

Frequently Asked Questions for collaboration with FTSE Russell on BMS

Overview

1. Why and how does ATNI assesses BMS companies?

ATNI's vision is that an affordable, healthy diet is the global norm for everyone. While all stakeholders need to take action to achieve this goal, ATNI believes that food and beverage companies can and must be part of the solution to the world's nutrition challenges, given their scale and reach.

To track these companies' contribution to improving nutrition, ATNI designs and delivers a range of private sector accountability tools, including our Global Access to Nutrition Indexes and our single-country Spotlight Indexes. ATNI assesses BMS marketing within these Indexes because inappropriate marketing of these products can undermine breastfeeding. The WHO and UNICEF Global Strategy for Infant and Young Child Feeding recommends that infants be exclusively breastfed for the first six months of life to achieve optimal growth, development and health. Thereafter, to meet their evolving nutrition requirements infants should receive nutritionally adequate and safe complementary foods while breastfeeding continues for up to two years of age or beyond. This is because breastfeeding is critical to prevent infant deaths, combat undernutrition and reduce the risk of mothers and children developing a range of illnesses.

ATNI's assessments of BMS Marketing evaluate whether baby food companies that produce these products (i.e. infant formula and other products that are marketed as a partial or total replacement for breastmilk, and complementary foods) market their products in line with the International Code of Marketing of Breast-milk Substitutes and subsequent relevant World Health Assembly resolutions.

For more information: <https://www.accesstonutrition.org/bms/context-0>

2. Why and how does FTSE Russell assess BMS companies?

In September 2010, the FTSE4Good BMS Marketing Advisory Group advised FTSE Russell on the introduction of new BMS Marketing Criteria, informed by The Code, and which set minimum standards for company policies, management systems, reporting and verification.

The BMS Marketing Criteria (the Criteria) continue to form an important component of FTSE Russell's Environmental, Social and Governance (ESG) framework for infant food manufacturing companies. The Criteria are part of the Customer Responsibility Theme in FTSE Russell's ESG Ratings methodology and are a requirement threshold for inclusion in the FTSE4Good Index Series. Companies which manufacture BMS products must meet these BMS Marketing Criteria in full to enter and remain in the index series.

Additionally, to ensure independence in verifying compliance with the marketing criteria, FTSE Russell (in consultation with a number of investors and infant health organizations) developed a verification process and engaged an external audit firm to verify the practices of any companies meeting the Criteria on the ground in sample countries, and at head offices. This audit firm since then and until now has been PwC.

In recognition of the importance of FTSE's work in achieving traction on this issue, first GAIN (the Global Alliance for Improved Nutrition), and then later, the Bill & Melinda Gates Foundation (BMGF) have contributed technically and financially to this verification work.

For more information: <https://www.ftserussell.com/products/indices/F4G-BMS>

3. Why are ATNI and FTSE Russell going to collaborate?

For the past several years, ATNI and FTSE Russell have conducted similar but separate in-country assessments / verifications of BMS marketing. The Bill & Melinda Gates Foundation (BMGF) has funded both types of assessment through different grants.

Given this duplication of effort and that ATNI processes are now well-established and robust, FTSE Russell has decided that it is less efficient to conduct duplicate assessments but from now on would prefer to draw on those conducted by ATNI. This synergistic approach is supported by both ATNI and BMGF.

Collaboration arrangements

4. How are ATNI and FTSE Russell going to collaborate?

ATNI will continue its work on the in-country assessments of the marketing of BMS products and will solely collect data for the countries selected. The results from these assessments will be used in both the Access to Nutrition Index and the FTSE4Good Index processes, with each continuing to apply its own criteria and methodology as previously.

5. Will the ATNI and the FTSE4Good methodologies remain the same?

The assessment methodologies for both ATNI's Indexes and the FTSE4Good Indexes will remain the same. ATNI will continue to assess BMS companies' policies, management systems and disclosure for the BMS 1 element of its BMS marketing methodology and to assess their marketing practices through the in-country assessments, carried out by Westat (see question 6), using the NetCode Protocol for Periodic Monitoring. FTSE Russell will continue to apply the BMS Marketing Criteria within its ESG Rating methodology and as part of the FTSE4Good Index BMS Marketing Criteria. Both organisations will continue to use the data in the same ways as previously (see question 7). For differences between the methodologies, please refer to question 11.

6. Who will conduct the in-country assessments?

ATNI will continue to commission Westat, a large U.S.-based health research company, to undertake most elements of the in-country assessments using the most recent version of the NetCode¹ methodology available.

ATNI will also work with PwC under contract to coordinate and plan certain elements of the assessments. While PwC will no longer collect data on marketing practices in each country, ATNI and

¹ NetCode is the Network for Global Monitoring and Support for Implementation of the International Code of Marketing of Breast-milk Substitutes and Subsequent relevant World Health Assembly Resolutions
<https://www.who.int/nutrition/netcode/en/>

PwC will jointly undertake interviews with the BMS companies at their international headquarters and in the local office of each selected country, as well as with distributors in each selected country.

7. What will the assessment outputs be and how will they be used?

The in-country assessment outputs will include data on each company's observed marketing practices in the selected countries, including informational and educational materials, online and traditional media advertising, social media marketing and labels and inserts.

In addition, Westat will carry out interviews with in-country stakeholders (mothers and health care professionals) and ATNI together with PwC will carry out interviews with local staff, as well as senior staff in the HQs of BMS companies and a sample of their in-country distributors.

ATNI will use the findings of Westat studies to inform the BMS companies' scores in its Indexes, as it has done previously, and use the findings from the companies' interviews – a new element to ATNI's process - to provide further context and commentary on the companies' performance in each country. To further improve the quality of the assessment, ATNI will require Westat to perform a 100% quality check on all incidences of non-compliances, rather than performing limited spot checks, the approach used during previous assessments. ATNI will publish summary reports for the two in-country studies and Westat will publish a longer version of those reports to include the methodology used and all the data collected throughout the process.

PwC will use the findings of the Westat studies for products within the scope of the FTSE4Good Criteria, and the company interviews, to prepare and deliver reports for FTSE Russell. A report will be prepared for each Company. The reports will be published as previously. The reports will cover the practices of the three BMS manufacturers that currently meet the FTSE4Good BMS Marketing criteria, in the same format used in previous years.

8. What kind of governance arrangements do ATNI and FTSE Russell have in place?

ATNI will continue to be advised by its BMS Expert Group.

FTSE Russell will continue to be advised by its independent ESG Advisory Committee which currently includes a BMS Marketing sub-committee.

Each advisory body will be apprised of the work and views of the other, as appropriate.

9. How are the countries chosen for each assessment?

As previously for both ATNI and FTSE Russell, assessments will be carried out only in higher risk countries. Countries chosen for each assessment will be determined by ATNI, using a methodology that reflects but builds upon FTSE Russell's risk category approach.

A set of higher-risk countries is first identified where the companies that meet the FTSE4Good BMS Marketing Criteria are present; the market presence of the other companies which ATNI assesses is then used to narrow down the list of potential countries. Data on levels of infant deaths and malnutrition is collated for these countries. Additional contextual information, such as likely institutional support for a potential study in the country, country safety and security, language used for BMS product packaging and marketing, and the status of implementation of the Code is also taken into account.

The final selection is made through consultation and based on an agreement between ATNI, FTSE Russell, ATNI's Expert Group and FTSE Russell's FTSE4Good BMS Marketing Advisory Group.

Companies will not be advised of the country selection until Westat has finished collecting data in healthcare facilities and retailers in those countries.

10. How often will the joint assessments be undertaken?

Every two years. The next assessments will begin in 2019.

Differences in methodology

11. How do the methodologies of ATNI and FTSE4Good differ?

Each organisation will continue to use its own methodology to assess companies' policies, management systems and disclosure. This is a separate aspect of the process and not within the scope of this new arrangement.

For ATNI's approach see:

https://www.accesstonutrition.org/sites/us18.atnindex.org/files/resources/ATNI_bms_methodology_final_website.pdf

For FTSE4Good, see the FTSE4Good BMS Marketing Criteria:

https://research.ftserussell.com/products/downloads/F4G_BMS_Criteria.pdf

However, the company and product scope used by the two organisations to assess actual marketing practices differ.

Company scope

- ATNI collects data on all BMS companies in each market. ATNI uses data from the in-country assessments to rate the world's six largest BMS manufacturers in its BMS Marketing sub-ranking.
- Three BMS manufacturers are currently included in the FTSE4Good Index Series, for which FTSE Russell will draw data from ATNI's in-country assessments for its verification process:
 - Nestlé, Danone and RB/MJN

Product scope

- ATNI collects data and rates companies on:
 - All types of infant formula (from birth to 3 years of age) and
 - Other products that are marketed as a partial or total replacement for breastmilk (complementary foods intended from 0 – 36 months)
- FTSE4Good Index Criteria requires Companies to be compliant with the following:
 - In higher-risk countries², there will be no advertising or promotion of Infant formula; Follow-on-formula products; or Delivery products (i.e. teats and bottles), for the use of infants under 12 months

²https://research.ftserussell.com/products/downloads/F4G_BMS_Criteria.pdf?_ga=2.150493683.411037574.1564660279-1651940993.1563194434

- In higher-risk countries, complementary (weaning) foods and drinks will not be promoted for the use of infants under the age of six months

Additional differences

- PwC used to visit one urban and one rural location while ATNI did not in the past. In this iteration, a rural location will not be visited.
- PwC conducted interviews with relevant staff from the head offices of the companies, as well as the in-country head offices of the selected countries and with a sample of distributors in the selected countries. ATNI will conduct the aforementioned activities together with PwC in this iteration of the in-country assessments.

12. How will data from the in-country assessments be used to determine outcomes using two different assessment methodologies?

The NetCode protocol which ATNI uses to undertake the in-country studies stipulates precisely how much information should be collected, where, how and over what timeframe. Its scope includes the type of information collected previously by PwC for FTSE Russell, as well as additional information. Each organisation will utilise the data it requires for its own assessment process, i.e. for its product and company scope, and according to its own criteria.

Prior to initiating the collaboration, ATNI, FTSE Russell and PwC agreed precisely how each data point would be interpreted for each organisation, i.e. which observations of different types of marketing are counted as compliant and non-compliant under each organisation's methodology. This may lead to different outcomes for the same companies under the ATNI and FTSE Russell approaches.

13. Will results be comparable to previous ATNI / FTSE4Good reports?

ATNI will continue to score and rate the world's six largest BMS companies in accordance with its published BMS Marketing methodology.

FTSE Russell will continue to base its decision about the suitability of the three companies' FTSE4Good Index inclusion on the same criteria and process as previously. The format of the report provided by PwC will not change.

14. Why would a company 'score' differently in the ATNI or FTSE4Good process, despite using the same data?

ATNI will use the analysis from the two studies in the same way as previously to allocate a rating and score to a company for each country of complete, high, medium or low compliance with the Code, WHA resolutions, and/or local regulations. This score will be combined with its score for BMS 1 and aggregated to generate its overall BMS Marketing score.

FTSE Russell does not use the in-country assessments to score companies, but rather receives feedback from its Advisory Committees on whether a company is eligible to retain its position in the FTSE4Good Index in light of the findings of the in-country assessments. It will continue to take this approach.

15. How will the companies subject to assessment be involved in the in-country assessments?

No notice will be given to companies before Westat starts data collection in health care facilities and retailers.

ATNI and PwC will together conduct structured interviews with relevant staff at the three companies included in the FTSE4Good Indexes at their international head offices. ATNI will request similar interviews with the other major BMS companies included within its Index and conduct those interviews itself.

The same approach will be taken to interviewing relevant in-country staff of each company. One week's notice will be given to each company for notification of the two countries selected and these interviews. The companies will also be asked to facilitate contacts with their distributors to arrange those interviews.

16. How will the companies subject to assessment be involved in checking the accuracy of information collected?

All six companies will be given access to ATNI's data collection platform via its website to view images of all observed incidences of non-compliance, once finalised and collated, to check their accuracy. Each company will only have access to review its own incidences of non-compliance. Companies will be entitled to challenge these findings. Note that companies will not be given detailed information about the location of the retailers or healthcare facilities where any incidences of non-compliance were found.

ATNI will review and resolve any issues the companies raise with Westat and will involve PwC and FTSE Russell as necessary to arrive at a final decision as to whether individual incidents of non-compliance are included or omitted from the final data set, based on accuracy checks.

Companies will be encouraged to share the findings with colleagues and initiate corrective actions.

How will the results be disseminated and published?**17. Will there continue to be multi-stakeholder workshops?**

ATNI will organise workshops with local experts and NGOs, and meet with key government officials as appropriate, before the in-country research begins, to discuss the national context. ATNI will also organise meetings on completion of the research to present the findings to these parties.

18. Will ATNI continue to publish its reports of each country study and the full Westat reports?

Yes. ATNI will continue to publish the Westat reports in full on its website, as previously, as well as its own Summary Reports for each country.

19. Will the PwC reports for the FTSE4Good Indexes be published?

Yes. These reports will continue to be published as previously.