven to disrupt breastfeeding, has become essential in the US. That is good news for the billion dollar business of bottles and ancillary products, but creates Code violations in the marketing of bottles, teats and formula.

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A VIOLATION BY A DIFFERENT NAME: COUPONS, CORPORATIONS AND A HIDDEN GOVERNMENT ENDORSEMENT *continued*

The problems are even more complex for low-income families. Theoretically, the Code was designed to protect the most vulnerable. But in America, the most vulnerable are often using the government's Special Supplemental Nutrition Program for Women, Infants and Children, more commonly known as WIC, which is the largest purchaser of infant formula in the US. In fact, WIC currently serves 53% of all infants born in the US.³⁶ Therefore, infant formula companies simply bid for a state's WIC contract, which allows them access to all families needing some sort of government assistance.

The ripple effects stretch far and wide. Mothers get 'hooked' on the brand distributed by WIC and become loyal to it, fearing a brand change may impact their baby. The monthly WIC allotment of formula may run out too soon, forcing mothers to figure out how to afford the expensive shelf price – since 2000 the price of regular infant formula has doubled from about eleven cents per ounce to a recent 2016 price of 22 cents per ounce, while the base product has essentially remained the same. Or families are forced to stretch out their remaining

formula, sometimes diluting it with water, which compromises its nutritional benefit.

In these scenarios, mothers face a barrage of daily, local assaults including a dearth of breastfeeding support and the widespread distribution of a free product that comes with an implied government endorsement. That's bad news for the public health of low-income communities where high rates of infant mortality persist, often rivalling rates in many developing countries. In Detroit, the infant mortality rate was 14.1 per 1,000 live births in 2015, which puts it on par with infant death rates in Colombia.

While it has been more than 35 years that infant health advocates have been fighting the blatantly unethical milk formula marketing practices, it will take much longer to unearth and dismantle the multitude of obscured ones.

Growth of milk formula sales and infant nutrition more broadly are objectives set by the senior executives. Much of that growth is achieved by advertising and promotion. It is this very act that is in contravention of the Code.

5 Code compliance – a lamentable record

Compliance with the Code varies by company with some – Danone and Nestlé, in particular – having more extensive policies than others. But all of the six companies covered in this report, to varying degrees and with the exception of the results of the ATNF survey in India, fail to adhere properly to the Code in practice.

Nevertheless, these companies' domination of most markets in the world gives them the potential to change behaviour among local producers so that they adhere to the Code, and to lead a 'race to the top' in their marketing practices, in the interest of millions of children across the globe.

As senior executives of these companies make clear through words quoted in this chapter, their aim is to promote their products in order to increase sales of milk formula, particularly in emerging markets. What is more, they face pressure from investors when they fail to deliver growth.

The selection of companies for review and the evidence of Code violations presented in this chapter, as in previous chapters, is largely based on the work of the Access to Nutrition Foundation. The ATNF methodology used to assess companies' breast-milk substitutes marketing is aligned with UNICEF and WHO monitoring guidelines. For its Access to Nutrition Index, ATNF only assesses companies that derive more than 5% of their global revenues from baby food.

Since the 2016 Global Access to Nutrition Index published the Code violation survey results from

HOW IS COMPANIES' COMPLIANCE WITH THE CODE SCORED? THE ACCESS TO NUTRITION INDEXES

All compliance scores given in this report refer to the methodology of the Access to Nutrition Indexes. The development of the Access to Nutrition Indexes was initiated by the Global Alliance for Improved Nutrition in 2010, in order to create an independent assessment of the contribution of the world's largest food companies to tackling the 'double burden' of malnutrition – covering both undernutrition and overnutrition. In 2013, the Access to Nutrition Foundation was established as an independent not-for-profit organisation, based in the Netherlands, and the first Global Access to Nutrition Index (ATNI) was published. The second ATNI, published in 2016, introduced a sub-ranking of the world's largest baby-food companies, which scored and rated them on their compliance with the Code.

To be included in the 2016 ATNI, sales of baby food had to account for more than 5% of a company's total sales in the 2014 fiscal year. The ATNI assessed the companies' global performance in relation to the Code on two fronts. First, it evaluated companies' marketing policies, management systems and level of transparency. Second, it carried out 'on-the-ground assessments' in Vietnam and Indonesia to assess the companies' compliance with the Code and national regulations in each country.

The total score is an average of both assessments. A score of 100% would indicate that a company is in full compliance with the ATNI methodology, which reflects most recommendations of the Code, including subsequent WHA resolutions and local regulatory requirements.

TABLE 3 TOTAL NUMBER OF NON-COMPLIANCES IDENTIFIED FOR IN-COUNTRY ASSESSMENTS

	Vietnam	Indonesia	India	Thailand
Abbott	27	42	7	286
Danone	21	354	1	612
FrieslandCampina	13	101		
Heinz	12	3	2	
RB (Mead Johnson)	23	123	3	1,007
Nestle	24	353	11	902

Sources: Access to Nutrition Foundation: Access to Nutrition Index BMS Chapter 2016, Access to Nutrition Index India BMS 2016; Thailand data, also from Access to Nutrition Foundation, is to be published.

Vietnam and Indonesia,¹ the ATNF has undertaken further surveys in India (ATNF, 2016)² and Thailand (ATNF 2017).³ Save the Children has combined the results of these surveys to create a scorecard showing the levels of Code compliance by each of the six companies. The methodology for this scorecard is described in the Appendix.

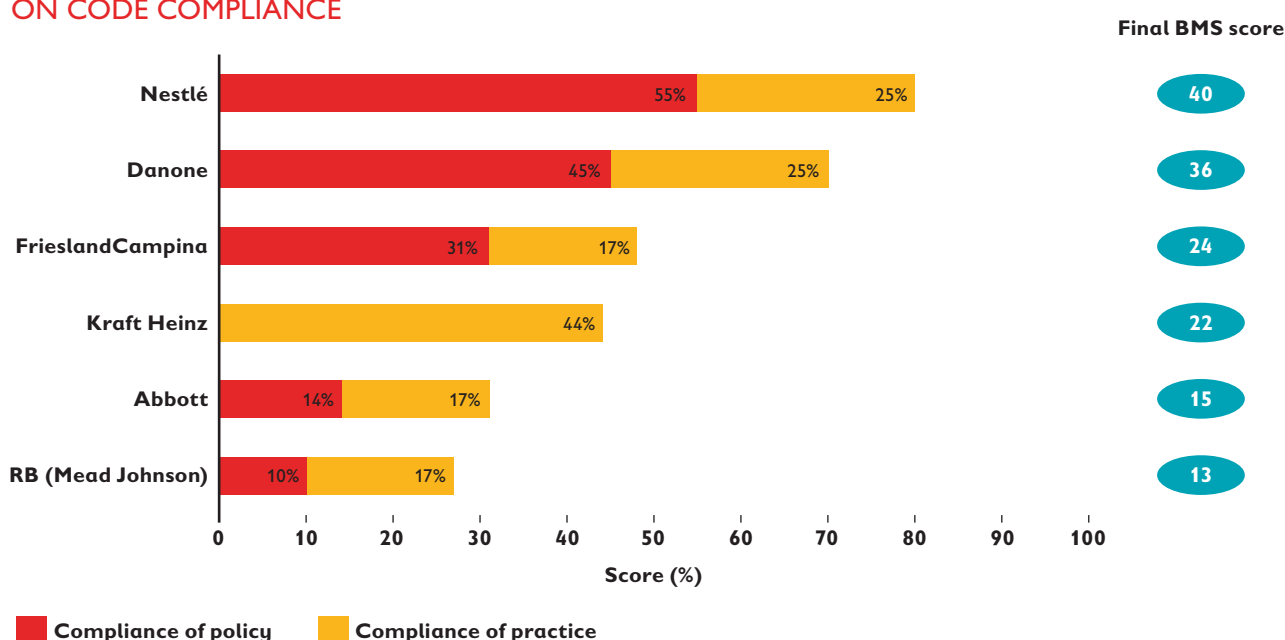
The scorecard shows that all companies have low aggregate Code compliance policy and practice scores (Figure 5).

Policy and practice are not aligned. Nestlé, Danone and FrieslandCampina fail to uphold their own policies in all countries except India, where the legal framework embodying the Code is strong.

While Nestlé leads the industry on paper, it recorded the highest total number of incidences of non-compliance in the on-the-ground surveys in Vietnam, Indonesia, India and Thailand. Kraft Heinz fails to have a policy on the Code.

Other surveys – such as *Breaking the Rules* reports from the International Code Documentation Centre of the International Baby Food Action Network (IBFAN) – also provide examples of how the companies are breaking the Code. The purpose of this chapter is to demonstrate that the aggressive marketing of breast-milk substitutes – in violation of the Code – is part of each company's commercial strategy and driven from the very top.

FIGURE 5 SCORECARD OF BREAST-MILK SUBSTITUTE COMPANIES' POOR PERFORMANCE ON CODE COMPLIANCE



Sources: Access to Nutrition Foundation: Access to Nutrition Index BMS Chapter 2016, Access to Nutrition Index India BMS 2016; Thailand data, also from Access to Nutrition Foundation, is to be published.

We order the companies by levels of Code compliance, starting with the lowest scorer, RB (which acquired Mead Johnson in 2017), at 13% and ending with the best performer, Nestlé, at 40%. Only Nestlé, Danone, RB (Mead Johnson) and Abbott were surveyed in all four countries. Hence the calculations in the scorecard are based on the

sum of the scores for the countries in which each respective company was surveyed, divided by the number of countries in which they were present.

The promotion by the companies of products other than breast-milk substitutes that are also covered by the Code is beyond the scope of this report.

FTSE4GOOD

FTSE4Good is an ethical investment index in the UK that seeks to encourage companies to improve their policies, practices and accountability on a range of social and environmental issues. FTSE4Good requires companies listed on the index to improve practices over time, using competition between businesses and the threat of exclusion from the index to help bring about change.

Until 2003, baby food manufacturers were excluded due to their Code violations. However, since then they have been encouraged to seek to join in order to engage them in incremental change. In 2006, Swiss drug manufacturer Novartis, the parent company of Gerber, became the first company to meet the FTSE4Good breast-milk substitute marketing criteria and entered the index. The following year Gerber was taken over by Nestlé and dropped out of the index.

In 2010, to better incentivise companies to make the improvements required to join, FTSE4Good substantially weakened their criteria, applying rules only to 149 countries at 'high risk' of child malnutrition and mortality, and only to products for babies aged 0–12 months. These changes were criticised for allowing companies systematically violating the Code to be given FTSE4Good's seal of approval.⁴

In 2012 Nestlé joined the index, where it remained the only breast-milk substitute company on the index until Danone met the criteria in 2016.

Having a second company join the index should be a trigger for FTSE4Good to strengthen its criteria so that it is a credible index. Areas that urgently need to be addressed are:

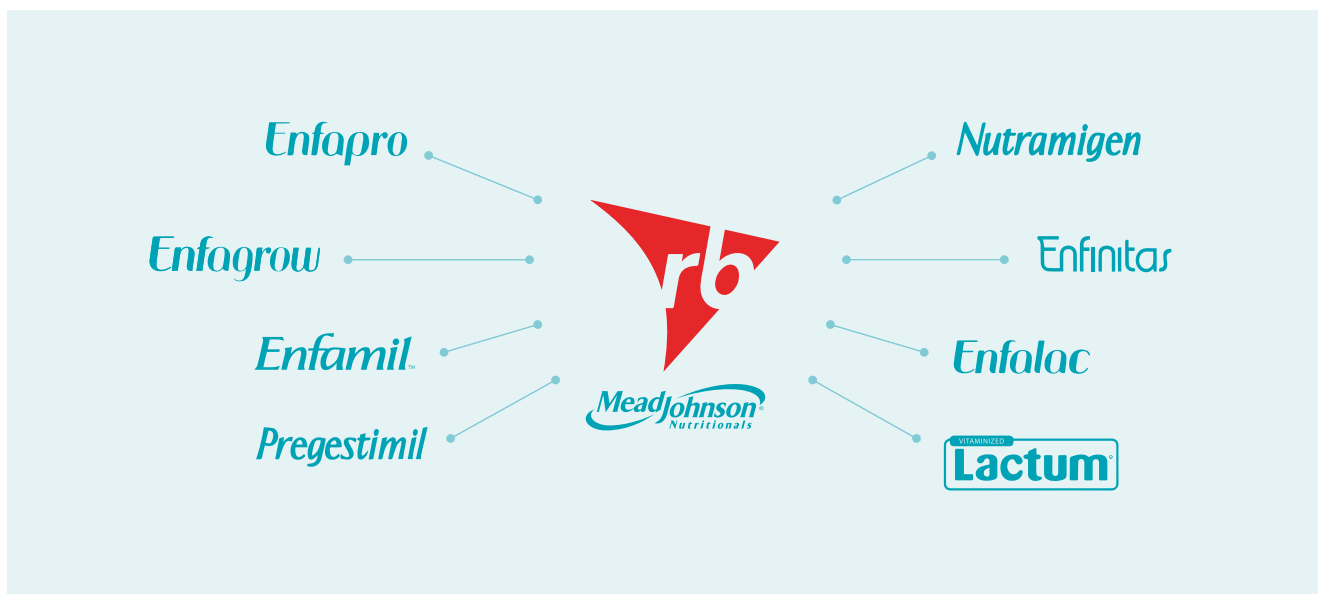
- tightening the criteria on lobbying
- ensuring company sponsorship of health care professionals is not allowed
- prohibiting cross-promotion of formula and toddler milks.

Furthermore, the validity of maintaining a two-tier country system for Code compliance has been questioned by civil society organisations invited by FTSE4Good to provide comment, and pressure is on FTSE4Good to demonstrate it is committed to the ethos of continual improvement. Despite strong advocacy from civil society, FTSE4Good has delayed considering improving such criteria for a further 18 months.

In June 2017, FTSE4Good shared findings from its latest breast-milk substitute marketing verification process that revealed multiple examples of continued violations by both Nestlé and Danone. Key issues were cross-promotion of infant formula by way of advertising almost identical-looking products for older children; sponsorship of health professionals; and poor control over third-party sellers. However, at the time of writing this report, it is believed that both companies will remain on the index.

Attention will now be on what happens to RB, the new owner of Mead Johnson and included on the index. It has been given until mid-2019 to bring the company in line before being deleted from the Index. Assuming it succeeds, the presence of another company with a big market share in the USA – given the poor record of US companies on Code violations – could mark a watershed, with other US companies following.

RB (ACQUIRED MEAD JOHNSON IN 2017)



The British household goods manufacturer RB acquired Mead Johnson in June 2017. A US company, Mead Johnson had become the world's third biggest maker of breast-milk substitutes.⁵ It ranks bottom in the Code compliance scorecard with a combined score of 13%.

As an independent company, Mead Johnson was unique among the six listed companies because it made all of its money from feeding babies and small children. It has the lowest compliance with the Code as assessed by the four ATNF surveys presented in the scorecard (see page 29). This is in part because its policies fail to align with the Code and because it fails to support continued breastfeeding for two years. In the 2016 Global ATNI, it made no commitments not to use bonuses and sales targets to incentivise sales teams, and it had a rating of just 11% for adherence to the Code regarding the promotion of its products in hospitals and health clinics.⁶ In the 2017 ATNF survey in Thailand, more than 1,000 incidences of non-compliance were recorded.

Mead Johnson had net sales of more than \$3.7 billion in 2016, down from the previous three years when sales had broken beyond the \$4 billion mark.⁷ The company has more than 70 products,

which it sells in 50 countries – around half in Asia, a third in North America and Europe and 17% in Latin America in 2016.

Under previous management, the company was overt about its plans to boost sales through practices that were in clear violation of the Code. When explaining to investors the reasons for the company's poor performance, Kasper Jakobsen, Chief Executive of Mead Johnson until June 2017, noted how the company has to “wait for babies to be born that we can capture. That can then go through our acquisition, retention, and extension model...”⁸

He noted how “the team leveraged a best-in-class digital model to engage with the mother throughout her journey, from pregnancy to childbirth and child-rearing.”⁹ This is a violation of the Code, which prohibits marketing personnel from seeking “direct or indirect contact of any kind with pregnant women or with mothers of infants and young children.”

Mr Jakobsen expressed the view that increases in breastfeeding were bad for business: “there's definitely an offset from – a slight increase or an uptick in breastfeeding rates”. In discussing why Mead Johnson's market growth was not in keeping

“We have to wait for babies to be born that we can capture. That can then go through our acquisition, retention, and extension model...”

Former Mead Johnson Chief Executive, Kasper Jakobsen.

MEAD JOHNSON UNDER FIRE OVER ACTIVITIES IN CHINA

In July 2015, Mead Johnson agreed with the US Securities and Exchange Commission to settle charges that its Chinese subsidiary “made improper payments to health care professionals at government-owned hospitals to recommend the company’s infant formula to patients.” The company agreed to pay \$12 million to settle the SEC’s finding that it had violated the Foreign Corrupt Practices Act.

The investigation found that employees funded the improper payments to third-party distributors who sold the company’s products in China. The SEC criticised Mead Johnson’s “lax internal control environment” allowing use of “off-the-books slush funds” to pay doctors and other healthcare professionals so that they would recommend their milk formula and give the company marketing access to mothers.

with the rapid birth rate in China he noted “we do see growth in birth in China ... in the mid- to long-term, it is obviously a tailwind for the business. The question is, how strong a tailwind will it be?”¹⁰

Mr Jakobsen also claimed to have the names and addresses of 70% of all women who give birth in the USA, a “fantastic asset” for the company

as it allows it to “interact with consumers at the most critical time” for deciding how they will feed their child.¹¹

Looking ahead, RB has yet to define a clear direction of travel for Mead Johnson’s marketing practices. There is an obvious danger that pursuit of high returns to justify the \$16 billion acquisition



In the USA, parents have received unsolicited free samples of Mead Johnson’s Enfamil range of formula products, including milks for breastfeeding mothers and newborn babies. This violates the Code, which states that milk formula companies should not have direct contact with pregnant women or mothers of infants and young children.

SAVE THE CHILDREN’S PARTNERSHIP WITH RB

Save the Children has had a partnership with RB (formerly Reckitt Benckiser) since 2003. The partnership focuses on the Stop Diarrhoea Initiative in Nigeria and India, which follows WHO’s 7-point plan for comprehensive diarrhoea control. Our partnership programmes are scheduled to end in March 2019. In tackling one of the biggest killers of children, the partnership has delivered results for nearly 2 million children. Save the Children and RB can be justifiably proud of what has been achieved.

The acquisition of Mead Johnson Nutrition by RB raised serious concerns for the future of our partnership. Save the Children is committed to the International Code of Marketing of Breast-milk Substitutes and subsequent resolutions. Accordingly, Save the Children has not accepted funding from RB since the announcement of the acquisition, but will complete the delivery of programmes now underway.

price-tag will trump other considerations. RB's Chief Executive, Rakesh Kapoor, said that he plans to drive growth of breast-milk substitutes, particularly in China, where growth is between 3–5% a year.¹²

In documents given to shareholders during the acquisition process, RB acknowledged Mead Johnson's "product retailing efforts on neonatal intensive care units, physicians and other healthcare professionals, hospital group purchasing organisations and other integrated buying organisations."¹³ It also noted how Mead Johnson "invested in targeted digital marketing programmes that allow it to attract new or prospective parents' attention online... and then provide targeted information and product offers."¹⁴ These are all practices that are or could lead to Code violations.

Viewed from a different perspective, RB has an opportunity to transform one of the least ethical of the companies. RB could signal a commitment

to work towards Code compliance. This would complement RB's own 'Save a Child a Minute' campaign, designed to help "eliminate child deaths from diarrhoea, one of the world's largest killers of children under five."¹⁵ It would also mean the company lives up to its policy of respecting human rights through its business.¹⁶ RB is also on the FTSE4Good investment index (see page 30). It remains to be seen whether the incentive to remain listed on the index will be sufficient to encourage RB to moderate the aggressive marketing of milk formula pursued by the previous management of Mead Johnson.

RB now has a unique opportunity to align with its ethical pledges and commitment to global health solutions. However, it is not clear how its plans to increase sales of breast-milk substitutes – a prime reason for the acquisition – can be reconciled with RB's ethical commitments.

ABBOTT



Abbott (formerly Abbott-Ross) has long been the market leader in breast-milk substitutes in the USA, with Similac one of the oldest formula names, dating from 1927. Abbott is now a diversified healthcare company, producing a range of goods, from medical devices to adult nutrition supplements and pharmaceuticals. Nevertheless, a high proportion of its turnover – just under a fifth – comes from the sales of breast-milk substitutes.¹⁷

Abbott's paediatric nutritional division had sales of more than \$2.8 billion in 2016, and was the market leader in the USA. With a stock market value of \$75 billion, the company saw its worth increase more than 13% in 2016 alone.

While not all its financial gains come from the sale of milk formula, the company's Chief Executive has said that breast-milk substitutes will remain central to the company's plans, particularly in the high-growth market of China.

Abbott's Code compliance ranks second from the bottom in the scorecard, with a combined score of 15%. The ATNI found the company's policies barely aligned to the Code regarding its system of sales incentives for marketing personnel and ensuring that its personnel do not perform educational functions in relation to pregnant women or mothers. It only scored 4% in this area. Abbott also does a poor job in terms of commitments to comply with the

labelling provisions of the Code – for example, regarding the superiority of breast milk.¹⁸

Moreover, the ATNI found that the company's policy on promotion of breast-milk substitutes, which was subsequently published in *Paediatrics* April 2017, only applies to formula for babies under six months where its promotion is prohibited under national law. Its policy on follow-on formulas for infants 6–12 months only applies in higher-risk countries. Its policy does not apply to follow-on milks for children over 12 months old.¹⁹

Abbott has never committed to implementing the Code in the USA, in spite of being a long-standing major donor to the American Academy of Paediatrics.

Abbott's Chief Executive Miles White told financial analysts that the company will focus on expanding market share, particularly in China, saying the “team there is making all the right adjustments in terms of how we promote, where we promote, where we shift production developments and value propositions”.²⁰

Mr White acknowledged last year that “an increasing breastfeeding rate in China” may limit the company's sales in the long term, although annual sales increases of 6% are “still a healthy rate.”²¹

Earlier in 2016, Mr White explained the company's strategy on another analyst call, saying he wanted to boost sales of infant nutrition products across the world: “... we have to be able to win share, win the shelf space, win the consumer, win the physician, win the recommendation, etc; and that's where we put a lot of our emphasis.”²²

“... we have to be able to win share, win the shelf space, win the consumer, win the physician, win the recommendation, etc; and that's where we put a lot of our emphasis.”

Abbott Chief Executive, Miles White



In Singapore, Abbott has been reported to be enticing mothers to make a minimum purchase of their products of \$150 and offering gifts such as discount coupons or toys. This violates the Code, which states that no gifts should be offered to mothers of infants and young children that may promote the use of products.

In a recent inquiry by the Competition Commission of Singapore,²³ which looked at why the price of milk formula had more than doubled in the last nine years (see page 16), Abbott's Similac brands were on average the most expensive on the market, and almost 7% more than the next most expensive brand.

KRAFT HEINZ



KraftHeinz

Nurture®

For a company that had global sales worth almost \$27 billion in 2016, the sale of breast-milk substitutes makes up a relatively small part of Kraft Heinz's business.

Sales for Kraft Heinz's 'infant/nutrition' division – which includes milk formulas – were \$902 million in 2015, down from \$1.1 billion a year earlier.²⁴ While the division only accounts for roughly 5% of the company's business globally, it remains a large player in the baby food market. Before the 2015 merger with Kraft, which created the world's fifth-biggest food company, so-called baby foods made up about 10% of Heinz sales. There are signs from the limited information available that the company is looking to expand this side of the business.

Chief Executive Bernardo Hees, during a recent call with bank analysts, identified "baby food" as one of five categories that has "global potential". He also said that infant nutrition would be among the company's divisions that would benefit from "significant incremental investment in marketing."²⁵

Kraft Heinz is unusual among global peers in that it does not explicitly acknowledge the Code, according to the ATNI.²⁶ There is no indication that it supports exclusive breastfeeding in the first six months or continued breastfeeding up to two years and beyond. In fact, it openly markets baby food products for babies from four months of age.²⁷ It does not disclose marketing policies towards breast-milk substitutes nor does it disclose whether it has any procedures in place to control the sale of the products. The company also fails to disclose a policy towards lobbying.

As a result, the company scored zero for its policy and management systems in the ATNF surveys in Vietnam and Indonesia, although it scored 33% in compliance with the Code on the ground in those countries. As stated in the 2016 ATNI, the company needs to improve its policies as a "matter of urgency". The scorecard ranks Kraft Heinz fourth among the six breast-milk substitute companies listed.

In Australia, Kraft Heinz has been reported to be promoting foods for children from the age of four months. This violates the Code, which states no food or beverages should be promoted to children under six months.



PHOTO: BREAKING THE RULES, STRETCHING THE RULES 2017, INTERNATIONAL BABY FOOD ACTION NETWORK

FRIESLANDCAMPINA



Netherlands-based FrieslandCampina is unusual among makers of milk formula in that the company is owned in its entirety by a cooperative of dairy farmers. Although the company had overall sales of €11 billion in 2016, it does not publish exactly how much of that comes from selling processed milks for babies and small children.

Its 2016 annual report is full of references to the importance these sales had for the company,²⁸ and one media report says its formula business grew by 16% in the first half of that year.²⁹

The 2016 annual report notes how the company saw 2.8% growth in high value-added products, among them infant nutrition. Sales of its biggest formula brand, Friso, “increased in all markets, particularly in China” in 2016. The company also points out how its brands did well in Indonesia and how “social media and targeted digital marketing” helped it gain market share in Vietnam.

FrieslandCampina has also placed emphasis on the use of e-commerce in China, since the company entered that market a decade ago.

“We knew at that time the route to market was crucial, so how do we get in touch with consumers? We came up with a totally new way of communicating with consumers. We went to e-commerce platforms, which was revolutionary in those days. From the infant formula perspective, FrieslandCampina with Friso is the number one supplier on China’s e-commerce platforms,” the company’s Chief Executive Roelof Joosten said during a recent interview with Chinese media.³⁰ Such direct contact with mothers is a violation of the Code.

The strategy, Mr Joosten went on to say, meant the company’s infant nutrition brands are “still in the double-digit growth” in China, even as the rest of the market has slowed down.

Looking ahead, Mr Joosten told *China Daily* in 2017 that “we obviously want to expand further into infant formula” given that it is its most important product range in that market.³¹

Despite the company’s push into China and other Asian markets, it does partially acknowledge the



In Taiwan, it has been reported that a mother won a trip to Holland for sharing her challenges in breastfeeding. In her account, she spoke of the benefits of FrieslandCampina products.

importance of the Code – but not subsequent WHA resolutions. The scorecard ranks FrieslandCampina third among the six global breast-milk substitute companies, with a combined Code compliance rating of 24%.

While the company states its support for exclusive breastfeeding for the first six months, and sets out clear marketing guidelines for its staff, these guidelines apply only to a narrow range of its products. The ATNI says they should be expanded to cover all formula milks aimed at children under the age of three in every country in order to fully comply with the Code and subsequent resolutions.³²

FrieslandCampina's policy is defined based on the laws in each respective country. In the absence of this, it applies its policy of no promotion of infant formula for infants up to twelve months of age globally, but it does not cover complementary foods

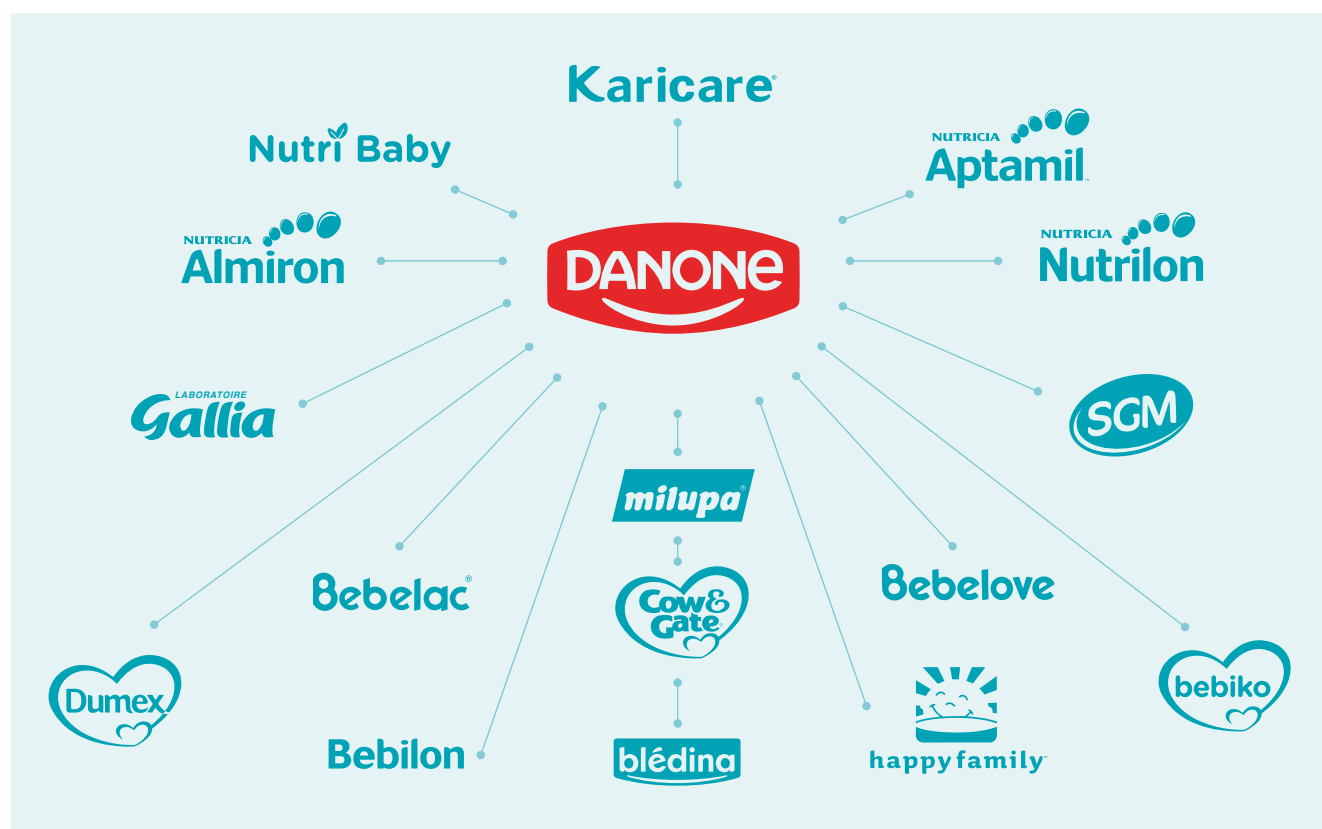
Formula sales are “still in the double-digit growth ... we obviously want to expand further into infant formula”

FrieslandCampina Chief Executive, Roelof Joosten

for this age group. Its policy applies to follow-on formulas for infants six to twelve months old but does not apply at all to growing-up milks for one-year-olds and above.³³

While the company's commitments to some parts of the Code are good on paper, ATNI in-country assessments in Vietnam and Indonesia are less positive, showing only a medium and low level of compliance respectively. The ATNI noted 101 violations in Indonesia and 13 in Vietnam, most of them with growing-up milks.³⁴ FrieslandCampina is not present in India or Thailand.

DANONE



Danone's Early Life Nutrition division saw sales grow by 3.5% in 2016 to reach €5 billion. Sales of its top brands, Aptamil, Dumex and Nutrilon, for infants and small children lead the way in a part of

the business that now accounts for almost a quarter of the company's annual sales.

Emmanuel Faber, the company's Chief Executive, said in 2016 that growth could be “at least” 7%

every year for the next five years, which would take sales above €7 billion by 2021.³⁵

Like many of the big global players, the company is focusing on China to expand sales which, despite tighter regulations and market oversupply, will continue to have a “very significant potential of growth.”³⁶

“We need to continue to build the brand and to make sure that we have the right portfolio, the right activation in order to beat the market growth and really continue to bring Danone to a success in China,” the company’s Chief Financial Officer Cecile Cabanis said in February 2017.³⁷

Mr Faber notes how the company sees potential in the 50 million people that the Beijing government wants to take above the poverty line, and dismisses concerns that economic slowdown and reverse migration from city to rural areas could hurt the business.³⁸

On paper, Danone’s policy commitments, made in what it calls its Green Book, align more closely to the Code than other companies for infants under six months:³⁹ its most recent policy now includes all breast-milk substitutes for this age group.⁴⁰ However, it does not cover follow-up formulas for older infants or young children.

Danone is ranked second in the scorecard, with a combined Code compliance score of 35%. While the company’s management systems are considered by the ATNI to be “some of the strongest evaluated” and its complaints procedures demonstrate “best practice”, it has a worse in-country record than those companies that show less regard for the Code. The ATNI’s in-country assessments in Vietnam and Indonesia found Danone to be the second-worst offender, with a total of 375 breaches of the Code, including 36 breaches for infant formula.⁴¹ More recent results from Thailand revealed 612 incidences of non-compliance.⁴²

Danone ranked lowest among the six BMS companies in Indonesia and Vietnam when it came to providing information and education to mothers and pregnant women that complied with the recommendations of Article 4 of the Code. In Indonesia, 68% of women surveyed recalled seeing



In Brazil, an oversized model of Milnutri Pronutra has been installed outside a Sao Paulo pharmacy to attract customers. Inside they will find a special offer – if they buy two 800g tins they will receive a free set of coloured blocks that slot through the tin’s lid when it is empty. This violates the Code, and Brazilian legislation, which state no promotion of products – ie, no product displays, posters or promotional materials – is allowed.

a Danone advert, while Danone came last when it came to labelling, with 33 of 39 products assessed in both countries in breach of the Code.⁴³

Furthermore, Danone has co-opted, without permission, the 1000 Days campaign of UNICEF, WHO, 1000 Days⁴⁴ and others to promote improvement of maternal, infant and young child nutrition. Danone’s literature does not explicitly state that it is seeking to displace breastfeeding during the first six months, but comments from Ms Cabanis reveal the company is “gradually creating products, services, complements and supplements to address *each* of these stages” (our italics) of the 1,000 days as part of an effort to continue building product categories.⁴⁵ Danone’s Code compliance ranks second from the top on the scorecard, with a combined score of 36%.

“We need to continue to build the brand and to make sure that we have the right portfolio, the right activation in order to beat the market growth.”

Danone Chief Financial Officer, Cecile Cabanis



Nestlé is the world's largest food company and accounts for almost a quarter of all global infant nutrition products. It sold more than \$10.5 billion worth of formula and other foods for babies in 2016.⁴⁶

In recent years Nestlé has adopted human rights language to frame its work on responsible business, working with the prestigious Danish Human Rights Institute to undertake human rights due diligence activities.⁴⁷ However, the enormous impact of aggressive breast-milk substitutes marketing on breastfeeding is not deemed a salient human rights issue in the *Nestlé in Society* report,⁴⁸ despite the UN statement in 2016 that “breastfeeding is a human rights issue for both babies and mothers and should be protected and promoted for the benefit of both”.⁴⁹ This demonstrates a gap between rhetoric and reality.

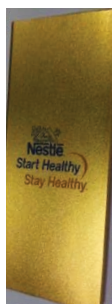
Nestlé acknowledges the importance of the Code, and says it abides by it in countries where it is enshrined in law. But it equates Code compliance with inclusion in the FTSE4Good Index, a set of criteria which is much less demanding, aimed at promoting responsible marketing of processed formulas to babies and small children in ‘high-risk’

countries only and limited to products for children under 12 months (see page 30).⁵⁰ Nestlé updated its policy on the Code in September 2017,⁵¹ but this still only refers to products for infants under 12 months, and fails to recognise the most recent World Health Assembly resolution from 2016 (see page iv). It does, however, provide increased transparency of its healthcare professional sponsorship processes.

Despite the appearance of progress in marketing of breast-milk substitutes to infants over the years, the boycott of the 1970s and 1980s may have led Nestlé executives to be circumspect when talking about infant nutrition.

Nevertheless, there are instances when leaders at the company reveal that they have expansion plans for infant nutrition that are linked to their marketing plans. In one instance, Chief Financial Officer François-Xavier Roger told analysts that Nestlé had “increased [its] marketing spend” to improve the division’s profitability”.⁵²

In China, despite recent difficulties affecting all suppliers of breast-milk substitutes, Mr Roger said Nestlé had “slightly gained market share... we are doing better than the market. We still ambition to do more but I think it’s a good starting point.”⁵³



PHOTOS: BREAKING THE RULES, STRETCHING THE RULES 2017, INTERNATIONAL BABY FOOD ACTION NETWORK

The law in Nigeria prohibits the distribution of gifts that may idealise or promote the use of formula products. Yet in many healthcare facilities, Nestlé gifts – such as Croc-style shoes and power packs, with the Nestlé formula slogan “Start Healthy Stay Healthy” – are reported to have been donated to health care workers at various locations.

Nestlé Chief Executive Mark Schneider told financial analysts in 2017 that the market in China was again growing thanks to “stage one formula or starter formula [which] grew nicely, probably helped by the second child policy.”⁵⁴

And yet, for all the high returns, Nestlé has faced pressure from hedge funds to become more profitable.⁵⁵

Like Danone, Nestlé has appropriated UNICEF and WHO’s 1,000 Days concept to market its own

products, which target mothers from pregnancy through to toddler stage and beyond.

The scorecard ranks Nestlé top, albeit with a poor combined score of 40% compliance with the Code. The ATNI stated Nestlé has some of the most developed internal policies on marketing breast-milk substitutes,⁵⁶ but, while it has the highest overall score relative to others, “in absolute terms its aggregate score is low”.⁵⁷

Nestlé was found to be non-compliant no fewer than 902 times in Thailand, a number close in size to RB, the lowest ranking company.⁵⁸

In Indonesia, Nestlé showed more than twice as many television adverts as any other company, while its record on labelling in Indonesia and Vietnam was also poor, coming fifth out of the six companies. The ATNI said 27 products found in the two countries failed to meet the Code requirements.⁵⁹

The company’s record in Vietnam and Indonesia on providing information for mothers and pregnant women was also poor, ranking fifth among the six companies, while it came last in its record on advertising and promotion to the general public.⁶⁰

COMPANIES’ CODE VIOLATIONS: EXAMPLES FROM CHINA

NESTLÉ

This Nestlé online promotion offers new mothers who register a free trial of formula. This is in violation of the Code, which states:

- “Manufacturers and distributors should not distribute to pregnant women or mothers or infants and young children any gifts of articles or utensils which may promote the use of breast-milk substitutes or bottle-feeding” (article 5.4)
- “Marketing personnel, in their business capacity, should not seek direct or indirect contact of any kind with pregnant women” (article 5.5).



continued on next page

COMPANIES' CODE VIOLATIONS: EXAMPLES FROM CHINA *continued*

ABBOTT

This Similac product by Abbott is marketed for premature babies. The recommendations on the label advertise it as benefiting brain development, growth and bone development. This is in direct contradiction to the advice of WHO for low-birth-weight babies: “LBW infants who are able to breastfeed should be put to the breast as soon as possible after birth when they are clinically stable, and should be exclusively breastfed until six months of age”. (WHO states that “most LBW is a consequence of preterm birth, small size for gestational age, or both”).⁶¹ The Code states that labels must include “a statement about the superiority of breastfeeding” (Article 9.2).



Q: After leaving hospital, what should we feed our premature baby?

A: ...in order to better meet the nutritional needs of a preterm baby, instead of using standard formula or exclusive breastfeeding, the authority recommends use of nutrition intensive formula to complement breastfeeding...

Q: How long should we use the formula after our preterm baby leaves hospital?

A: ...the use of post-hospital formula to feed premature babies can help them to gain height and weight as well as improve bone mineralization...



RB (MEAD JOHNSON)

This Enfamil product by Mead Johnson (owned by RB) shows two images of infants and says that it ‘supports brain development’. This is in violation of the Code, which states that:

- “health and nutrition claims shall not be permitted, except where specifically provided for, in relevant Codex Alimentarius standards or national legislation” (WHA 63.23 [2010])
- “materials should not use any pictures or text which may idealize the use of breast-milk substitutes” (Article 4.2).



FRIESLANDCAMPINA

This Friso product by FrieslandCampina, for infants from 6–12 months, is promoting formula, in violation of the Code, which states: “There should be no advertising or other form of promotion to the general public of products within the scope of this Code” (Article 5.1),



DANONE

This Aptamil product by Danone makes health claims about benefits for babies' vision, brain development and intestinal health. This violates the Code, which states that "health and nutrition claims shall not be permitted, except where specifically provided for, in relevant Codex Alimentarius standards or national legislation" WHA 63.23 [2010].

RECOMMENDATIONS: HOW COMPANIES CAN BE PART OF A RACE TO THE TOP

Save the Children, Action contre la Faim, BRAC, FHI 360, Helen Keller International and SUN – Pakistan advocate full adherence to the Code by all companies, for all breast-milk substitutes, in all countries. As the results in India proved, this is achievable. We call on companies to stop lobbying governments, which undermines national implementation of the Code. And we call on those at the top of these companies to recognise the damage that their ambitious growth targets have on the protection and promotion of breastfeeding, by encouraging aggressive marketing and breaches of the Code within their business, to publicly commit to working towards full Code compliance, and to set an ambitious timeframe for getting there.

Below are specific recommendations to each company to improve their current status – and kick-start a ‘race to the top’ over Code compliance.

RB (MEAD JOHNSON)

Having acquired Mead Johnson in June 2017, we urge RB to take first steps in setting the standard for compliance with the Code. We call on RB to:

- review policy gaps and business practices that result in current poor performance on Code compliance
- produce a clear and transparent strategy for rapid and measurable improvement.

ABBOTT

In April 2017, Abbott published an updated policy on the marketing of infant formula. It acknowledged the Code and its policy states that it will refrain from promotion of products for children aged 0–6 months. However, this policy is still very weak, and rendered weaker by the accompanying caveat that when there is a conflict between national law and Abbott’s policy, the company will apply national law – meaning that in countries where there is no law or the laws are weak, Abbott will only abide by that lower standard. This is the case for their largest market in the USA. To avoid being left behind, we call on Abbott to:

- take immediate steps to apply its company policy to all countries, even where the local law

requires a lower standard of compliance, and publish a road-map to Code compliance

- urgently put in place the necessary management systems to deliver on these policy commitments
- strengthen and expand its policy on the promotion of breast-milk substitutes to cover the major omissions and weaknesses against the Code – including, but not limited to, addressing transparency in lobbying, and stating Abbott’s commitment to all WHA resolutions.

KRAFT HEINZ

While the ATNI found limited evidence of Code breaches on the ground, Kraft Heinz scores zero for corporate policy commitments, because it has not published any. Furthermore, it fails to recognise WHO guidance on exclusive breastfeeding up to six months. To leapfrog up the scoreboard, we call on Kraft Heinz to:

- immediately state its acknowledgement of the Code, and that it is working towards a policy to ensure adherence for all relevant food products
- develop and publish a company policy which adheres to the Code
- immediately take the necessary steps to end promotion of baby foods for use from four months of age (rather than six months) in all markets.

FRIESLANDCAMPINA

Despite some alignment with the Code in its policies, FrieslandCampina, like Abbott, follows national regulations when they are weaker than their internal standards, making its own policies meaningless. Furthermore, FrieslandCampina policies do not apply to all products within the Code. To keep pace, FrieslandCampina must:

- take immediate steps to apply its company policy to all countries, even where the local law requires a lower standard of compliance, and provide a roadmap to Code compliance
- strengthen its policy to apply to all products – starting with ending complementary foods marketed to babies under six months, and extending to follow-on formulas and growing-up milks
- stop cross-promotion of products, which leads to confusion for carers and potential danger for infants and young children.

DANONE

Danone, whose policy was updated in May 2016, states that its own policy applies even when it is stricter than local regulations; it also applies its policy on all breast-milk substitutes for babies under six months worldwide – both important points that helps it outrank all other companies apart from Nestlé. However, with regards to compliance of all its other products, Danone makes the distinction between ‘high-risk’ countries and ‘low-risk’ countries, creating a detrimental double-standard in its support for breastfeeding. There is also a significant gap between what is set out in its policies and compliance on the ground, undermining the positive steps it has taken. In order for Danone to be a leader in a race to the top, we call on it to:

- adhere to the Code in full by rolling out its global policy approach to all breast-milk substitutes and putting an end to the false high-risk/low-risk distinction
- address failings in its internal systems, which result in large gaps between policy commitments and on-the-ground compliance
- address the remaining gaps in its policies by acknowledging all subsequent WHA resolutions passed are part of the Code, which includes applying its policy to follow-on formulas and growing-up milks as well as infant formula, and stopping cross-promotion of products.

NESTLÉ

Nestlé has the largest global market share in breast-milk substitutes and has policies most closely aligned with the Code. However, the company falls far short of fulfilling its role as a market leader by failing to translate words into action: its on-the-ground compliance falls well below its scores for its commitments on paper. It also fails to recognise that the impact of its activities on the protection of breastfeeding is itself a salient human rights issue. To retain its position at the front of the pack, we call on Nestlé to:

- take urgent steps to ensure policies are translated into change in practice on the ground
- remove the distinction between high- and low-risk countries and ensure that its policy applies to all countries
- address the remaining gaps in its policies by acknowledging all subsequent WHA resolutions passed are part of the Code, which includes applying its policy to follow-on and growing-up milks as well as infant formula, and stopping cross-promotion of products.

6 How investors could help millions of children

The largest global fund management firms have more than \$110 billion¹ invested in companies that market milk formula. As we have documented in this report, the profits these companies generate are fuelled in part by marketing practices that directly – and profoundly – harm children. Investors could have a transformational role in motivating companies to take positive action on this issue.

Over the past two decades, shareholder activism and the rise of sustainable investing and corporate attention to environmental, social and corporate governance issues have helped change corporate practices on a range of issues. For instance, in the pharmaceutical sector, the investment community played a pivotal role in prompting policy reforms aimed at making access to medicines more affordable in the poorest countries. Investors recently have mobilised to pressure fast food companies and pub chains to reduce the use of antibiotics in their food supply chains, due to fears that antibiotic overuse is damaging human health and putting future returns at risk.² Meanwhile, the climate crisis has prompted major investors to take the lead in driving the investments needed to achieve a low carbon transition.³

There is a long history of savers and investors seeking to invest their money in ethical companies, with demand for such opportunities expanding rapidly in recent years. In the USA, the Forum for Sustainable and Responsible Investment has calculated a 33% growth in socially responsible investment from 2014–16.⁴ This expansion is reflected in the proliferation of sustainability and ethical funds and indices, which are designed to take into account the environmental, social and governance performance of businesses. This shift, even by mainstream investors, has in part been enabled by clarifications around fiduciary duties in different contexts, which has increased the scope for environmental, social and governance factors to be taken into account by investors seeking to act in the best interests of their beneficiaries.⁵

While inappropriate milk formula marketing has long been identified as a barrier to breastfeeding, it is only recently that the full social and economic costs of low breastfeeding rates have been more fully understood. Furthermore, with the recent advent of the ATNF BMS Index and NetCode surveys we now have the means to systematically quantify and track company compliance and the gap between policy and practice. These two factors should give investors pause for thought when considering the risks of investing in these companies, and lead them to pay direct attention to the risks to investors posed by the marketing activities of these companies. Given the enormity of the impact on children's lives, reputational damage resulting from negative publicity is a real threat. The gap between policy and on-the-ground compliance, indicating a failing in management, should be a concern to investors who value effective corporate governance. Where incentives to sell are greater than those to stick to the rules, the risk of legal disputes and fines exists.

While not all the responsibility of persuading companies to adhere to the Code is placed at the door of the biggest money managers, they have a valuable role to play. So too do the trustees of pension funds and other similar organisations who entrust the savings of millions of people to fund managers.

Most of the big fund managers and pension funds acknowledge the importance of responsible investing and almost all have signed up to the UN's Principles for Responsible Investing, in which investors can insist on "adoption of/adherence to relevant norms,

standards, codes of conduct or international initiatives”.⁶ The marketing of milk formula by companies they have invested in contradicts these pledges and warrants further investigation.

Where possible, demands for change should be made directly through informal conversations with management. However, if formula makers fail to respond, investors should make their influence felt through votes at companies’ AGMs. And as a last resort – though this report is not intended to mark the start of a divestment campaign – they should consider selling their stakes where that is a possibility.

Active investment funds have the power to wield huge influence over the boards of the companies they have a stake in. Unfortunately, the majority have appeared too timid to push for change, particularly when it comes to social or environmental issues.

Passive investors – those who buy shares in any company listed on a stock market index, such as

the S&P 500, the Dow Jones or the FTSE100 – also wield significant influence over company strategy. Fund managers have voting rights and have the potential to block decisions proposed by the Chief Executive on a range of issues, including pay.⁷ They can also introduce shareholder resolutions to demand that company management address environmental, social and governance issues. Moreover, ‘passivity’ in this context should not be interpreted as an exemption from the imperative to promote ethical practices that save lives.

The time has come for the investment community to look at the evidence, reassess the risks, and act decisively. That community includes well-known names in the financial world. These investment companies aspire to high ethical standards, but are benefitting from investments in companies that have a negative effect on child and maternal health.⁸ Taking positive action to support the Code and increase child survival globally would be consistent with important actions taken on other issues as part of their fiduciary responsibilities.

Conclusion and recommendations

Six companies today are among the leaders in the aggressive promotion of milk formula and other foods for very young children. Nestlé, Danone, RB, Abbott, FrieslandCampina and Kraft Heinz present a substantial global barrier to the life-saving and life-enhancing benefits of breastfeeding.

The breast-milk substitute industry has grown dramatically in spite of the Code adopted by the World Health Assembly almost 40 years ago, and in spite of an overwhelming and largely uncontested body of scientific evidence which shows that milk formula doesn't come close to the benefits provided by breast milk.

The aggressive marketing behaviour of the companies cannot be right when it has the potential to put children at risk. There is an urgent need for radical change, and for these companies to stop promotional activities that undermine breastfeeding and may harm those babies and small children they are claiming to help.

Save the Children, Action contre la Faim, BRAC, FHI 360, Helen Keller International and SUN – Pakistan recommend that:

1. The **Chief Executives of these global manufacturers and distributors of breast-milk substitutes** publicly commit to upholding the Code and its subsequent resolutions and agree to meet targets set to achieve full compliance. We call on companies to commit to:
 - introducing a company-wide policy and strategy that is aligned with the Code and subsequent resolutions, and that supersedes any national law where that law is weaker than the Code
 - ensuring all breast-milk substitutes marketing standards are aligned across different geographies
 - ensuring board-level support and oversight for a Code compliance strategy
 - ensuring employees are educated and motivated to drive forward Code compliance
 - incorporating Code compliance into governance and operational structures.
2. **Investors** should support companies to increase compliance and hold them to account by:
 - encouraging companies to engage in initiatives that set progressive, industry-wide standards to drive up compliance by all breast-milk substitute companies
 - demanding a Code and policy audit: investors should demand an independent assessment of existing policies and make sure they align with the Code
 - demanding an action plan: through bilateral engagement or shareholder meetings; chief executives should deliver a strategy – with measurable and time-bound benchmarks – to accelerate progress towards full compliance with the Code
 - escalating, in the face of no or limited engagement from the company, by:
 - filing or supporting special shareholder resolutions
 - voting against management on items such as the remuneration policy or the re-election of the Chair
 - if the company completely fails to engage or shows no signs of progress, considering divesting holdings in these companies.

3. **Governments** should incorporate the Code and subsequent resolutions fully into their laws and regulations, and should invest in independent monitoring free from commercial interest and in effective enforcement mechanisms, working in collaboration with WHO's monitoring mechanism, NetCode. Governments should:
 - make adherence to the Code a condition for sales of breast-milk substitutes within national boundaries
 - clarify product categories and names, and forbid cross-marketing of products
 - address the issue of marketing via digital and social media
 - set advertising standards that prohibit some practices by law and fine companies that are not compliant
 - work closely with civil society and communities on monitoring, accountability and compliance.

Appendix: Methodology for in-country assessments

INTRODUCTION

In-country assessments are based on surveys in Vietnam, Indonesia, India and Thailand, each conducted by Westat for ATNF. The first three were conducted using the Interagency Group on Breastfeeding Monitoring (IGBM) Protocol, whereas the study in Thailand was based on the 2016 NetCode Protocol. The surveys assess the compliance of breast-milk substitute companies in each country with the Code and national regulations. The research includes interviews with pregnant women and mothers, interviews with healthcare workers in health facilities, analyses of information materials and sales promotions in retail stores, as well as analyses of product labels and media advertising.

METHODOLOGY

In order to calculate an in-country compliance score, incidences of non-compliance by company were aggregated, normalised by the number of assessed products, excluding data from mothers' and health workers' interviews (see Limitations). Based on their relative level of compliance, companies were assigned in each country a rating of "complete compliance" (no observations of non-compliance), "high relative compliance" (less than 1 incidence of non-compliance, normalised), "medium relative compliance" (between 1.1 and 2 incidences), and "low relative compliance" (more than 2.1 incidences). An average score by company over the four analysed countries was calculated, scoring complete compliance at 100%, high compliance at 66%, medium compliance at 33% and low compliance at 0%. To calculate the average, the compliance scores for each company were summed for all four countries where results were available and divided by the total number of countries in which each company was found to sell products

(FrieslandCampina only operates in two of the four countries analysed; results for Kraft Heinz could only be used for three countries). As the scorecard is based on the in-country assessments carried out by Westat for ATNF, a detailed description of the underlying methodology and limitations of their studies can be found in the BMS Annex to the ATNI 2016 report.

LIMITATIONS

All surveys were conducted in one major city where information was collected and health facilities selected (Hanoi in Vietnam, Jakarta in Indonesia, Mumbai in India and Bangkok in Thailand). Due to the concentration of the research on only one location within a country, the analyses cannot be extrapolated for the rest of the country as those locations are unlikely to be representative for the whole country. Furthermore, although all research was conducted either in accordance with the IGBM Protocol guidance or the 2016 NetCode Protocol, the selection of mothers and health facilities, as well as of products, are not necessarily statistically representative of the whole population. Furthermore, the IGBM Protocol focuses on pregnant women and mothers with children less than six months old, and therefore does not assess the promotion of breast-milk substitute products for older children; the Thailand NetCode study does, however, include women with children up to 24 months of age. Moreover, the studies were conducted at one point of time and do not provide information on trends over a longer period.

The scorecard focuses only on six multinational breast-milk substitute manufacturers with over 50% of the breast-milk substitute market share, though analysis of all companies in the market was undertaken. The number of products assessed depends on the number of products found by the research teams across a wide range of retailers.

However, more products might have been available for sale in stores or online which the researchers did not visit or find. The results for Vietnam, Indonesia and India include both products produced specifically for the local markets as well as those imported from abroad (parallel imports), whereas the results for Thailand exclude parallel imports.

As data based on the recall of mothers and health workers might be biased, those incidences of non-compliance were not included in the analysis,

as objective information was collected as well, providing objective data on which to base the assessment of compliance.

When the four in-country assessments were compiled into the practice scorecard, all country analyses have the same weight, thus not taking into account the different population sizes of the countries studied nor the relative contribution to companies' global revenues of each country's sales.

Endnotes

INTRODUCTION

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1 THE CASE FOR BREASTFEEDING

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6 HOW INVESTORS COULD HELP MILLIONS OF CHILDREN

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DON'T PUSH IT

Why the formula milk industry must clean up its act

The unique life-saving and life-enhancing benefits of breastfeeding are proven.

Yet the global market in breast-milk substitutes is seeing a five-fold increase in two decades. By 2019 it is projected to be worth a staggering \$70 billion. Much of this growth stems from powerful marketing campaigns that have led mothers to limit or abandon breastfeeding.

Don't Push It looks at the aggressive marketing activities of six global companies – RB, Abbott, Kraft Heinz, FrieslandCampina, Danone and Nestlé – that together own more than 50% of the market in breast-milk substitutes. And it shows how promotion of milk formula is being driven from the most senior levels of each organisation.

The report sets out recommendations for dramatic change to benefit millions of children. It calls on industry to publicly commit to upholding an international Code designed to prevent companies from promoting milk formulas and to create a 'race to the top' to ensure millions of children get the healthiest start in life. It also calls on investors to support companies to increase compliance and hold them to account, and on governments to protect breastfeeding by incorporating the Code in full into domestic law.

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