

Facts about the FTSE4Good Index

Purpose:	FTSE4Good is the responsible investment index of the FTSE Group. It is designed to help investors identify companies that meet globally recognised corporate responsibility standards and invest in them. FTSE4Good is the only responsible investment index that has defined clear criteria on the marketing of breast milk substitutes.
Inclusion criteria:	The FTSE4Good Index Series is designed to measure the performance of companies demonstrating strong Environmental, Social and Governance (ESG) practices.
Inclusion of infant food manufacturers:	Infant food manufacturers have been eligible for inclusion in FTSE4Good since September 2010 providing they meet 104 specific requirements regarding the marketing of breast milk substitutes (BMS Criteria). These criteria are governed by an independent FTSE4Good BMS Marketing Expert Committee. Nestlé and Danone are the only two BMS manufacturers currently included in the Index.
Inclusion process:	Companies wishing to be included in FTSE4Good are required to provide documentary evidence to demonstrate they meet all necessary criteria. Evidence is then assessed by an independent research provider. An independent FTSE4Good Policy Committee meets twice a year to review companies and determine which should be added or removed based on their continued ability to meet the inclusion criteria.

Facts about Nestlé's inclusion in the FTSE4Good Index

We achieved inclusion in:	March 2011. We are proud to have been the first Breastmilk Substitutes (BMS) manufacturer included in the FTSE4Good Index and to have consistently met its rigorous criteria for the responsible marketing of BMS since 2011.
Assessments carried out:	The BMS Criteria is the only FTSE4Good criteria to be subject to an independent annual verification assessment . These are done by PricewaterhouseCoopers (PwC). 2011: India, Zambia, and our headquarters in Switzerland. 2012: Morocco and Laos. 2014: Angola, Malaysia, and our headquarters in Switzerland. 2017: Nigeria and Thailand
As a result of recommendations we have:	<ul style="list-style-type: none"> • Made our Compliance Management System more transparent; • Clarified what is and isn't permitted in 152 higher-risk countries; • Improved communication with our distributors and customers and encouraged them to share this information with their clients; • Improved the packaging of our products where appropriate to ensure they are adapted to local conditions; • Rolled out strict guidelines to ensure the appropriate use of display cabinets; • Strengthened our internal and external mechanisms for reporting concerns regarding our marketing of BMS, so that allegations of WHO Code violations can be raised with us directly, promptly investigated, and addressed if needed; • Strengthened our internal reporting mechanism in order to report the results of our compliance monitoring to the Board of Directors annually; • Redesigned our Nestlé Policy and Procedures for Implementation of the WHO Code taking into account stakeholders (i.e. FTSE4Good) recommendations resulting from past annual verification assessments.
Why it is important for us:	<ul style="list-style-type: none"> • The FTSE4Good inclusion process is a key building block of our commitment to transparency, compliance and good governance; • We are committed to the highest standards of responsible marketing; • Alongside the Access to Nutrition Index (ATNI), FTSE4Good is the only other independent, transparent, third-party assessing of marketing practices of BMS. The 4th FTSE4Good Convening in June 2017 confirmed onboarding of the BMS stakeholders, gathering 11 organizations (NGOs, WHO, UNICEF) and 5 BMS companies; • We are committed to continue leading industry practice towards higher and more transparent marketing of BMS standards and encourage other BMS manufacturers to seek inclusion in the FTSE4Good Index; • Despite repeated successful inclusions in the index since 2011, FTSE4Good identified areas of concerns for us to address through the verification assessments. Continued efforts will be necessary to maintain our leadership.

September 2017

