

# Nestlé, FTSE4Good and baby milk marketing practices

BABY MILK  
ACTION



## 1. Baby Milk Action recommends that people wishing to encourage baby food companies to improve their behaviour DO NOT invest in a FTSE4Good tracker as its company inclusion and assessment processes are flawed



FTSE introduced new Breastmilk Substitutes (BMS) criteria for including companies in its FTSE4Good Index in September 2010. Under these criteria a company does not have to comply with the *International Code of Marketing of Breastmilk Substitutes* to be included, allowing Nestlé to be added to the Index in March 2011 while continuing with systematic violations of these minimum standards. For example, the leaflet and logo pictured claim that Nestlé formula ‘protects’, although babies fed on formula are more likely to become sick than breastfed babies and, in conditions of poverty, more likely to die.

FTSE Chief Executive, Mark Makepeace, wrote to the International Baby Food Action Network (IBFAN) on 17 June 2011 explaining why FTSE chose to change the standards to make it easier for companies to be included in the Index: *“In the infant food sector we were not able to engage the companies as they were all being excluded from the index.”*

Yet in 2007 and 2008 Nestlé was a participant and the ‘lead sponsor’ of a conference on Corporate Responsibility instruments organised *“as a joint venture between Chatham House and FTSE Group”* to *“examine the latest thinking on the responsibilities of business”*. In addition, Save the Children stated in its 2006 report *A Generation On: Baby milk marketing still putting children’s lives at risk* that five major baby food companies were *“engaging in negotiations with FTSE”*. Save the Children cited FTSE as the source of the data.

## 2. UNICEF: Nestlé violates the *International Code of Marketing of Breastmilk Substitutes*.

UNICEF UK said in March 2011: *“The evidence available to us suggests that all breastmilk substitute manufacturers currently violate the International Code routinely. We are therefore following the inclusion of Nestle on the index carefully and will be looking for evidence that their marketing begins to comply with the Code.”* A UNICEF HQ spokesperson told Dairyreporter (22 April 2011): *“I can confirm that Nestle violates the code.”*

## 3. The FTSE4Good assessment process is flawed in its concept

FTSE is arranging for an assessment of Nestlé to be conducted in two countries, but according to the FTSE Chief Executive: *“we will not be asking the assessors to act as a judge with regards to specific allegations, but rather to assess whether the companies practices on the ground are in-line with their stated policies.”* Conducting the assessment against company’s stated policies rather than assessing violations against the Code is a serious flaw: on the basis of its own policies, Nestlé rejects 97% of the allegations of violations in IBFAN’s *Breaking the Rules, Stretching the Rules 2010* report, saying it will take action on just four. FTSE’s Breastmilk Substitutes Committee had the *Breaking the Rules* report in its hands when it decided to include Nestlé in the FTSE4Good Index.

A further flaw is no special weighting was given to the state of implementation of the Code and subsequent Resolutions when selecting the assessment countries. Two with exemplary legislation have been chosen. Indeed, Save the Children and its partners in the UK Food Group (including Christian Aid) once gave an award to one of these countries for its success in stopping violations that are commonplace elsewhere. As FTSE has told Nestlé in advance where the assessment will take place, it is even less likely to produce representative information.

According to the FTSE Chief Executive the countries were selected by a commercial auditing firm *“with advice from those we are collaborating with”*. Organisations with substantial investments in Nestlé (shares in excess of one million pounds, for example) are amongst those advising FTSE. If FTSE wishes to describe its process as *“robust and independent”*, as Mr. Makepeace did in his letter rejecting IBFAN’s concerns, it should prohibit organisations that directly profit from Nestlé malpractice from advising on the assessment rules as they have a conflict of interest. FTSE should also declare Nestlé sponsorship of its joint ventures with Chatham house and prohibit such links with companies having an interest in a FTSE4Good listing in future.

## 4. Nestlé is using FTSE4Good to undermine campaigns that hold it to account

Nestlé has cited its inclusion in the FTSE4Good Index when claiming to be in *“full compliance”* with the Code. FTSE has *“followed up with the company”*. IBFAN has asked FTSE to publicly condemn Nestlé’s misrepresentation of what inclusion in the Index signifies.



For further information and references see: [www.babymilkaction.org](http://www.babymilkaction.org)