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## **FTSE Group leads collaboration to improve Breast Milk Substitute marketing practices**

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**London, 10 February 2011:** FTSE Group ("FTSE"), the award winning global index provider is pleased to announce a new collaborative initiative to commission external verification assessments of company marketing practices in relation to 'Breast Milk Substitute' (BMS) products.

This controversial subject has attracted significant media and NGO attention over many years due to the inappropriate marketing of infant formula and the resulting health impact on infants. Companies that operate in the BMS sector will be required to certify that marketing standards are being followed in order to secure their on-going inclusion in the world's leading responsible investment index, FTSE4Good. An independent and external assessor will review the evidence of this. It is expected that the initiative will result in improving the current low levels of trust that exist between the industry and non-governmental groups.

The verification assessment will be commissioned in collaboration and consultation with a number of organisations including the Global Alliance for Improved Nutrition (GAIN), the Church of England's Ethical Investment Advisory Group (EIAG), the Methodist Church, and the United Reformed Church. USAID is also discussing collaboration with FTSE on this important work, and PricewaterhouseCoopers has been appointed as the assessor for the first cycle.

In September 2010, the FTSE4Good Policy Committee approved final revisions to the FTSE4Good Breast Milk Substitutes marketing inclusion criteria. These set requirements for company policies which cover lobbying, management systems, and reporting. The criteria build on the WHO International Code of Marketing of Breast-Milk Substitutes and subsequent World Health Assembly (WHA) resolutions ('The Code'). The revised criteria were drafted by FTSE and updated based on the outcomes of a consultation exercise with companies, investors and NGOs, including both UNICEF UK and Save the Children.

Once a company meets these criteria and is included in the index it will be subject to the verification assessment process. The findings will help to assess whether the companies have well-functioning policy compliance, management and monitoring systems.

FTSE is a corporate partner of UNICEF, and David Bull, Executive Director of UNICEF UK welcomed this initiative stating "The revised criteria and FTSE's work in encouraging and supporting companies to comply with them has the potential to make a major contribution to the efforts of WHO, UNICEF and other organisations involved in the protection, promotion and support of breastfeeding. UNICEF looks forward to following this initiative closely as it seeks to support and strengthen progress towards full code compliance."

Commenting on this, Mark Makepeace, Chief Executive, FTSE Group said, "Securing good infant nutrition, including protecting breastfeeding, is a fundamental component in improving the health of babies and infants around the world. This initiative supports and encourages leading companies to demonstrate responsible business practices in this challenging area and further builds on the comprehensive environmental and social inclusion criteria for the FTSE4Good Index Series."

"GAIN believes that all sectors have a role to play in improving access by low income populations to good nutrition", said Marc Van Ameringen Executive Director of the Global Alliance for Improved Nutrition. "GAIN supports a range of mechanisms that reinforce responsible practices and positive action by the private sector to respect international ethical standards and we believe these verification assessments will catalyse significant improvements."

Richard Nunn, Convenor of the United Reformed Church Investment Committee, added "The URC is pleased to endorse this engagement initiative. It will promote good practice through independent verification assessments which will encourage best-in-class behaviour in relation to manufacture and marketing of child nutrition products."

For more information on the FTSE4Good Index Series please visit:

[http://www.ftse.com/Indices/FTSE4Good\\_Index\\_Series/index.jsp](http://www.ftse.com/Indices/FTSE4Good_Index_Series/index.jsp)

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## Notes to Editors

### About FTSE Group

FTSE Group ("FTSE") is a world-leader in the creation and management of indices. With offices in London, Beijing, Dubai, Frankfurt, Milan, Mumbai, Hong Kong, Madrid, New York, Paris, San Francisco, Sydney, Shanghai and Tokyo, FTSE works with investors in 77 countries globally. It calculates and manages a comprehensive range of equity, fixed income, real estate and investment strategy indices, on both a standard and custom basis. The company has collaborative arrangements with a number of stock exchanges, trade bodies and asset class specialists around the world.

FTSE indices are used extensively by investors world-wide for investment analysis, performance measurement, asset allocation, portfolio hedging and for creating a wide range of index tracking funds.

FTSE is an independent company jointly owned by The Financial Times and London Stock Exchange Group. [www.ftse.com](http://www.ftse.com)

### The FTSE4Good Index Series

The FTSE4Good Index Series has been designed to measure the performance of companies that meet globally recognised corporate responsibility standards, and to facilitate investment in those companies. Transparent management and criteria alongside the FTSE brand make FTSE4Good the index of choice for the creation of Responsible Investment products.

The FTSE4Good indices are governed by an independent 'FTSE4Good Policy Committee' which meets in March and September for index reviews. This Committee directs the evolution and development of the criteria for the index series, and approves additions and deletions to the index at reviews in line with the inclusion criteria and index ground rules. The Committee has a sub-group referred to as the 'FTSE4Good Breast Milk Substitutes Marketing Committee' which works with FTSE and the research provider overseeing the development and implementation of the Breast Milk Substitutes Marketing Criteria.

### The FTSE4Good Inclusion Criteria

In order to gain inclusion to the index companies are required to meet a set of environmental and social responsibility criteria. Each criteria theme has its own risk categorisation (e.g. high, medium, or low), which dictates the depth and breadth of the inclusion requirements for a particular company. FTSE regularly revises the criteria and introduces new requirements. The criteria themes are currently as follows:

- Environmental management
- Climate change
- Human and labour rights
- Supply chain labour standards
- Countering bribery

There are also sector specific criteria for the following:

- Breast milk substitutes marketing
- Uranium mining
- Nuclear power

The current Inclusion Criteria are available on:

[http://www.ftse.com/Indices/FTSE4Good\\_Index\\_Series/F4G\\_Download\\_Page.jsp](http://www.ftse.com/Indices/FTSE4Good_Index_Series/F4G_Download_Page.jsp)

### **The FTSE4Good BMS Marketing Criteria**

In September 2010, the FTSE4Good Policy Committee approved final revisions to the FTSE4Good Breast Milk Substitutes (BMS) marketing inclusion criteria which set requirements for company policies, lobbying, management systems, reporting and verification assessment and draws principles from the WHO International Code of Marketing of Breast-Milk Substitutes and subsequent World Health Assembly (WHA) resolutions ('The Code').

The revised criteria were drafted by FTSE and updated based on the outcomes of a consultation exercise with companies, NGOs and investors. The approved criteria are available on the web-link provided below and set out that, once included, companies will be required to obtain regular external verification assessments against a specific framework. This will demonstrate to the FTSE4Good BMS Marketing Committee evidence of well-functioning policy compliance management and monitoring systems. This verification assessment will be conducted by independent assurance providers using the 'FTSE4Good BMS Marketing Verification Tool'.

The Verification Tool has been developed to provide guidance for independent assessors in considering whether a company meets the requirements of the FTSE4Good BMS Marketing inclusion criteria. This tool will be used by FTSE as the basis for assessing a company's ongoing eligibility for inclusion in the FTSE4Good Index, and the results will be used as basis for discussions between FTSE and the companies being assessed.

[http://www.ftse.com/Indices/FTSE4Good\\_Index\\_Series/Downloads/FTSE4Good\\_Breast\\_Milk\\_Substitute\\_Criteria.pdf](http://www.ftse.com/Indices/FTSE4Good_Index_Series/Downloads/FTSE4Good_Breast_Milk_Substitute_Criteria.pdf)

### **The Affected Companies**

A number of companies manufacture and market a range of baby and infant food products. The following list of companies are those within the scope of the potential verification assessment:

- Abbott
  - Danone
  - Heinz
  - Meiji Holdings
  - Nestle
  - Pfizer/Wyeth
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