

FTSE4Good BMS Criteria Verification Process Country Risk Assessment Matrix

Introduction

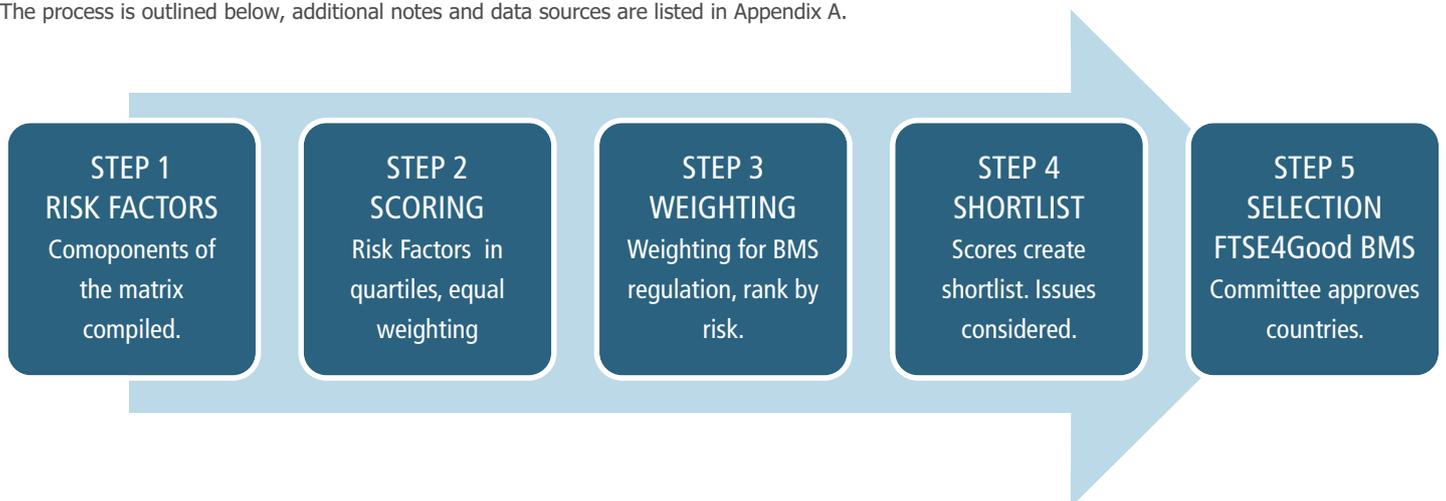
The FTSE4Good Breast Milk Substitutes Marketing Criteria (BMS Criteria) require all companies in the infant formula and food business that are included in the FTSE4Good Index to obtain regular external verification to assess the adherence of the company to the FTSE4Good BMS Criteria. Part of the verification process necessitates two country assessment visits in situ. The Country Risk Assessment Matrix supports the FTSE4Good BMS Committee in making its selection of countries for verification assessment visits.

Country Risk Assessment Matrix

A risk assessment matrix is used that ranks the Higher Risk Countries per the FTSE4Good BMS Criteria according to the risk of infant mortality and malnutrition together with the risk of marketing practices not being in line with the criteria. The matrix applies a structured and risk-based approach using best available data to support the ultimate decision on countries to visit. It was developed in collaboration with consultants, church investor groups, NGOs and other stakeholders, and the whole process is overseen by the FTSE4Good BMS Committee.

Matrix Methodology and Country Selection: Overview

The process is outlined below, additional notes and data sources are listed in Appendix A.



Country Selection Methodology: Detail

- 1. Risk Factors:** information is compiled on 15 factors related to infant health and nutrition, scale of company activities, and other varieties of external data are compiled from a range of established sources. *Please see Table A for details.*
- 2. Scoring:** a total risk score is calculated for each country: created by adding up the scores for each country per factor, ranging from four for the highest quartile to one for the lowest quartile.
- 3. Weighting:** a weighting is applied in relation to the state of regulation of the WHO Code per country. This creates a ranking of countries by risk. The weighting factors were introduced building on the experience and feedback received during 2011.
- 4. Shortlist:** a shortlist that takes into account practical issues such as in-country safety, minimum population size (countries with over five million people), not selecting countries previously verified, selecting two countries from different continents.
- 5. Selection:** the FTSE4Good BMS Committee reviews and approves the final two countries.

This matrix is the result of two years of collaboration and development. If there are any comments or suggestions in enhancing this further these can be forwarded to FTSE at ftse4good@ftse.com.

TABLE A: Risk Factors: explanation of information and data sources used

Risk Factor: data point in Risk Assmt Matrix	Data source	Rationale for using this data in the Country Risk Assessment Matrix
<i>External data</i>		
1. Child mortality rate quartile	UNICEF State of the World's Children Report	High child mortality rate indicates lower access to healthcare and may indicate higher risk of inappropriate BMS marketing practices. <i>NB: Data source based on the FTSE4Good BMS Criteria.</i>
2. Malnutrition rate quartiles	UNICEF State of the World's Children Report	High malnutrition rate indicates poorer diet and may indicate higher risk of inappropriate BMS marketing practices. <i>NB: Data source based on the FTSE4Good BMS Criteria.</i>
3. Exclusively breastfed < 6 months	UNICEF State of the World's Children Report	Countries where children are exclusively breastfed under 6 months are a lower risk country for the purposes of this review. The higher the number of children who are breast fed exclusively, the lower the need for breast milk substitutes.
4. HIV/AIDS	UNICEF State of the World's Children Report	This data can be important as it could influence both Orphan rates (which could then mean an increased number of children needing a breast milk substitute) and also that it could indicate a greater number of mothers who live with HIV, despite the low risk of transferral from mother to child through breast milk, may choose to feed their children with a breast milk substitute to lower the risk of transferral.
5. Corruption quartile	Transparency International Corruption Perceptions Index	Higher corruption could indicate higher risk of inappropriate BMS marketing practices.
6. Access to midwife quartile	UNICEF State of the World's Children Report	Lower antenatal care could indicate higher risk of inappropriate BMS marketing practices because lack of appropriate medical knowledge sharing to new mothers would mean there is a higher risk of disease/illness and a higher risk that mothers are not educated with the "breast is best" initiative. Therefore in both instances an increased risk of using BMS either during illness or because mother's choose to.
7. Percentage of under-fives with diarrhea receiving oral rehydration and continued feeding	UNICEF State of the World's Children Report	This factor is important, as under fives receiving oral rehydration and feeding will likely be receiving nutrition through breast milk substitutes, this would therefore increase the risk of marketing to medical professionals. It may also increase the need for mothers not producing breast milk after the child has been fed in hospital to require the product to continue feeding the child.
8. Human development quartile	UNDP Human Development Index (HDI)	Lower human development could indicate higher vulnerability to inappropriate BMS practices, and therefore higher risk of inappropriate BMS marketing practices. The UNDP Human Development Index (HDI) was used as a measure of prosperity of the individual countries as it brings in three dimensions: health, education and living standards, all of which are considered to be relevant to the link between vulnerability and risk of inappropriate BMS marketing practices.
9. Economic development quartile (GNI)	Unicef State of the world's children report	Lower economic development could indicate higher vulnerability to inappropriate BMS practices, and therefore higher risk of inappropriate BMS marketing practices. We have included this as well as human development, as 26 of the 149 Higher Risk Countries (17%) are not included in the UNDP HDI, and it was desirable to have some measure of economic development for as many of the Higher Risk Countries as possible. <i>Some countries in the data had not been assigned a GNI per capita figure, instead they had been assigned a letter a-d with the key supplied. So that all countries could be included in our matrix, the lowest GNI per capita figure out of the relevant range was assigned to the country to apply a prudent approach to the exercise.</i>
10. WHO member state?	WHO 2010 Review of Nutrition Policies, note this is a draft document, and there is no final document version available.	Countries which are WHO member states may be less likely to be susceptible to inappropriate BMS marketing practices as they have accepted the WHO Constitution.
11. BMS regulation quartile	WHO 2010 Review of Nutrition Policies, note this is a draft document, and there is no final document version available.	Countries with BMS regulation in place are less likely to be at risk for inappropriate BMS marketing practices.
12. Access to improved water quartile	UNICEF State of the World's Children Report	Higher access to improved water sources could indicate less risk of BMS use with poor quality water, and therefore less risk of inappropriate BMS marketing practices.
13. State of the code by country	IBFAN State of the code by country Report	Countries with established legislation in place are less likely to be at risk of inappropriate BMS marketing practices.
14. No. of allegations made in the IBFAN 3 year report quartile	IBFAN 3 year report "Breaking the Rules, Stretching the Rules 2010"	Countries with more allegations in the IBFAN 3 year report quartile may be at higher risk of inappropriate BMS marketing practices. Internal data (information provided by the company)
<i>Internal data (information provided by the company)</i>		
15. Recent assurance (internal or external) over the company's BMS practices in the territories	Company	The recent assurance activity conducted in each country is used as an indicator of the company's recent focus on BMS practices in the particular country. This assurance could be internal (internal audit) or external (third party) for this. Recent assurance over the company's BMS practices is used as an indicator of potentially lower risk of inappropriate BMS marketing practices.

Data Sources				
Risk Factor	*Weighting factors	Source of Data	Publication date	Date that data pertains to
Child rate mortality		http://www.unicef.org/sowc/index.html	2012	2010
Malnutrition		http://www.unicef.org/sowc/index.html	2012	2010
Exclusively breastfed (<6 months)		http://www.unicef.org/sowc/index.html	2012	2010
HIV		http://www.unicef.org/sowc/index.html	2012	2010
Corruption		http://www.transparency.org.uk/corruption-data	2011	2011
Access to antenatal care at least once		http://www.unicef.org/sowc/index.html	2012	2010
% under-fives with diarrhoea receiving oral rehydration and continued feeding		http://www.unicef.org/sowc/index.html	2012	2010
Human development		http://hdr.undp.org/en/statistics/	2011	2011
Economic development		http://www.unicef.org/sowc/index.html	2012	2010
WHO member state		http://www.who.int/countries/en/	2012	2012
BMS regulated		http://www.who.int/nutrition/EB128_18_Backgroundpaper1_A_review_of_nutritionpolicies.pdf	2010	2010
Access to improved drinking water		http://www.unicef.org/sowc/index.html	2012	2010
State of the code by country		http://www.ibfan.org/code-publications.html	2011	2011
No. of allegations made in the IBFAN 3yr report		http://ibfan.org/icdc/	2010	2010
Recent assurance (internal or external) over BMS practices in the territories		Data provided by the company	2012	2011
Company turnover		Data provided by the company	2012	2011
Company market share		Data provided by the company	2012	2011
Number of medical delegates		Data provided by the company	2012	2011

Data definitions available from www.ftse.com. For further information visit www.ftse.com, email info@ftse.com or call your local FTSE office:

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