



Why Nestlé Is One of the Most Hated Companies in the World

Description

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Child labor, unethical promotion, manipulating uneducated mothers, pollution, price fixing and mislabeling – those are not words you want to see associated with your company. Nestle is the world's largest foodstuff company, and it has a history that would make even hardcore industrialists shiver. We're gonna look at why Nestle has such a bad reputation and whether or not it deserves it.

Introduction

Nestle company Image copyright unknown

Just some of Nestle's more well-known brands. Image via [Rasica](#).

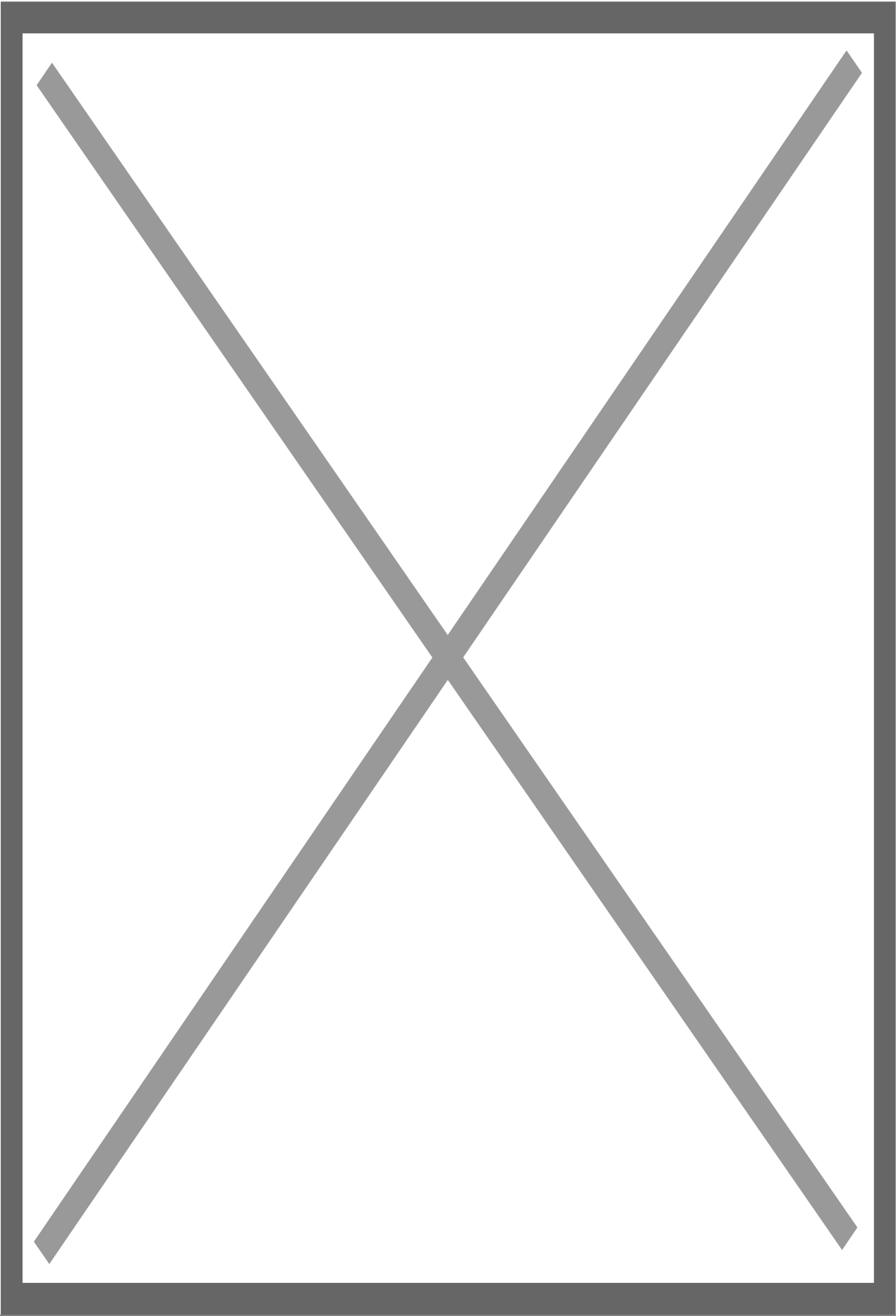
People love to hate, and they really love to hate on big companies – whether or not they have a reason to. I especially dislike it when the latter happens. Companies (big companies included) are the very backbone of our economy, and they often get a bad rep for little or no reason. But sometimes there is a reason, or as in this case, several solid reasons, as we'll see below. Which brings me to the next point: why are we writing this article? ZME Science is a science website (crazy, right?), and this is not strictly science, at least not in the way our regular articles are. But we also write about environmental issues, especially when they affect many of us, and especially when we can make a difference.

Nestle is a Swiss multinational food and beverage company. According to [Wikipedia](#), their products include baby food, bottled water, breakfast cereals, coffee and tea, confectionery, dairy products, ice cream, frozen food, pet foods, and snacks. Twenty-nine of their brands have sales of over \$1 billion a year and have over 8,000 brands. They have 447 factories across 194 countries and employ around 333,000 people. They truly are what you would call a giant. They're also considered to be one of the best employers in Europe with six [LEED](#) certifications and sponsor numerous activities and sustainable projects. Looking at only [these stats](#), it would seem that Nestle is one of the “good guys”... but then why are they so hated? Let's take it step by step.

Baby Formula and Boycott

We're in the '90s, and this is a sad story about poverty, breastfeeding, and greed. Nestle aggressively pushed their breastfeeding formula in less economically developed countries (LEDs), specifically targeting the poor. They made it seem that their infant formula was almost as good as a mother's milk, which is highly unethical for several reasons.

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This is one of the first Nestle formula ads, from 1911.

The first problem was the need for water sanitation. Most of the groups they were targeting – especially in Africa – didn't have access to clean water (many don't to this day), so it was necessary for them to boil the water. But due to low literacy rates, many mothers were not aware of this, so they mixed the formula with polluted water which put the children at great risks. Nestle seems to have knowingly ignored this and encouraged mothers to use the formula even when they knew the risks. Breastfeeding, one of the most important aspects for an infant, especially in unsanitized areas, was cast aside. Baby formula was “the nearest thing in the world”, and this “splendid triumph of care and science” is “so like mother's milk that the tiny stomach won't notice the difference”. But the tiny stomach did notice the difference.

“Breastfeeding is unparalleled in providing the ideal food for infants. The optimal way to feed a baby is exclusive breastfeeding for the first six months followed by breastfeeding combined with complementary foods until the child is two years old...” – a 2007 Save the Children report.

Many mothers were able to read in their native language but were still unable to read the language in which sterilization directions were written. Even if mothers understood the need to boil the water, they might not have had the facilities to do so. [UNICEF estimates](#) that a formula-fed child living in disease-ridden and unhygienic conditions is between 6 and 25 times more likely to die of diarrhea and four times more likely to die of pneumonia than a breastfed child. Another problem was that mothers tended to use less formula than needed – to make the jar last longer, resulting in many infants receiving inadequate amounts.

But even if the water was boiled, and even if the formula was administered in the right proportion and in the right quantity, it is lacking in many of the nutrients and antibodies that breast milk provides. Breast milk contains the required amount of the nutrients essential for neuronal (brain and nerve) development, and to some extent, protects the baby from many diseases and potential infections. According to the International Baby Food Action Network (IBFAN), Nestle used unethical methods to promote their infant formula to poor mothers in developing countries. But it gets even worse.

Image on the right: Rachael Romero, San Francisco Poster Brigade Boycott Nestle, 1978 poster (Courtesy Inkworks Press Archive, Berkeley, CA)

boycott nestle

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IBFAN claims that Nestle distributes free formula samples to hospitals and maternity wards; after leaving the hospital, the formula is no longer free, but because the supplementation has interfered with lactation, the family must continue to buy the formula. [Nestle denies](#) those allegations... sort of.

“Nestlé takes reports on non-compliance with the WHO Code very seriously and we have endeavored to investigate all allegations brought to our attention, despite the fact that in many cases we are not provided with accurate details substantiating the accusations. This makes it difficult for us to investigate how, where and when the alleged infringement could have occurred. Some of the allegations are several years old before they are brought to public attention, which also could complicate the investigation.”

Health experts were concerned from the very start. It's been known for quite a while that bottle-feeding infants in impoverished tropical environments, with limited sanitation and refrigeration, can be a recipe for disaster. But Nestlé's asked that critics should focus on doing something to improve unsafe water supplies, which contributed to the health problems associated with bottle feeding. They also later used this approach to promote their bottled water, using their huge marketing budget to influence people's behavior, while avoiding denying any direct responsibility.

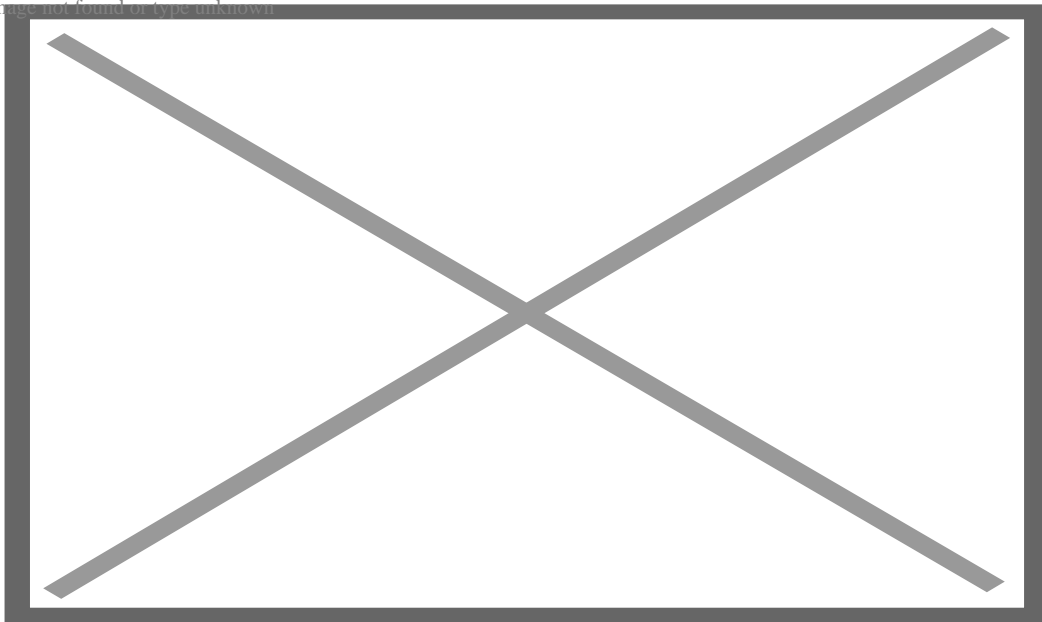
Today, several countries and organizations are still boycotting Nestle, despite their claims to be in compliance with WHO regulations. There's even a committee, the *International Nestlé Boycott Committee* that monitors their practices. Several universities and student organizations have also joined the boycott, especially in the UK.

More recently, the company has also been under head for a study on breastmilk substitutes in India. India's apex medical research authority asked the company to stop paying study participants, which [included](#) pregnant and breastfeeding mothers.

It's not clear how many lives that were lost directly and indirectly due to this aggressive marketing campaign, and of course, Nestle does not claim responsibility for these tragedies. But it was easy for them, as it was easy for everybody to see the risks and the negative effects their formula was having. It was easy for them to save many lives, but they chose the money instead. Profits before children — check. Let's move on.

Nestle and Water

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Brown admitted that Nestlé currently wastes about 30% of the 700m gallons of water a year it draws from the ground in California. Image via Sum of Us.

Few people know it, but Nestle is actually the world's largest producer of bottled water. In fact, they're so keen on their water business (which also involves many of their other products), that they believe water isn't a universal right. Chairman Peter Brabeck-Letmathe said:

"There are two different opinions on the matter [or water]. The one opinion, which I think is extreme, is represented by the NGOs, who bang on about declaring water a public right. That means that as a human being you should have a right to water. That's an extreme solution."

Having access to water is not an extreme solution. It's what we have called a basic need for centuries.

Even Brabeck, after the media attack that followed, backed down. He said that he “believes that water is a human right” and “advocates for universal access to safe drinking water”. But his actions, as well as Nestle’s actions, show that that’s just greenwashing.

At the second World Water Forum in 2000, Nestle pushed for making access to drinking water from a “right” to a “need,” a defining change. Meanwhile, Nestle drains the aquifers it controls as much as possible, without any regards to sustainable usage or environmental concerns. A recent case is the [California drought](#) – an issue without precedent in the past 1,200 years. But Nestle doesn’t care. Even as Starbucks recently announced they would transfer their [Ethos water bottling facility](#) from California to Pennsylvania, Nestle CEO Tim Brown said: [“Absolutely not. In fact, if I could increase \[water bottling operations\], I would.”](#)

Yes, if he could, he’d increase water bottling operations, even though Nestle has been working without a permit since 1988. Inhabitat reports that the company has been sourcing its water from the San Bernardino National Forest without a permit and they’ve been recently been bumped to the front of the queue for permit renewal (which will take around 18 months), and they can keep working in the meantime as long as they pay a laughable \$524 annual fee. Also, California doesn’t know how much water Nestle uses, because they have no legal grounds for making the company divulge this information, and Nestle hasn’t published any reports. An independent analysis puts all their water usage at 1 billion gallons a year.

Arguably, that’s not much when you considering that 500 billion gallons of water that will be saved under Gov. Brown’s new water restrictions, but there’s something absurd and immoral about a private company using as much water as they want while the rest of the state is facing severe restrictions.

But other areas in the world have it even worse than California.

In the small Pakistani community of Bhati Dilwan, a former village councilor says children are being sickened by filthy water. Who’s to blame? He says it’s bottled water maker Nestle, which dug a deep well that is depriving locals of potable water.

“The water is not only very dirty, but the water level sank from 100 to 300 to 400 feet,” Dilwan says. ([source](#))

Indeed, unsustainable usage of aquifer water can lead to a significant decrease in water levels, and can even exhaust the aquifer. That’s right, underground water isn’t the inexhaustible source many people believe it to be. In the case of Bhati Dilwan, people are getting sick because if the community had fresh water piped in, it would deprive Nestle of its money source – bottled water under the Pure Life brand. Greedily using natural resources for profits? Check.

water nestle

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The small village of Bhati Dalwan is suffering a water crisis following the development of a Nestle water bottling facility. Image [source](#).

But when Nestle isn't trying to privatize water or use it without regards to the environment, it's simply bottling... tap water. A Chicago-based business has sued the company (again), claiming that the five gallon jugs of Ice Mountain Water they bought were nothing else than tap water. It may come as a shock to you, but nearly half of the bottled water in PET plastic bottles is actually from a tap – though Nestle never advertised this. They know what's likely going to happen though, as this is almost a dress rehearsal of a previous scandal. Twelve years ago Nestle Waters was sued over allegation of false labeling, and ultimately settled for \$10 million in charitable contributions and discounts.

More recently, Nestle expressed their concern to the city of Flint, Michigan, which was undergoing a massive water crisis at the time — a crisis which still takes a toll to this day. Meanwhile, the company was using nearby water reserves for their own bottled water products. Nestle was bottling hundreds of thousands of bottles, paying only \$200 to use this natural reserve.

Child labor, abuse, and trafficking

Most people love chocolate, but few know the dirty deals behind chocolate production. The 2010 documentary [The Dark Side of Chocolate](#) brought attention to purchases of cocoa beans from Ivorian plantations that use child slave labour. The children are usually 12 to 15 years old, and some are trafficked from nearby countries – and Nestle is no stranger to this practice.

child work Nestle

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Children labor was found in Nestle's supply chain. Image via Crossing Guard Consulting.

In 2005, the cocoa industry was, for the first time, under the spotlight. The [International Labor Rights Fund](#) filed a lawsuit against Nestle (among others) on behalf of three Malian children. The suit alleged the children were trafficked to Côte d'Ivoire, forced into slavery, and experienced frequent beatings on a cocoa plantation. In 2010, the US District Court for the Central District of California determined corporations cannot be held liable for violations of international law and dismissed the suit – a controversial decision which has since been appealed. But even if Nestle wasn't legally liable for these abuses, they are, at least morally. But that wasn't the only case of this kind.

A report by an independent auditor, the Fair Labor Association (FLA), says it found “multiple serious violations” of the company's own supplier code. It was reported that Nestle hadn't carried out checks against child labor and abuse. Additionally, many injuries caused by machetes, which are used to harvest cocoa pods, have been reported. Nestle's excuse can be summed up broadly as ‘everybody does it’:

“The use of child labour in our cocoa supply chain goes against everything we stand for,” says Nestle's Executive Vice-President for Operations Jose Lopez. “No company sourcing cocoa from the Ivory Coast can guarantee that it doesn't happen, but we can say that tackling child labour is a top priority for our company.”

The FLA reported that Nestle was fully aware of where their cocoa was coming from and under what conditions, but did little to improve conditions. Child slavery and abuse? Check.

Health Threats

In July 2009, the [Food and Drug Administration](#) (FDA) and the Centers for Disease Control and Prevention (CDC) warned consumers to avoid eating any varieties of prepackaged Nestle Toll House refrigerated cookie dough due to risk of contamination with E. coli O157:H7 (a foodborne bacterium that causes illness). In the US, it caused sickness in more than 50 people in 30 states, half of whom required hospitalization. In particular, one woman had a fatal infection before the batch was reclaimed.

“The fact that our product was implicated in Linda Rivera’s 2009 illness and tragic passing was obviously of grave concern to all of us at Nestle,” the company said in a statement. “Since then, we have implemented more stringent testing and inspection of raw materials and finished product to ensure the product meets our high quality standards,” which sort of makes you wonder – why weren’t stringent testing and inspections implemented in the first place?

But this is just a minor incident compared to the 2008 [Chinese Milk Scandal](#). Six infants were killed and 860 were hospitalized with kidney problems after Nestle products were contaminated with melamine, a substance sometimes illegally added to food products to increase their apparent protein content.

In October 2008, Taiwan Health ministry announced that six types of milk powders produced in China by Nestlé contained low-level traces of melamine and were removed from the shelves.

The scandal quickly escalated, with China reporting over 300,000 victims, raising concerns about the security of major food companies operating in China. Two people were executed and several life prison sentences were issued, with the World Health Organization (WHO) referring to the incident as one of the largest food safety events it has had to deal with in recent years.

Nestle denied implication and claimed that all its products are clean, but the Taiwan government linked their products to toxic melamine. As a response, Nestle says it has sent 20 specialists from Switzerland to five of its Chinese plants to strengthen chemical testing.

Pollution

As with any “respectable” large company, Nestle has been involved in several incidents regarding pollution. A 1997 [report found](#) that in the UK, over a 12 month period, water pollution limits were breached 2,152 times in 830 locations by companies that included Cabdury and Nestle. But again, the situation in China was much worse.

While people in the US and Europe are slowly becoming more environmentally concerned and some are opting for more sustainable sources of water, Nestle has moved to another market – Asia. Alongside companies such as Kraft or Shell, Nestle made several environmental violations.

Nestle Sources Shanghai Ltd’s bottled water manufacturing plant also made the list for starting operation before its wastewater treatment facilities had passed an environmental impact assessment.

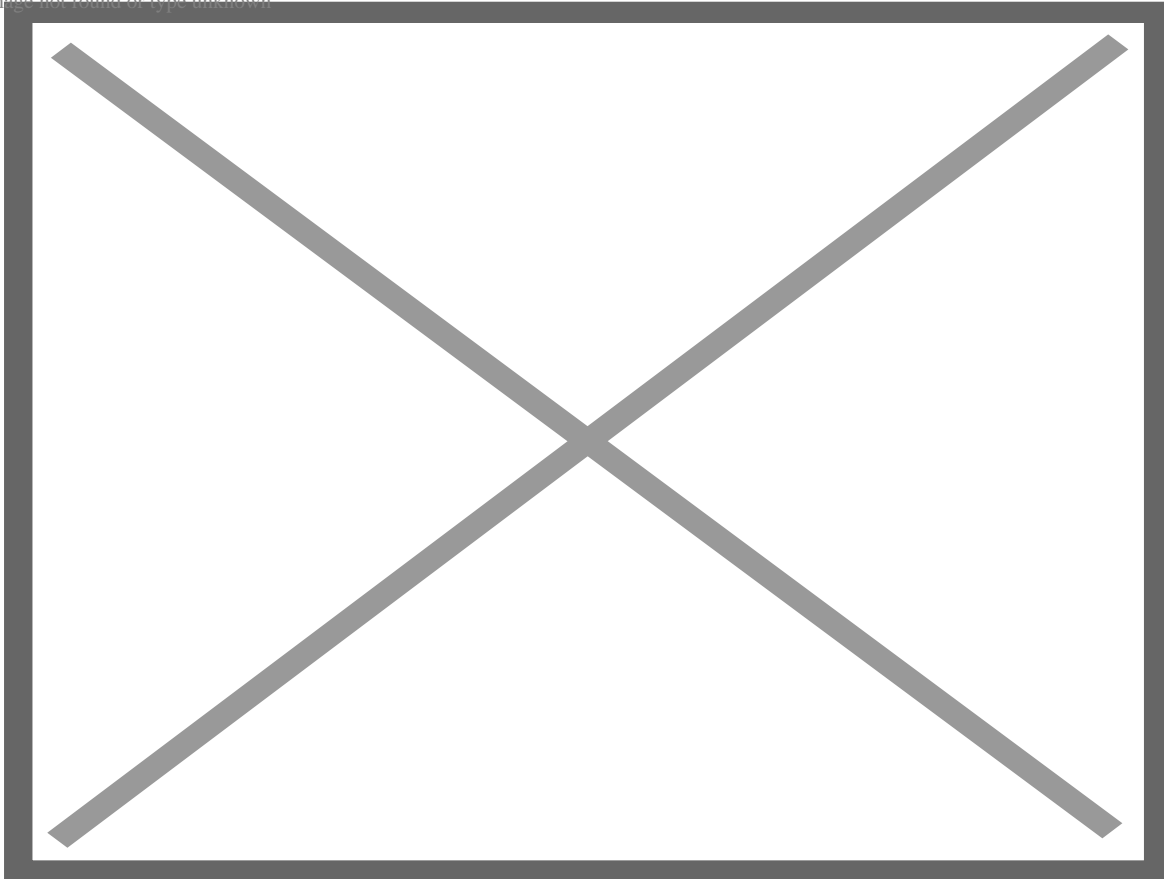
“These are only some of the water pollution violations committed by multinational companies in China, since our website has yet to cover information about air and solid waste pollution,” said Ma Jun,

director of the Institute of Public & Environmental Affairs. “The parent companies in their home countries are models for environmental protection. But they have slackened their efforts in China.”

Another article claims that Nestle capitalizes on China’s already-polluted waters to make a good profit, while Corporate Watch highlights the fact that Nestle continues to extract water illegally from Brazil for their Perrier brand. Although Nestlé lost the legal action, pumping continues as it gets through the appeal procedures, something which can take ten years or more.

Ethiopian Debt

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Ethiopia was going through a nation-wide famine. Image via Wikipedia.

In 2002, Nestle made what turned out to be a colossal error: demanding that Ethiopia pay them back a debt of US\$6 million. There’s nothing wrong with that per se... if Ethiopia wasn’t facing extreme famine at the time. For a company that has 29 brands that make over \$1 billion a year, asking a famine-stricken country to pay you back 6 million seems questionable, to say the least.

Nestle’s claim dates back to the 1970s when the military regime in Addis Ababa seized the assets of foreign companies.

The public roar came almost overnight; with the company receiving 40,000 letters from outraged people, in one of the most famous cases of public opinion beat corporate greed. In the end, Nestle took a U-turn, settling for a partial debt which was also invested in the country’s bouncing back from

famine. For Nestle, who initially insisted that the compensation issue was “a matter of principle” and that it was in the best interest of Addis Ababa to settle the demand to repair its record with foreign investors, it was a huge moral defeat. For analysts, it was an exciting case which showed that even giants can falter in the face of public opinion.

“This is a welcome result because it shows that Nestle is not immune to public pressure,” said Phil Bloomer, a senior policy analyst.

A Deal With Mugabe

Striking dubious partnerships to make a profit seems to be a recurring theme. The Swiss multinational made a deal with the wife of the infamous dictator from Zimbabwe Robert Mugabe, buying 1 million liters of milk a year from a farm seized from its rightful owners by Grace Mugabe

Grace has taken over at least six of Zimbabwe’s most valuable white-owned farms since 2002, building a farming empire from illegally confiscated farms, which led to an international boycott, as well as EU and US sanctions. She is known for her ridiculously lavish lifestyle, which includes overseeing the construction of two luxuriant castles. In 2014, she was given a doctorate diploma only three months after signing up for the program. Nestle went forward with the deal though, even as the country’s agriculture-based economy was collapsing and inflation was reaching unheard of levels.

Price Fixing

In Canada, the Competition Bureau raided the offices of Nestlé Canada (along with those of Hershey Canada Inc. and Mars Canada Inc) in an investigation on price fixing. Nestlé and the other companies were subject to class-action lawsuits and ultimately settled for \$9 million, without actually admitting liability. Furthermore, former president and chief executive officer of Nestle Canada is facing criminal charges.

In the US, another, larger trial was rejected, because even though it was plausible that the same thing happened in the US, there was no clear evidence of any foul play. The suspicion remained however and still lingers with the company.

Promoting Unhealthy Food and Mislabeling

That Nestle is promoting unhealthy food should come as no surprise, but the level at which they operate it is simply staggering. A recent report by the UK Consumers Association claims that 7 out of the 15 breakfast cereals with the highest levels of sugar, fat, and salt were Nestle products.

“Nestlé claims to be ‘the world’s leading nutrition, health, and wellness company’, but when it comes to food marketing to kids, Nestlé is a laggard, not a leader,” said [CSPI](#) nutrition policy director Margo G. Wootan.

Nestle dismissed all responsibility in promoting healthy food. To pour even more salt in the foods wound, mister Brabeck came out with a dismissive interview in the Telegraph, claiming that he is not obese yet ‘every morning I have a tablet of dark chocolate as my breakfast’ and that it is the perfect

balance and contains everything he needs for the day. Hey, after all, who would actually think that Nestle's cereals are healthy, right?

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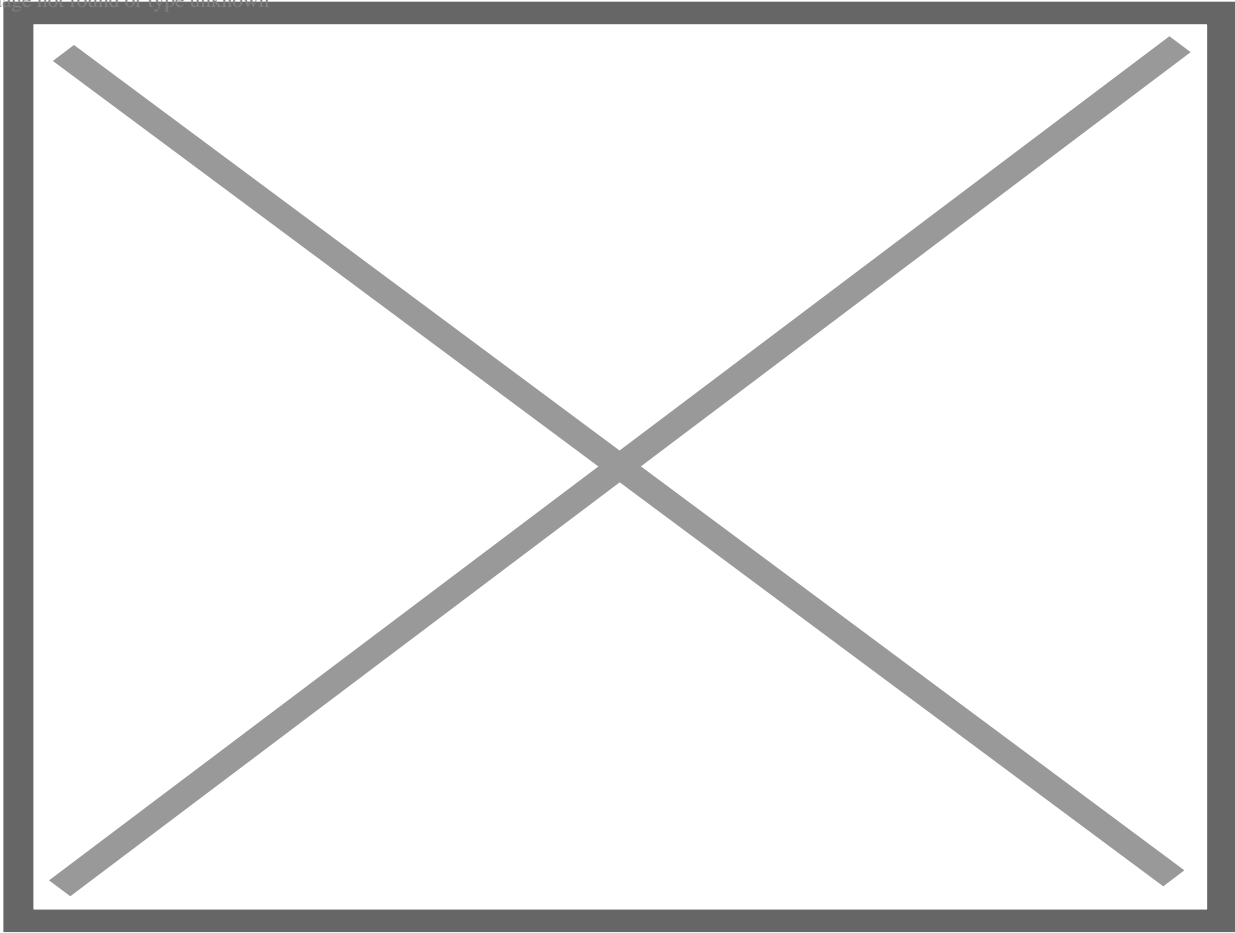


Image via Vevivos.

But while Nestle's labels aren't simply misleading, they have also been downright false. In November 2002, police ordered Nestle Colombia to decommission 200 tons of imported powdered milk, because they were falsely relabeled, not only as a different, local brand, but also with a different production date. A month later another 120 tons suffered the same fate, causing uproar among the Colombian population.

Nestle bringing old powdered milk from a different country and labeling as local and new is not only unethical and illegal, but it poses health hazards for consumers.

Drawing the Line

All major companies have incidents, accidents and scandals. When you have so many people working for you, it's virtually impossible to maintain a clean sheet. Someone will eventually screw up, someone will eventually do something they should. As I was preparing to write this article, a friend actually asked me if other companies don't have a similar record, and advised me to look at Mars, for example. What I found was that Mars and other big companies have indeed had their share of scandals (sometimes the

same ones as Nestle), but not nearly on the same scale. Nestle has shown, time and time again, that they have few ethics and little interest in a real social responsibility. From promoting their formula to uneducated African mothers to lying about production dates, to using water without a permit to dealing with ruthless dictators, they have often gone the extra mile to make an extra profit – even when the extra mile meant hurting people, directly or indirectly.

By Mihai Andrei

Featured image: Nestle's CEO, Peter Brabeck. (Source: ZME Science)

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