

Nestlé, FTSE4Good and baby milk marketing practices



Nestlé is listed in the FTSE4Good ethical investment Index. Nestlé's Chairman tells people this demonstrates it complies with baby food marketing requirements. This is not the case. FTSE has asked Nestlé more than once to stop misrepresenting what inclusion signifies. Here is the background.

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 minimum marketing standards to be included. This allowed Nestlé to be added to the Index in March 2011 even though it continues to systematically violate the *International Code of Marketing of Breastmilk Substitutes* and subsequent, relevant Resolutions of the World Health Assembly (the Code and Resolutions).

For example, Nestlé promotes its formula with claims such as it is the 'natural start', a 'gentle start' and 'protects' (labels clockwise from top left from Thailand, Afghanistan, Maldives and Ukraine in 2013). Despite Nestlé's claims, 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.'

Despite FTSE's difficulties, Milk Action is in ongoing communication with Nestlé and other companies. Unlike FTSE, we have prompted changes to marketing practices – through public campaigns. For example, Nestlé stopped claiming its formula is 'The new "Gold Standard" in infant nutrition' after thousands of supporters emailed the company.



2. Save the Children and UNICEF: Nestlé violates the International Code of Marketing of Breastmilk Substitutes

Save the Children's 2013 *Superfood for Babies* report in defence of breastfeeding documents Nestlé violations in China, India, Laos and Pakistan. For example, 'Our recent survey in Pakistan reported that one-fifth of health professionals surveyed said they had received gifts from representatives of BMS companies.... Over half of these gifts were reported to have been Nestlé-branded.'

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 assesses company activities in country, but against the company's own policies rather than the Code and Resolutions. FTSE's Chief Executive told Baby Milk Action when we offered to provide evidence of malpractice: '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.'

Save the Children recommendations to FTSE regarding FTSE4Good

To encourage companies to improve their policies, practices and accountability, FTSE4Good should, by 2015, extend its criteria for the inclusion of a BMS company on its index to include the company's activities in all countries, rather than just those countries listed as higher risk, and should bring its criteria into line with the *International Code and resolutions*. It should assess company practices in selected countries against the Code and resolutions, as well as the company's own policies.

Superfood for Babies: How overcoming barriers to breastfeeding will save children's lives, Save the Children, 2013

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

The Guardian newspaper interviewed Nestlé Chairman, Peter Brabeck-Letmathé, in January 2014 and reports: 'Brabeck also defended Nestlé against accusations by Baby Milk Action that it contributes to the unnecessary death and suffering of infants around the world by aggressively marketing baby foods. "We are the only infant formula producer which is part of FTSE4Good. We are being checked and controlled by FTSE4Good. They make their audits in different parts of the world and we have to prove that we are complying with the WHO code and up to now we can prove that in everything we are."'

FTSE agrees with Baby Milk Action that Mr Brabeck's comments are inaccurate. FTSE has had to ask Nestlé more than once not to suggest that inclusion signifies compliance with the WHO code.

For further information and references see: www.babymilkaction.org

