

Consultation with Nestlé and Baby Milk Action

Purpose

To enable the Methodist Church through its Joint Advisory Committee on the Ethics of Investment (JACEI) to assess the ethical suitability of Nestlé as a potential investment and to advise the Central Finance Board of the Methodist Church accordingly.

The consultation will pay particular attention to Nestlé's performance with respect to the International Code of Marketing of Breastmilk Substitutes. Other aspects of Nestlé's business will also be considered in arriving at a conclusion.

Parties involved

1. The Joint Advisory Committee on the Ethics of Investment: Revd John Swarbrick (Chair); Dr David Clough; Ms A Cox; Mr A Emery; Mr P Harrod; Mrs S Holmans; Mr K Jacob; Sir Michael Partridge; Mr W Seddon and Mr R Smith.

In attendance members of the Staff Preparation Group: Mr R Sparkes (Secretary to JACEI); Mr S Beer; Mr J Ellis and Mr S Hucklesby.

Also in attendance 2 or 3 independent expert advisors to JACEI

(and representatives of the United Reformed Church).

2. Nestlé.
3. Baby Milk Action.

Overall Process

1. CFB produces a detailed briefing paper on Nestlé, addressing all aspects of their business. A draft copy of this paper will be sent to Nestlé to verify for factual accuracy.
2. Based on the CFB briefing paper the Staff Preparation Group will draw up a list of questions to assist JACEI in its overall assessment of the ethical suitability of Nestlé as a potential CFB investment.
3. Distribute the briefing paper and questions to JACEI inviting members to raise additional matters to be placed before Nestlé and Baby Milk Action.
4. Distribute the briefing paper and questions to Nestlé and Baby Milk Action requesting a written response. Each party will be copied with the response of the other. This will allow both parties to prepare in advance a well-informed account of the key issues and will encourage a focus on a common agenda.
5. Nestlé and Baby Milk Action will be invited to make a presentation to JACEI, its Staff Preparation Group and independent expert advisors. The format envisaged is along the lines of a Parliamentary Select Committee with Nestlé and Baby Milk Action presenting evidence. Questions posed will explore in greater depth the written response of both parties.
6. There will be two separate meetings, which will both take place at Methodist Church House on the same day. Nestlé and Baby Milk Action will not be present in the building at the same time. Nestlé and Baby Milk Action will not be given the opportunity to respond to the presentations and verbal evidence of the other party on the day.
7. JACEI will then consider the evidence presented to it and seek to reach an agreed conclusion on the various issues covered. Based on these conclusions JACEI will prepare a report advising the CFB of the ethical suitability of Nestlé as a potential investment.

8. A draft copy will be sent to Nestlé and Baby Milk Action for comment. However, JACEI will be under no obligation to amend the draft report in the light of any comments. The report will be sent to the CFB.
9. The Methodist Church through its Public Life and Social Justice team will consider how best to publicise the decision to the wider Methodist Church.
10. Nestlé and Baby Milk Action will be asked to refrain from making any comments to the media relating to the consultation until the JACEI report has been released by the Methodist Church.

Possible Timetable

10.45	Arrival of Baby Milk Action
11.00 - 11.30	Baby Milk Action presentation
11.30 - 12.00	Private JACEI discussion with advisors/coffee break
12.00 - 12.45	Q&A session Baby Milk Action
12.45	Departure of Baby Milk Action
Lunch	
13.30	Arrival of Nestlé
13.45 - 14.15	Nestlé presentation
14.15 - 14.45	Private JACEI discussion with advisors/tea break
14.45 - 15.30	Q&A session Nestlé
15.30	Departure of Nestlé
15.45 - 16.30	Private JACEI discussion with advisors

Possible Conclusions

1. JACEI concludes that there are no longer sufficient areas of ethical concern, which should preclude the CFB from considering an investment in Nestlé.
2. JACEI concludes that whilst there remain some areas of ethical concern particularly relating to infant formula issues that on balance it is unable to advise the CFB against investing in Nestlé on ethical considerations. However, it would encourage the CFB to closely monitor Nestlé's performance in this area, to engage with the company and to report regularly to JACEI on the company's progress in this area.
3. JACEI concludes that whilst there have been significant improvements in Nestlé's performance relating to infant formula issues, it is unable to advise the CFB that Nestlé is a suitable investment based on ethical considerations. However, it would encourage the CFB to monitor closely Nestlé's performance in this area, to engage with the company and to report regularly to JACEI on the company's progress in this area.
4. JACEI concludes that there remain sufficient areas of ethical concern, which should preclude the CFB from considering an investment in Nestlé.

October 2004