

Marketing to Children Compliance Assessment (Russia)

Nestlé

30 April 2020

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1. Executive summary

1. Executive summary

Zero

Policy deviations identified during our analysis in Russia

Dashboard overview

The table below provides a summary of marketing activity for each product category in scope and observations identified:

| Marketing channel | Product categories in scope | | | | | | | |
|---------------------------|-----------------------------------|-----------------------------------|-----------------------------------|--|---------------------------------|-----------------------------------|-----------------|-----------------|
| | Chocolate confectionary | Confectionary products (confetti) | Sugar confectionary | Confectionary products (gifting boxes) | Nestlé waters with added sugars | Cereal Partners Worldwide (CPW) | Culinary | Infant cereals |
| Television | No observations | No activity | No observations | No activity | No activity | No observations | No observations | No observations |
| Digital media | Proactive improvement opportunity | No observations | No observations | No observations | No observations | No observations | No observations | No observations |
| Influencers / ambassadors | No observations | No activity | No activity | No activity | No activity | No activity | No activity | No activity |
| Print media | No activity | No activity | No activity | No activity | No activity | No activity | No activity | No activity |
| Radio | No activity | No activity | No activity | No activity | No activity | No activity | No activity | No activity |
| Cinema | No activity | No activity | No activity | No activity | No activity | No activity | No activity | No activity |
| Outdoor | No observations | No activity | No activity | No activity | No observations | No activity | No activity | No observations |
| Event sponsorship | No activity | No activity | No activity | No activity | No observations | No activity | No activity | No activity |
| Use of toys/premiums | Proactive improvement opportunity | No activity | No activity | No activity | No activity | No activity | No activity | No activity |
| Packaging | No observations | No observations | Proactive improvement opportunity | No observations | No observations | No observations | No observations | No observations |
| Point of Sale | No observations | No activity | No activity | No observations | No observations | Proactive improvement opportunity | No activity | No observations |

| Key | Policy deviation | Agreed non-compliance with Nestlé Policy or Implementation Guidelines | Proactive improvement opportunity | No Policy deviation, however opportunity for improvement identified | No observations | Marketing activity existed for product category, however no observations were identified | No activity | There was no marketing activity for the product category during the assessment period |
|-----|------------------|---|-----------------------------------|---|-----------------|--|-------------|---|
|-----|------------------|---|-----------------------------------|---|-----------------|--|-------------|---|

2. Background

2. Background

As the world's largest food and beverage, nutrition, health and wellness company, Nestlé is working together with stakeholders, customers and retailers to create a healthier environment for individuals and families.

Over recent years concerns about child obesity have been rising continuously.

As an industry leader, Nestlé has proactively taken a number of steps in response to these concerns.

Nestlé participates in industry activities aimed at furthering responsible advertising to consumers such as those carried out by International Chamber of Commerce, the International Food and Beverage Alliance and the Consumer Goods Forum.

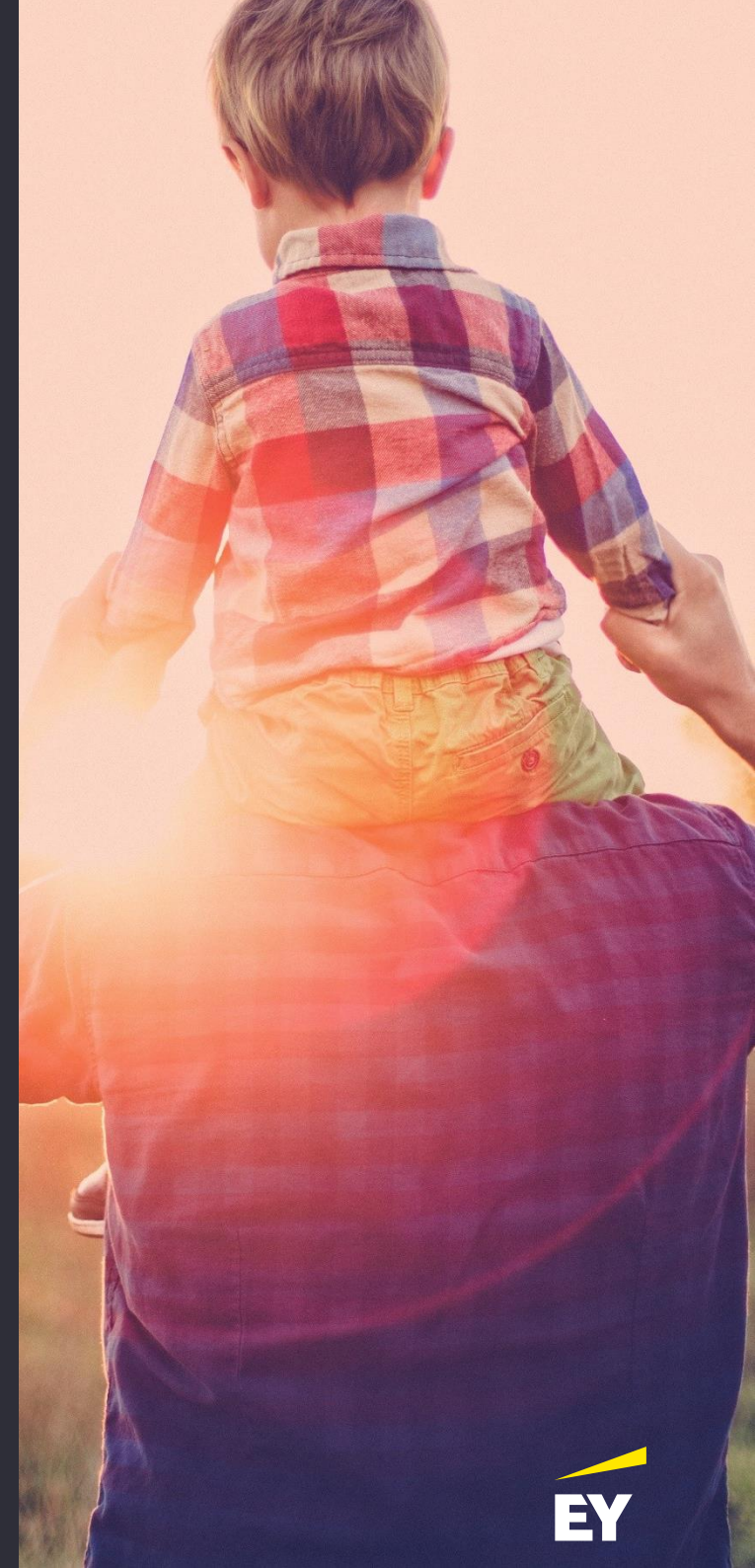
Nestlé is a signatory of industry Pledges covering over 50 countries, including the voluntary advertising to children initiatives in the United States (CFBAI) and in the European Union (EU Pledge).

These industry Pledges are subject to third party compliance monitoring.

In order to fulfil its global commitment to inspire people to live healthier lives, Nestlé engaged EY to perform its third party compliance monitoring of marketing communication to children in **Russia**

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As a vulnerable group, children deserve particular attention, and we firmly support responsible marketing practices.



3. Coverage

3. Coverage: current PoS and historical analysis

Sample size

We provide an overview of the sample size analysed during the onsite assessment per channel in the table below:

| Channel | Product categories | Sample size |
|--|--|-------------|
| Television ¹ | Confectionary (chocolate/sugar), CPW, culinary, infant cereals | 9 |
| Influencers / ambassadors ² | Confectionary (chocolate) | 9 |
| Print media | - | No activity |
| Radio | - | No activity |
| Cinema | - | No activity |
| Outdoor (e.g. billboards) | Confectionary (chocolate), Nestlé waters with added sugars, infant cereals | 8 |
| Event sponsorship | Nestlé waters with added sugars | 11 |
| Primary schools | - | No activity |
| Use of toys or premiums | Confectionary (chocolate) | 1 |
| Packaging | All categories | 4 |
| Point of Sale (historical) | All categories | 13 |
| Point of Sale (current) ³ | All categories | 65 |
| TOTAL | | 120 |

¹ Refer to Appendix B for the full television viewership analysis

² For the nine influencers, a total of 33'581 posts were analysed across multiple social media platforms with zero policy deviations

³ Assessed during physical onsite visits. Store locations based on proximity to primary schools

Methodology

We selected our sample based on the following:

Historical assessment

- ▶ For the following channels, we selected a sample size of 100% for activity relating to products in scope from 1 Jan 2019 until 31 Dec 2019 ("Period in scope"), as indicated by Nestlé Russia and/or identified in the local campaign and activity calendar:
 - ▶ Television
 - ▶ Outdoor
 - ▶ Event sponsorship
 - ▶ Use of toys or premiums
 - ▶ Packaging
 - ▶ Point of Sale ("PoS") campaigns
- ▶ There was no marketing activity identified during the period in scope for print media, radio, cinema or primary schools

Current PoS assessment

- ▶ The 65 stores visited during the onsite assessment were based on proximity to a selection of 12 prominent primary schools in and around Moscow
- ▶ The onsite assessment covered all product categories with a focus on placement, PoS campaigns, use of toys or premiums and/or packaging

3. Coverage: digital media analysis

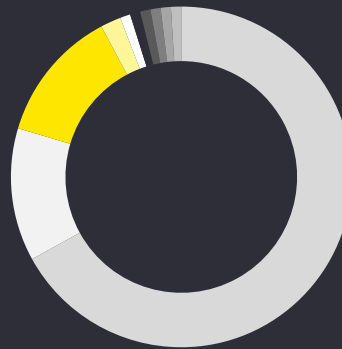
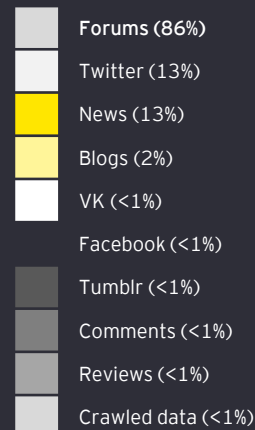
- ▶ We analysed **173,797 posts** with tags related to Nestlé and products in scope across Russia between January 2019 and February 2020 with **zero policy deviations**
- ▶ Using 'sentiment analysis', posts were categorized into positive, neutral or negative based on associated key words
- ▶ Where identifiable, age, gender and location demographic analysis was conducted

| City | Identifiable posts |
|--------------|--------------------|
| Central | 13'692 |
| Volga | 5'380 |
| Northwestern | 3'961 |
| Siberian | 2'800 |
| Urals | 1'673 |
| Far Eastern | 953 |

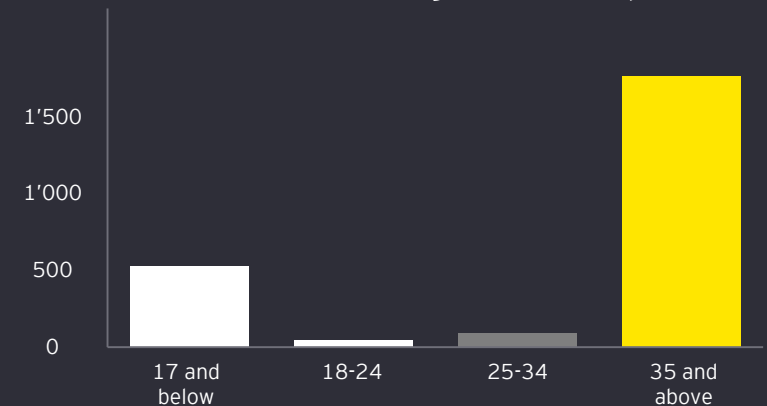


| Top sites by post volume | |
|--------------------------|--------|
| vk.com | 44'338 |
| twitter.com | 22'977 |
| 4pda.ru | 13'952 |
| baby.ru | 8'284 |

Source of keyword searches

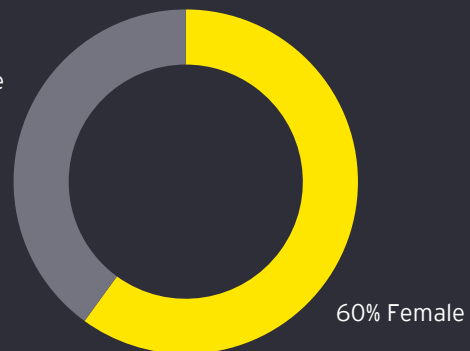


Identifiable age (2'567 posts)

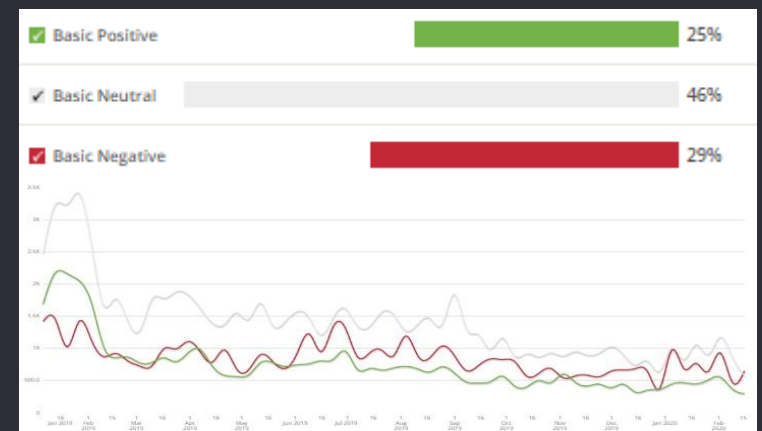


Identifiable gender (65k posts)

40% Male



60% Female



Sentiment: 25% positive / 46% neutral / 29% negative

4. Detailed observations

4. Detailed observations

| Product(s) | Channel(s) | Observations / comments | Nestlé Policy / Guidelines | Agreed outcome |
|--------------------------------------|----------------------------|--|---|-----------------------------------|
| Nesquik (chocolate confectionery) | 1. Use of toys or premiums | <ul style="list-style-type: none"> Chocolate confectionery products are not eligible for MtC activity per the Policy The premium identified is a 'snow slider' that may have primary appeal to children under 12 years of age (despite being intended for the gatekeeper to promote an active lifestyle), however we understand that the item was intended as a seasonal premium during the Christmas period and therefore would fall into the policy exemption As the item was identified outside of the intended period, it is possible that the retailer was selling leftover stock. Whilst this is not directly in Nestlé's control, it presents a reputational risk due to possible perceptions of the consumers Nestlé Russia should consider the risk of third parties offering such items outside of the intended period and take additional mitigating steps (e.g. clearly stating item not for resale or use outside of certain period, requesting destruction or recall from retailer etc.) | <p>IV. Detailed implementation guidelines for eligible and non-eligible products:</p> <p><i>"Products that are not eligible cannot have premiums appealing to children below 12 years of age. All products can have on-pack or in-pack premiums that are oriented to gatekeepers. [...] such as:</i></p> <ul style="list-style-type: none"> a) <i>Items related to product usage (bowls, spoons, sippy cups, etc.) or</i> b) <i>Unbranded items with clear educational value to the child (books, educational videos/music)"</i> | Proactive improvement opportunity |

Supporting information:



4. Detailed observations

| Product(s) | Channel(s) | Observations / comments | Nestlé Policy / Guidelines | Agreed outcome |
|------------|------------|---|---|-----------------------------------|
| CPW | 1. PoS | <ul style="list-style-type: none"> ▶ We observed one instance (below) where a retailer was incorrectly executing a PoS display intended for CPW products by including a non-eligible chocolate confectionary product (Nesquik chocolate tablets) ▶ The display incorporated a fictional character potentially of primary appeal to children below 12 years of age ▶ Whilst this is not directly in Nestlé's control, it presents a reputational risk due to possible perceptions of the consumers ▶ As such, Nestlé Russia should consider the risk of third parties execution and take additional mitigating steps | <p>III. Assessment check list for non-eligible products</p> <p>If your product is non-eligible [...] you must answer NO to all questions below to be in line with the policy:</p> <p><i>"Does the marketing communication use celebrity endorsers or fictional characters of primary appeal children below 12 years of age?"</i>.</p> <p><i>"Does the marketing communication use typeface/font size/color combination language/text/navigation other aspects of design that are clearly intended to make the marketing communication attract children below 12 years of age?"</i></p> | Proactive improvement opportunity |

Supporting information:



4. Detailed observations

| Product(s) | Channel(s) | Observation(s) / comment(s) | Nestlé Policy / Guidelines | Agreed outcome |
|----------------------------------|--------------|--|--|-----------------------------------|
| BonPari (sugar confectionery) | 1. Packaging | <ul style="list-style-type: none"> Sugar confectionery products are not eligible for MtC per the Policy The packaging identified incorporated fictional characters potentially appealing to children below 12 years of age Consider implementing packaging with less appeal to children below 12 years of age (e.g. less prominence of the character, use of characters more clearly appealing to children above 12 years of age, involving more active lifestyle etc.) | <p>III. Assessment check list for non-eligible products</p> <p>If your product is non-eligible [...] you must answer NO to all questions below to be in line with the policy:</p> <p><i>"Does the marketing communication use celebrity endorsers or fictional characters of primary appeal children below 12 years of age?"</i></p> | Proactive improvement opportunity |

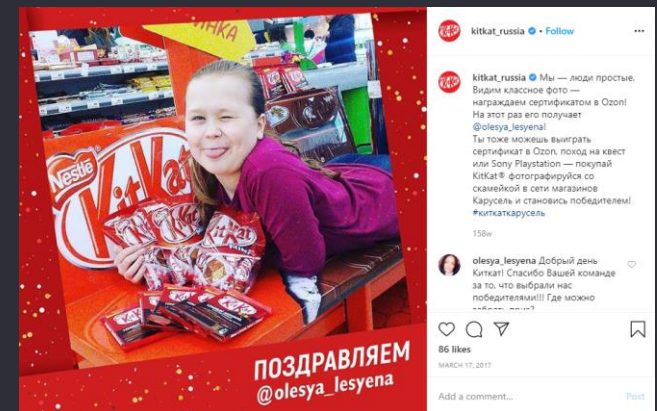
Supporting information:



4. Detailed observations

| Product(s) | Channel(s) | Observations / comments | Nestlé Policy / Guidelines | Agreed outcome |
|-------------------------------------|---------------------------|--|--|-----------------------------------|
| KitKat (chocolate confectionery) | 1. Digital media (direct) | <ul style="list-style-type: none"> Chocolate confectionery products are not eligible for MtC per the Policy Prior to reposting UGC via an official channel, Nestlé should consider compliance with MtC requirements (e.g. presence of a gatekeeper, children below 12 not to appear as spokesperson, not encouraging over-consumption) | <p>IV. Detailed implementation guidelines for eligible and non-eligible products</p> <p><i>"Children below 12 shown on packs, in POS material, etc., should not appear to be acting as a spokesperson for the product."</i></p> <p><i>"...brands consumed by children above 6 must not feature primary actors/talents that are or seem younger than 6."</i></p> <p><i>"...Promotions on products for children must not urge purchase or promote over-consumption, use pester-power or raise unrealistic expectations."</i></p> | Proactive improvement opportunity |

Supporting information:



Source: KitKat Russia Instagram (@kitkat_Russia)

5. Limitations

5. Limitations

General limitations

- ▶ We draw your attention to the limitations inherent in this report
- ▶ We were not required to and did not undertake an audit in accordance with Russian, Swiss or any other auditing standards. Consequently, no assurance has been expressed
- ▶ The scope of our work was limited to analysis of documentation and information made available to us and specific enquiries undertaken to pursue our mandate. We have not verified the authenticity or validity of the documentation made available to us
- ▶ We have included information that we obtained verbally, in this report. Unless expressly indicated otherwise, we cannot verify that such information obtained is credible or truthful
- ▶ For the digital media monitoring component, our analysis was limited to publicly available information accessible on the open web
- ▶ If additional or new information is brought to our attention subsequent to the date of this report which would affect the findings detailed below, we reserve the right to amend and qualify our findings accordingly
- ▶ None of the observations, considerations or contents of this report constitutes legal advice or opinions

6. Appendices

6. Appendix A – Glossary

Disclaimer

Throughout this report, unless otherwise stated, the following references apply. These references serve to clarify this report and are not intended to be authoritative:

| Abbreviation | Description |
|---------------------|---|
| CFBAI | Children's Food and Beverage Advertising Initiative |
| CPW | Cereal Partners Worldwide |
| EASA | European Advertising Standards Alliance |
| EU Pledge | The EU Pledge on Advertising to Children is a voluntary initiative by leading food and beverage companies to change food and beverage advertising to children under the age of twelve on TV, print and internet in the European Union. Nestlé was a founding member when the EU Pledge was launched in December 2007, Link here |
| Gatekeeper | Parent or guardian of the child |
| MtC | Marketing to Children |
| NF | Nestlé Nutritional Foundation: The status attained by any Nestlé food or beverage product when it meets the specific criteria established by the Nestlé Nutritional Profiling System, Link here |
| PoS | Point of Sale |
| The Period in scope | 1 January 2019 to 31 December 2019 |
| The Policy | Nestlé Marketing Communication to Children Policy, January 2018, Link here |
| UGC | User Generated Content |

6. Appendix B – Television viewership analysis

| National language channel | Nestlé product category | % of audience between 4-12 ¹ | | | |
|---------------------------|--|---|--------------|--------------|--------------|
| | | Jan-Mar 2019 | Apr-Jun 2019 | Jul-Sep 2019 | Oct-Dec 2019 |
| Che | Confectionary, CPW | 7% | 7% | 7% | 8% |
| Discovery Channel | CPW | 6% | 6% | 6% | 7% |
| Domashniy | Confectionary, culinary | 8% | 7% | 7% | 8% |
| Friday | CPW, infant cereals | 9% | 9% | 9% | 9% |
| Kanal Disney | Infant cereals | 12% | 14% | 14% | 14% |
| Karusel | Infant cereals | 13% | 13% | 13% | 13% |
| Match Tv | Confectionary | 8% | 8% | 8% | 8% |
| Mir | Confectionary, culinary, CPW, infant cereals | 7% | 6% | 7% | 7% |
| Muz Tv | Confectionary, culinary, CPW, infant cereals | 9% | 9% | 9% | 9% |
| Ntv | Confectionary, culinary | 9% | 8% | 9% | 9% |
| Pervy Kanal | Confectionary, culinary, infant cereals | 9% | 9% | 9% | 10% |
| Pyaty Kanal | Confectionary, culinary | 8% | 7% | 8% | 8% |
| Ren Tv | Confectionary | 9% | 9% | 9% | 9% |
| Rossiya 1 | Confectionary, culinary, CPW, infant cereals | 9% | 9% | 9% | 9% |
| Ru.Tv | Confectionary, CPW, infant cereals | 8% | 8% | 9% | 9% |
| Sts | Confectionary, culinary, CPW, infant cereals | 10% | 10% | 10% | 10% |
| Sts Love | Infant cereals | 8% | 8% | 7% | 8% |
| Super | Confectionary, CPW, infant cereals | 7% | 7% | 8% | 8% |
| Tnt | Confectionary, culinary, CPW, infant cereals | 9% | 9% | 9% | 9% |
| Tnt 4 | Confectionary, CPW | 7% | 7% | 7% | 7% |
| Tv Tsentr | Confectionary, culinary, CPW | 7% | 7% | 7% | 7% |
| Tv-3 | Confectionary, culinary, CPW, infant cereals | 9% | 9% | 9% | 9% |
| U | Confectionary, culinary, CPW, infant cereals | 7% | 7% | 7% | 8% |
| Zvezda | Confectionary, culinary, CPW | 7% | 7% | 7% | 7% |

¹ Marketing communication will be deemed directed to children below 12 years of age if 25% or more of the media channel's audience is of that age groups



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As the world's largest food and beverage, nutrition, health and wellness company, Nestlé is working together with stakeholders, customers and retailers to create a healthier environment for individuals and families.

Nestlé Marketing Communication to Children Policy

January 2018

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