



# FTSE4Good BMS Marketing Criteria: Verification Workshop

October 22, 2013

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## Organizations Attending:

Access to Nutrition Index  
Church of England  
Ecclesiastical Investment Management  
FTSE  
GAIN  
The Bill and Melinda Gates Foundation  
Methodist Church  
Nestlé  
PwC  
Sandra Rotman Centre  
Save the Children  
UNICEF  
United Reformed Church  
World Vision

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## **1.0 Background**

- 1.1 This workshop was organized to present stakeholders with the findings of the second verification assessment of Nestlé against the FTSE4Good Breast Milk Substitutes Marketing Inclusion Criteria. Three reports were provided to participants and were published on FTSE's website: i. a context paper from FTSE (ii) the PwC Verification Findings Report and (iii) a Nestlé response paper.
- 1.2 The workshop was held to review the results and for FTSE to get feedback on the methodology and process in order to improve it further. Groups that had attended the previous first verification workshop were invited back to discuss and provide feedback on the results of the second verification and next steps. FTSE first provided an over-view on the FTSE4Good Indices and background. Then PwC presented on the verification process and findings. Nestlé was also present and there was a discussion of improvements that could be made both in terms of Nestlé's practices and the verification process.
- 1.3 Expert participants came from charities, ethical investor groups, NGOs, health and children's organisations, as well as participants from the FTSE4Good BMS Marketing Committee<sup>1</sup>. The meeting was held under the Chatham House Rule, however all participants agreed that it was important for the discussion at the meeting to be recorded. This report summarises the workshop and findings.

## **2.0 Introduction from FTSE's Chief Executive**

- 2.1 Mark Makepeace set out the history of FTSE's work in this area. He explained that the initial gap between companies, investors and NGOs on the issue was large and dialogue was very important. FTSE had set standards to help investors and found the index was a powerful tool for engaging with companies. Over the course of a number of years progress had been made through engagement but there was still a long way to go. Nestlé needed to be given credit for having the courage to step forward and for making positive and ongoing changes. It was important for all parties to enter dialogue and accept that not all issues were simply black or white. It was explained that FTSE had tried to make sure that its BMS assessment process evolved in such a way that all stakeholders could see progress.
- 2.2 Mark noted that if as a group of investors, NGOs and industry the participants could collaborate and share perspectives in a constructive manner the ultimate beneficiaries would be infants and future generations. He finished by noting that although the process could and should be improved further, it provided a strong basis to build on. Everyone involved was thanked for their support and effort in getting to this stage. Their on-going support would be critical to make future progress with additional companies and to further enhance the methodology.

## **3.0 Key Verification Discussion Points**

### **3.1 Nestlé's Assessment**

There was discussion of the points raised in the PwC Verification Report regarding factual findings and improvements that Nestlé was encouraged to make, and how they are responding. Nestlé was working on each of the points and also noted that they would welcome feedback and guidance from stakeholders. The meeting noted that the company had taken quick action to address a number of issues raised both at the last verification and with respect to this second verification. Nestlé was considered to be largely in compliance with the FTSE4Good BMS Criteria, and would remain in the FTSE4Good Index.

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<sup>1</sup> Now renamed the FTSE ESG BMS Marketing Advisory Group (the BMS Committee")

### 3.2 **Balance Between Lead Time and Unannounced Visits**

The previous workshop discussed striking the right balance on this issue. There was discussion again on this topic with appreciation that following feedback from the first verification the lead time had been reduced from 4 weeks notice in the first verification to 2-3 weeks in the second. However some participants felt this should be shortened further to add additional credibility.

### 3.3 **The Nature of Promotion**

There was discussion regarding when and how logos used on BMS products could be considered promotional. This was recognised as a grey area, and those at the meeting hoped the WHO might consider this area.

### 3.4 **FTSE4Good Criteria and the WHO Code**

Some participants felt that there was room for potential confusion regarding the WHO Code and that FTSE could explain more clearly that in high risk countries full WHO Code compliance is the benchmark. FTSE emphasised there were differing views between stakeholders on which products were BMS whilst the FTSE4Good Criteria was more explicit. It was also agreed that regulatory responses were the most important step in implementing the WHO Code and sets a level playing field for companies. However voluntary approaches were separate, complementary and could lift companies practices beyond regulatory minimum standards.

### 3.5 **Follow-up from Previous Workshop Recommendations**

#### i. **Country Selection for Visits**

FTSE and the FTSE4good Committee used a country selection matrix to select the two countries visited. Following feedback after the first verification it had been improved by double weighting one of the factors; state of WHO Code regulation and implementation within individual countries.

#### ii. **NGO and Governmental meetings for Verification**

The participants had welcomed the NGO and government inputs to the verification visits, but felt that more of these in-country meetings could be achieved, and if possible carried out at the start of country assessments to allow information to be used in other follow up visits and meetings. However, it was noted by FTSE and PwC that there were barriers to this as there was NGO suspicion and reticence to engage. All parties agreed to work together to try and facilitate better engagement with organisations on the ground.

#### iii. **Making the assessment findings public**

There was discussion regarding transparency of the process with much support for publishing the full verification findings report.

## 4.0 **New Recommendations for the BMS Committee**

### 4.1 **Prioritise and Reduce Factors for Country Selection**

Participants agreed that the country risk assessment matrix had been improved but felt it could be enhanced further. It was recommended that FTSE and PwC prioritise and reduce the number of factors to focus on a more critical sub-set.

### 4.2 **Consider Elements from the IGBM Protocol**

There was discussion about the IGBM (Interagency Group on Breastfeeding Monitoring) monitoring tool. The workshop recognised that the IGBM tool had a different purpose to the FTSE Verification Tool, being designed for policy makers. However, it was suggested that there could be

useful elements that could be introduced to enhance the FTSE4Good Verification Tool; in particular setting numerical targets for healthcare practitioners and retail visits.

#### **4.3 Extending the Verification**

There was discussion that the visit schedule of the two selected countries per verification cycle would ideally be extended and deepened, if there was budget to achieve this.

#### **5.0 Looking Forward and Collaboration**

The group discussed the future of verification and how it would take time to achieve FTSE's proposed model whereby civil society groups and companies collaborate to oversee verifications allowing FTSE to step back into a monitoring rather than facilitating role. Many felt that significant progress was being made and there was discussion around a growing number of related but separate initiatives around BMS monitoring, measuring and verification. However there was a strong view about the need to align some of these including between FTSE4Good and the Access to Nutrition Index (ATNI). As a first step FTSE and ATNI agreed to try and align where feasible.

#### **6.0 Next Steps**

The group agreed to consider the area of working together, and in particular to the following:

- The FTSE4Good BMS Committee will review the suggestions made from the workshop in making enhancements to the BMS Verification process and methodology.
- Another verification assessment of Nestlé would be carried out in 2014 and if another BMS manufacturer enters the FTSE4Good Index a verification assessment would also be organised for them.
- To re-convene for the next verification, to invite additional stakeholders and consider progress on both fronts of verification and collaboration.

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