



FTSE4Good Inclusion Criteria for the Marketing of Breast Milk Substitutes



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Section 1

Introduction

1.0 Criteria

An important component of FTSE Russell's Environmental, Social and Governance (ESG) criteria, used to assess corporate practices and performance, are these Breast Milk Substitute (BMS) Marketing Criteria. These form part of the Customer Responsibility Theme in FTSE Russell's ESG Ratings methodology and form a requirement threshold for inclusion in the FTSE4Good Index Series. Companies which manufacture BMS products must meet these BMS Marketing Criteria in full in order to enter the index series.

The FTSE4Good Breast Milk Substitutes (BMS) marketing inclusion criteria require company policies to align with the World Health Organization (WHO) International Code of Marketing of Breast Milk Substitutes and subsequent World Health Assembly (WHA) resolutions. In addition company policies must align with national legislation or regulations implementing the Code if national policies are more demanding than the Code.

Section 2

Risk Categories

2.0 Risk Categories

Although the WHO Code makes no distinction between countries the FTSE4Good criteria currently place greater focus on where there is greatest risk to infant health. Please see the document FTSE4Good BMS Criteria and the WHO Code for further details regarding the Criteria and the Code.¹

2.1 Higher Risk Countries

A number of countries will be considered “higher risk” in terms of levels of infant mortality and morbidity. Countries will be considered “higher risk” if they meet either of the following criteria (see Appendix):

More than 10 per 1000 under 5 mortality rate

More than 2% acute malnutrition (moderate and severe wasting) in under-5s

2.2 Lower Risk Countries

All other countries will be considered “lower risk”.

¹ See the following website for the document <http://www.ftse.com/products/indices/F4G-BMS>

Section 3

Criteria Requirements

3.0 Criteria Requirements

3.1 Policy Criteria

Company policy should be publicly available and include:

1. Acknowledgement of the importance of the International Code of Marketing of Breast-milk Substitutes, and subsequent relevant WHA resolutions², hereafter referred to as “the Code”.³
2. Defining responsibility at Corporate Executive Board or Executive Management level and at the individual country level for the implementation and monitoring of the company policy.
3. Acknowledgment that, independently of any other measures taken by governments to implement the Code, manufacturers are responsible for monitoring their marketing practices according to the principles and aim of the Code, and for taking steps to ensure that their conduct at every level conforms to their policy in this regard.

3.1.1 Additional Policy Criteria with Regard to Company Operations in Higher Risk Countries:

4. Acknowledgement that the adoption and adherence to the Code is a minimum requirement for these countries and where national legislation or regulations implementing the Code are more demanding than the Code, the company will follow the national measures in addition to the Code.
5. Explicit confirmation that there will be no advertising or promotion of infant formula, follow-on-formula products (for the use of infants under the age of 12 months), or delivery products (i.e. teats and bottles) in these countries.
6. Explicit confirmation that complementary (weaning) foods and drinks will not be promoted for the use of infants under the age of six months in these countries.

3.1.2 Additional Policy Criteria with Regard to Company Operations in Lower Risk Countries:

7. Commitment to follow all national regulations in relation to the marketing and promotion of breast milk substitutes.

Note: The FTSE4Good BMS Criteria Advisory Group will review the requirements for Lower Risk Countries and will regularly monitor their application in order to bring them, over time, in line with the high risk requirements.

² Subsequent resolutions include; WHA 39.28 (1986), WHA 45.34 (1992), WHA 47.5 (1994) WHA 49.15 (1996), WHA 54.2 (2001), WHA 55.25 (2002), WHA 58.32 (2005), WHA 59.11 (2006), WHA 61.20 (2008), WHA 63.23 (2010), WHA 65.6 (2012), WHA 69.9 (2016)

³ Further details can be found at <http://www.who.int/nutrition/publications/infantfeeding/en/index.html> http://www.who.int/nutrition/publications/infantfeeding/Frequently_ask_question_Internationalcode.pdf http://www.who.int/nutrition/publications/code_english.pdf and at http://www.who.int/nutrition/topics/wha_nutrition_icycn/en/

An additional criteria that will be assessed as part of FTSE Russell's ESG Ratings assessment but that currently will not be a requirement of FTSE4Good Index inclusion is:

“Whether the company meets the criteria, as set out for Higher Risk Countries, in all countries it operates in”. This indicator assesses global application of the criteria.

3.2 Corporate Public Policy and Lobbying of Regulators

Companies have a valid and important engagement role in the development of effective and appropriate legislation. They should have clear, openly-stated and enforceable policies on the objectives and practice of their political lobbying regarding government's implementation of the Code, and specifically companies must:

1. Be open about their objectives, and make position papers publicly available to demonstrate consistency and;
2. Seek to ensure that the trade associations and industry policy groups to which they belong, operate to the same high standards with membership of such organizations being disclosed.

The assessment of a company against these criteria will take into account any credible evidence that a company has deliberately and consistently attempted to undermine public policy frameworks that aim to implement the Code in any country.

3.3 Management Systems

FTSE Russell propose that companies should clearly demonstrate the presence and application of the following management systems:

1. Clear communication of the company policies, procedures for its implementation throughout the marketing processes, and provision of training in their application, to senior management and all relevant marketing staff operating in the Higher Risk Countries.
2. Clear accountability and responsibility within the Company for the implementation of systems for compliance with policy at all levels.
3. Whistleblowing procedures that allow employees to report outside their normal management reporting line potential non-compliance with company policy in a way that protects them from possible negative consequences of such reporting.
4. On-going systematic internal monitoring of compliance with policy.
5. Systems for investigating and responding in a timely manner to alleged non-compliance reported by governmental bodies, professional groups, institutions, NGOs or other individuals from outside the Company.
6. Systems for taking, as well as tracking, corrective action on all non-compliance cases, both internally and externally reported.
7. Regular verification to provide evidence of well functioning Policy compliance management and monitoring systems, conducted by a suitably qualified expert.
8. In addition to management reviews, the production of annual summary reports to the Board of Directors on internal monitoring, external reporting and corrective actions taken regarding non-compliance.

3.3.1 Additional Management Systems Criteria with Regards to Company Operations in Higher Risk Countries:

9. In addition for operations in higher risk countries companies must provide to the FTSE4Good BMS Criteria Advisory Group, on request, copies of any related marketing literature and product labelling and inform the BMS Criteria Advisory Group when there are material changes to promotional material and activities.

3.4 External Reporting

Adequate company reporting procedures should include making annual summary reports available on adherence to policy, non-compliance, and corrective action taken.

3.5 Verification

In addition to Management Systems Criteria 7 above, once included, companies will be required to obtain regular external verification against a specific framework. This will demonstrate to the FTSE4Good BMS Criteria Advisory Group evidence of well-functioning policy compliance management and monitoring systems. This verification will be conducted by assurance providers using the FTSE4Good BMS Marketing Verification Tool.

3.6 Governance and Performance Criteria

FTSE Russell will maintain a small Expert BMS committee, comprising academics and experts on the industry, which will review company reports, and other information they deem appropriate, to assess whether companies adhere to the FTSE4Good criteria and to make recommendations to the FTSEESG Advisory Committee as to the continuing eligibility of companies.

Any company which is found to be systematically not complying with its policy will be given notice that they will be removed from the index series at the sole discretion of the FTSE ESG Advisory Committee.

Appendix A: Higher Risk Countries

Higher Risk Countries

The list below is of the countries which have “More than 10 per 1000 under 5 mortality rate” or “More than 2% acute malnutrition (moderate and severe wasting) in under-5s”*

Afghanistan	East Timor	Madagascar	Saint Vincent and the Grenadines
Albania	Ecuador	Malawi	Samoa
Algeria	Egypt	Malaysia	Sao Tome and Principe
Angola	El Salvador	Maldives	Saudi Arabia
Antigua and Barbuda	Equatorial Guinea	Mali	Senegal
Argentina	Eritrea	Marshall Islands	Serbia
Armenia	Ethiopia	Mauritania	Seychelles
Azerbaijan	Federated States of Micronesia	Mauritius	Sierra Leone
Bahamas	Fiji	Mexico	Solomon Islands
Bahrain	FYR Macedonia	Mongolia	Somalia
Bangladesh	Gabon	Montenegro	South Africa
Barbados	Gambia	Morocco	South Sudan
Belarus	Georgia	Mozambique	Sri Lanka
Belize	Ghana	Myanmar	Sudan
Benin	Grenada	Namibia	Suriname
Bhutan	Guatemala	Nauru	Swaziland
Bolivia	Guinea	Nepal	Syria
Bosnia and Herzegovina	Guinea-Bissau	Nicaragua	Tajikistan
Botswana	Guyana	Niger	Thailand
Brazil	Haiti	Nigeria	Togo
Bulgaria	Honduras	Niue	Tonga
Burkina Faso	India	Oman	Trinidad and Tobago
Burundi	Indonesia	Pakistan	Tunisia
Cambodia	Iran (Islamic Republic of)	Palau	Turkey
Cameroon	Iraq	Palestinian Territory	Turkmenistan
Cape Verde	Ivory Coast	Panama	Tuvalu
Central African Republic	Jamaica	Papua New Guinea	Uganda
Chad	Jordan	Paraguay	Ukraine
China	Kazakhstan	Peoples Republic of Congo	United Arab Emirates
Colombia	Kenya	Peru	United Republic of Tanzania
Comoros	Kiribati	Philippines	Uruguay
Cook Islands	Kuwait	Qatar	Uzbekistan
Costa Rica	Kyrgyzstan	Republic of Moldova	Vanuatu
Democratic Peoples Republic of Korea	Lao People's Democratic Republic	Romania	Venezuela
Democratic Republic of Congo	Lebanon	Russia	Vietnam
Djibouti	Lesotho	Rwanda	Yemen
Dominica	Liberia	Saint Kitts and Nevis	Zambia
Dominican Republic	Libya	Saint Lucia	Zimbabwe

*Countries will be added to the higher risk country list following a review by the BMS Criteria Advisory Group if they meet the thresholds for at least two consecutive years.

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