

*Breast Milk Substitutes marketing  
criteria assessment*  
PwC verification assessment report

**FTSE4Good**  
September 2017

Danone

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# 1. Introduction and context

## 1.1. Introduction

In September 2010, the FTSE4Good Policy Committee of FTSE International Limited (FTSE) approved the addition of a FTSE4Good Breast Milk Substitutes (BMS) Marketing Inclusion Criteria (the Criteria) which set requirements for company policies, lobbying, management systems, reporting and verification in relation to the World Health Organization (WHO) International Code of Marketing of Breast Milk Substitutes (the Code) and subsequent World Health Assembly resolutions. Inclusion into this index is governed by an independent FTSE4Good Breast Milk Substitute Committee (the BMS Committee).

### 1.1.1 Overview of the criteria

There are differences between the Criteria and the Code in terms of geographical remit and scope. An overview of the Criteria and verification methodology is set out in FTSE Russell's context document; Providing Context to the 2017 FTSE4Good BMS Verification.

The products under the scope of the Criteria are infant formula for the use of infants under the age of 12 months, as well as delivery products (i.e. teats and bottles).

### 1.1.2 External verification

The requirements set out that Danone is subject to an independent verification assessment in 2 higher risk countries, defined in terms of infant mortality and malnutrition, conducted by a professional audit firm.

The verification assessment reviews compliance with the Criteria. Therefore a large part of the assessment is examining whether Danone's policies align with the Criteria and have been implemented in the 2 countries selected for the verification.

There are cases where there are differences in interpretation of the Code, so it is important to note that the assessors do not act as a judge with regards to specific allegations but rather to assess whether the Danone's practices are in line with the Criteria and their stated policies regarding implementation of the Criteria.

PricewaterhouseCoopers LLP (PwC) was engaged by FTSE Russell to perform a verification assessment of Danone's BMS marketing practices against the Criteria, using the FTSE4Good BMS Marketing Verification Tool (the Tool). The Tool provides a consistent basis to assess Danone's practices against a set of 104 principles which constitute the Criteria. In the 154 countries considered to be high risk by FTSE Russell, Danone applies its Corporate Head Office policy for implementation of the Code in all countries.

PwC has worked with FTSE Russell since 2011 to help develop an overall assessment process to meet the needs of the BMS Committee in making decisions on inclusion in the FTSE4Good Index Series under the Criteria. This is the fourth overall review to date but the first verification assessment of Danone.

The verification assessment forms part of FTSE Russell's overall assessment of Danone's BMS marketing practices against the Criteria. We have performed procedures agreed with and directed by FTSE Russell, using the Tool, at Danone's Corporate Head Office and in the 2 countries selected for the verification.

The 2 countries selected for site visits were Nigeria and Thailand and were selected through FTSE Russell's risk assessment and selection process, supported by the risk assessment analysis set out in section 1.2.2. Danone was notified of our site visit one week in advance of arrival. The output of our work is this Verification Assessment Report.

Danone has provided us with access to its records, policies and procedures and staff. This is the first year that Danone's BMS marketing practices have been assessed against the requirements of the Criteria.

## 1.2. Scope of work performed

The scope of our work was determined collaboratively in discussion with the Director of Environmental Social Governance at FTSE Russell, the Principle Advisor of Responsible Investment at FTSE Russell and the BMS Committee. It has also been codified in the procedures required under the Tool. The procedures we performed were agreed by FTSE Russell and consisted of:

- Providing a risk assessment analysis to support the BMS Committee's decision on country selection for site visits;
- Reviewing Company BMS policies and procedures through reviewing documentation at the Danone Corporate level;
- Conducting in-country site visits to Nigeria and Thailand to assess BMS marketing practices on the ground in these 2 countries;
- Performing desktop review procedures; and
- Reporting key factual findings.

The 2016/17 verification assessment includes both Danone and Nestlé. The results of the Nestlé verification assessment are included in a separate report.

### 1.2.1 Revisions to the verification process

The following changes in approach, from the third verification performed in 2014, were agreed in collaboration with FTSE Russell:

- The urban and rural areas selected in each country were divided into smaller geographical areas, e.g. local boroughs or districts (hereafter referred to as an Area). Healthcare facilities (HCFs) and retailer outlets were selected within each of these Areas to establish a more methodical and formalised sampling approach;
- The sample size was increased, with the aim of selecting 30 HCFs for each of the Nigeria and Thailand assessments; with 2 to 3 HCFs selected in each of

the Areas, and 2 to 3 Healthcare Professionals (HCPs) selected randomly in each HCF;

- Retailers were selected within 3km of the selected HCF;
- Additional time and resource was committed to each in-country visit, including 4 team members working for 3 weeks in Nigeria and 4 team members working for 3 weeks in Thailand; and
- Monitoring of various media was conducted during December 2016.

### 1.2.2 Risk assessment analysis

The countries selected for site visits were selected through a risk assessment process. We developed a risk assessment matrix with FTSE Russell profiling the Higher Risk Countries per the Criteria, using objective, publicly available data. The Criteria includes the following risk factors which were consistent with the prior assessment:

- Child mortality;
- Malnutrition (including both stunting and wasting rates);
- HIV/AIDS;
- Corruption;
- Human development;
- Access to improved water;
- The incorporation of the Code in local legislation as per the 'State of the Code by Country' (IBFAN);
- Number of allegations made in the IBFAN Breaking the Rules, Stretching the Rules 2014 report; and
- Countries or territories without any recent assurance (internal group audit or external assurance provider) over Danone's BMS practices.

Data was gathered from a range of external sources including UNICEF, The United Nations Development Programme, WHO and Transparency International. Danone provided data on the recent assurance performed over its BMS practices.

Information regarding Danone’s scale of operations in the Higher Risk Countries, such as turnover, market share and number of staff, was provided but ultimately not used in FTSE Russell’s country selection decision. Particular weighting was given to the risk factor ‘the incorporation of the Code in local legislation as per the ‘State of the Code by Country’ (IBFAN) as this details the status of implementation of the Code into BMS-related regulation.

We populated the risk assessment matrix with a quartile scoring for the risk factors outlined above. This was then used by FTSE Russell and the BMS Committee in deciding which 2 countries to direct site visit procedures to for the 2016/17 verification assessment.

While the risk assessment matrix and the risk factors contribute to the country selection process, the ultimate decision was made by the BMS committee.

### 1.2.3 Evidence gathering methodology

Our evidence gathering procedures in the 2 countries selected for site visits are based on interviews and inspections. Where issues or items for further consideration emerged, we sought evidence to support the issues where possible. This is described in the factual findings (section 3).

Our assessment procedures are based on historical information and the projection of any information or conclusions in our report to any future periods would be inappropriate.

In the context of the procedures described below, the factual findings reported in this report are any statements made by a HCP, retailer or other third parties during interview, or any practices noted during retail outlet and HCFs inspections.

Level	Evidence gathering activity
<b>Corporate Head Office</b>	<p>Reviewed Danone’s policies and procedures relating to the Criteria;</p> <p>Held a series of interviews with key individuals charged with responsibility for overseeing or implementing the relevant policies and procedures that we reviewed at the Corporate Head Office in Paris, France; and</p> <p>Performed limited testing of evidence to corroborate the application of the Criteria.</p>
<b>Local Head Offices in Nigeria and Thailand</b>	<p>Visited the distributor offices of Danone Nigeria and offices of Danone Thailand to perform procedures detailed in the Tool regarding the approach to implementing the requirements of the Criteria in those countries;</p> <p>We performed limited testing of evidence to corroborate the application of the Criteria.</p>
<b>Country site visits in Nigeria and Thailand</b>	<p>Interviewed 170 HCPs;</p> <p>Inspected 67 HCFs (33 private, 25 public, 5 clinics, 3 NGO clinics and 1 state hospital);</p> <p>Inspected 86 retailers (30 large supermarkets, 14 small stores, 27 walk-in stores or kiosks, 15 medical stores or pharmacies);</p> <p>Interviewed 4 contractual distributors of Danone;</p> <p>Interviewed 2 non-governmental organisations (NGO); and</p> <p>Monitored various media for 30 days in 2 countries.</p>

### 1.2.4 Sampling approach

1 urban and 1 sub-urban location were selected for verification in each country. The urban location was selected as the most populous city in the country and the sub-urban location was less than 40% populated in comparison to the urban area.

Locations selected for verification were divided into Areas, with the aim of selecting between 2 and 3 HCFs in each Area. This was to establish a more methodical and formalised sampling approach that resulted in an increased geographical coverage of each location (refer to Appendix 2). Between 2 and 3 HCPs were selected at each HCF.

HCFs were eligible if they served pregnant women or mothers of infants aged 12 months or less. Our interviews were with doctors, nurses, HCF managers and administrative staff working in the HCF. We also visited at least 1 retailer, located within 3km of each HCF (refer to Appendix 1).

Country	Area type	Name	Areas	HCF	HCPs	Retailers
<b>Nigeria</b>	Urban	Lagos	9	29	77	35
	Rural	Abeokuta	2	6	11	6
<b>Thailand</b>	Urban	Bangkok	8	24	60	30
	Rural	Phitsanulok	4	12	22	15

### 1.2.5 Media monitoring

PwC engaged Kantar Media to perform media monitoring services in both Thailand and Nigeria. For a 30 day period in December 2016, Kantar Media tracked advertising activity in an automated manner for local TV channels, radio stations, internet sites, outdoor mediums (i.e. billboards), print newspapers and magazines.

In addition to the media monitoring performed by Kantar, PwC obtained and inspected 3 daily newspapers in the most populous city for the same 30 day period. The total number of instances and the creatives (i.e. the actual advertisement) were provided, where possible.

### 1.2.6 Limitations

- We performed specific enquiries to assess practices against the Criteria, following up and requesting evidence for any claim or allegation made. Given the interview nature of our procedures, coupled with the often historical nature of the information being given, requests for evidence to support statements were often not fulfilled. We have noted such instances throughout this report; and
- HCPs were selected at random in each HCF, but they might not have been the most appropriate individual to interview in terms of questions regarding management decision making.

## 1.3. Purpose of this report

This report explains the procedures we performed and our factual findings. It is produced for the use of the FTSE4Good BMS Committee, but is being shared publicly as part of reporting on the overall assessment process in response to stakeholder feedback on the need for transparent reporting on the assessment process. The findings included in this report have been communicated to Danone and we understand Danone's responses to the findings will be included in the BMS section of FTSE Russell's website with other information relevant to the overall BMS marketing practices assessment of Danone.

Our findings are presented for the BMS Committee's consideration. It is the responsibility of FTSE Russell and its BMS Committee to decide on the appropriate course of action with regard to decisions on inclusion of Danone in the FTSE4Good Index Series.

#### *1.4. Use and distribution of this report*

As noted above, the verification assessment forms part of FTSE Russell's overall assessment of Danone's BMS marketing practices against the Criteria. This report has been prepared solely for the use and benefit of our client, FTSE Russell, and its BMS Committee in accordance with the terms of our engagement letter, dated 28 June 2016, and subsequent variation letter dated 2 November 2016, and for no other purpose.

We consent to the publication of this report in conjunction with FTSE Russell's other documents and descriptions, to enable FTSE Russell to explain and demonstrate to stakeholders how they have performed their assessment of Danone's BMS marketing practices against the Criteria, without accepting or assuming any responsibility or liability on our part to anyone other than FTSE Russell save where expressly agreed by our prior consent in writing.

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## ***2. Executive summary***

Following its inclusion in the FTSE4Good Index Series in June 2016, Danone was subject to its first FTSE4Good verification assessment. Corporate interviews were held in July 2016 at the Danone Head Office in Paris followed by site visits to Nigeria in December 2016 and Thailand in January 2017.

The Corporate Head Office interviews demonstrated that suitable governance structures and a number of appropriate policies and procedure documents are in place that meet the requirements of the Criteria. The site visits also demonstrated awareness of the Criteria at the local in-country level and appropriate allocation of responsibilities. However, we noted that policies and procedures established at the Corporate Head Office are not updated to incorporate and reflect local requirements such as the National Code. Furthermore, during our in-country site visits, we noted some inconsistencies in the application of the Criteria.

For ease of use of this report, summarised below are the key findings of our procedures, highlighted for the consideration of the BMS Committee in its review of the inclusion of Danone in the FTSE4Good Index Series under the Criteria. All factual findings from the procedures performed are documented in section 3.



## 2.1. Findings split by key themes

### 2.1.1. Policies and procedures

Areas of good practice

**Existence of BMS policies, procedures and training materials:** Detailed BMS policies, procedures and training materials are defined against the Criteria at a Corporate Head Office level. Key documents such as the main policy around BMS marketing and procedures for implementation are available online. Local level markets demonstrated awareness of these policies too.

Key findings in 2016/17

1. **Lack of formalised country specific policies and procedures:** There are 2 channels in place to identify country specific legislation that is distinct from the existing BMS policies and procedure documents at a Corporate Head Office level.
  - A team at the Corporate Head Office level is responsible for identifying the BMS related advertising and promotion restrictions; and
  - At the local level, the General Manager would delegate the responsibility for identifying specific regulations and laws to a Category Compliance Manager or relevant function.

However there is no separate local level policy manual formally documenting the differences in laws and legislations such that all employees can be made aware.
2. **Products for infants with an allergy to the protein in cow's milk are identified in the policy as out of scope:** The Danone policy highlights a category of 'excluded products' which are "intended for use by infants with special medical conditions and therefore not in-scope for the policy." Special displays in 2 out of 20 small supermarket chains visited and promotional material in 1 out of 71 HCFs visited were observed for BMS where infants below 12 months have an allergy to the protein in cow's milk.
3. **Similarities between the corporate brand name and the product brand name:** Promotional items were noted with the local level corporate brand which is compliant with the Code. However, in Thailand, the corporate name is similar to one of the BMS product names.
4. **Sale incentives:** The Danone Policy states "the payment of bonuses based on overall sales of products marketed by Danone is not prevented". During our interviews with the distributors, the representatives we interviewed confirmed that this policy guideline is implemented in practice: the volume of sales of BMS is included in the calculation of bonuses, which are calculated based on the volume of the total Danone product portfolio that has been sold.

### 2.1.2. Management systems & governance

Areas of good practice	<p><b>Schedule for training provision:</b> Robust training programmes are developed by the local level teams to ensure all newly hired Danone Healthcare Nutrition staff complete relevant training.</p> <p><b>Procedure for developing educational/ informational materials:</b> There is a defined process in place at the Corporate and Local Head Office for the development of consumer and medical communications materials to ensure compliance reviews and approvals take place prior to being published. This was apparent in both Nigeria and Thailand.</p>
Key findings in 2016/17	<p>5. <b>Process for reporting non-compliance by stakeholders:</b> Various channels exist for employees, distributors and consumers to report complaints or incidents of non-compliance. For example, consumers and distributors could use the recently updated web based channel (Danone Ethics Line), report an issue in person, report using a customer care line number displayed on products, or send a letter or email. During our interviews, all distributors stated they would report any instances of non-compliance to their assigned Danone contact. None have demonstrated awareness of the other channels to report non-compliance, including the Danone Ethics Line. Furthermore, during our discussions with local level employees, there was no mention of the completeness check described to us during our head office visits in Paris.</p>

### 2.1.3. Interactions with HCPs

Areas of good practice	<p><b>Awareness of the code:</b> 95% of all HCPs interviewed in Nigeria stated BMS manufacturer representatives always stated ‘Breast’ is best’ commencing any interaction across both urban and rural areas.</p>
Key findings in 2016/17	<p>6. <b>Promotional items:</b> Promotional items such as pens, folders, posters and post-it notes were observed in HCFs in both Nigeria and Thailand with corporate branding or logos, which is permitted under the scope of the Code. However, there were 2 instances of promotional items which displayed the in-scope product name and logo in 1 out of 12 HCFs visited in the rural area in Thailand.</p> <p>7. <b>Training for healthcare nutrition representatives around contact with mothers:</b> Danone representatives undergo training prior to entering the field, which covers what is and is not permitted in the capacity of a representative. 1 HCP out of 82 interviewed stated that a Danone representative had approached her, in her capacity as a pregnant mother at the HCF, to offer discounted, out of scope products.</p>

#### 2.1.4. Retail

Areas of good practice	<b>Encouraging compliance of direct retailers:</b> Allocated Danone staff at the local level are responsible for visiting key retail accounts once a month. Retailers receive a copy of the Danone Policy requirements and are required to sign a letter of confirmation acknowledging the requirements and the request to cascade to their employees.
Key findings in 2016/17	<p>8. <b>Provision of guidance to distributors:</b> The manner of training delivery and subsequent tests is not uniform within each country. In Thailand, distributor interviews highlighted they received training and performed tests in different ways. In Nigeria, training for distributor staff had not yet taken place at the time of fieldwork due to a recent change in management.</p> <p>9. <b>Provision of guidance to retailers:</b> Retailers who purchase BMS directly from third party distributors do not receive formal guidance related to the WHO code.</p> <p>10. <b>Parallel Imports:</b> Independent parallel imports by third parties of products from lower-risk countries were seen in over half the total number of retailers visited. They are not NAFDAC approved.</p> <p>11. <b>Inappropriate product promotion by retailers:</b> Retailers inappropriately promoted in-scope products:</p> <ul style="list-style-type: none"> <li>- In 1 retailer out of 41 visited in Nigeria, in-scope product was marketed at a promotional price of 1,900 NGN, reduced from 2,900;</li> <li>- BMS are displayed at the front of the store, stacked on table-tops, in small stores and open market stalls across Lagos for Danone and other BMS manufacturers; and</li> <li>- BMS from a range of BMS manufacturers in Thailand were pictured on a banner outside 1 independent retailer and on display in the shop window of 1 retailer, out of 45 visited.</li> </ul>

#### 2.1.5. Media monitoring

Areas of good practice	<b>No instances of BMS marketing activity engaged by Danone:</b> No infant formula brands for the use of infants under the age of 12 months were advertised by Danone in the reviewed media channels in Nigeria and Thailand.
Key findings in 2016/17	12. <b>Marketing activity for out of scope products:</b> Advertising for milk powder products for use of infants over 12 months (stage 3 products) was noted in Thailand. Adverts for stage 3 products are accompanied by the use of logos that are associated with brands of stage 1 and 2 infant formula (i.e. 0-12 months), and is out of scope of the Code.

## 3. *Factual findings*

The procedures contained in the Tool were used to perform the assessment of Danone’s BMS marketing practices against the Criteria. During our work we also observed practices which are of note, but that do not correspond directly to the Criteria included in the Tool. These may represent an opportunity for Danone to enhance or strengthen an existing process and as such have been included as additional recommendations.

The findings have been grouped according to the key phases of the work: the review of Danone Corporate Head Office level documentation; and country visits to Nigeria and Thailand.

### 3.1. *Definitions*

Throughout these findings, to facilitate the reference to the different products covered by the scope of the Criteria and therefore verification process, the infant formula (0-12 months) and complementary foods for infants under 6 months of age encompassed by the FTSE4Good Criteria are referred to as ‘BMS’.

Bottles and teats are not manufactured or sold by Danone in Nigeria and Thailand.

### 3.2. *Corporate policies and procedures review*

Interviews with staff from the Danone Headquarters were performed in July 2016. The procedures entailed obtaining, from Danone, details of their procedures and interviews with the relevant staff to discuss the policies and procedures in place against the Criteria.

Procedures performed	Factual findings
<b>3.2.1. Approach to implementation of the criteria</b>	<ol style="list-style-type: none"> <li> <b>Governance structure:</b> The Criteria, the ‘Danone Policy for the Marketing of Breast-Milk Substitutes’ (‘Green Book’) and the ‘Danone’s Procedures Manual for implementing its policy on the marketing of BMS’ (‘Blue Book’), are authorised and overseen by the Danone Head Office in Paris. Where there is a National Code in a particular market, the local level team will review the Criteria, the Danone Green Book and Blue Book for implementation of the Code in relation to the National Code and suggest where policies and procedures need to be amended. However there is no separate local level policy manual.                 </li> <li> <b>Knowledge of the Criteria:</b> Wide ranging interviews were performed with all Corporate and Local Head Office functions involved in Danone’s application of the Criteria and relevant national legislations. Detailed Criteria knowledge was noted across the individuals interviewed (refer to Appendix 3).                 </li> <li> <b>Implementation of BMS policies, procedures and training materials:</b> Detailed and widely communicated corporate policies are in place regarding the implementation of the Criteria. The Danone Green Book is publicly available on the Danone corporate website.                 </li> </ol>

Procedures performed	Factual findings
	<ol style="list-style-type: none"> <li>4. <b>Infant nutrition team:</b> Danone employs a dedicated, senior team experienced in infant nutrition to oversee the implementation of the Criteria as well as implementation and monitoring of the Danone Green Book.</li> <li>5. <b>Training and awareness:</b> Training and awareness of the Danone Green Book is a mandatory part of every Danone Nutricia employee's induction. The training programme in each country is defined by the particular market.</li> <li>6. <b>Compliance:</b> Danone stated that any non-compliance with the Criteria is taken very seriously. No instances of non-compliance by Danone personnel were brought to our attention or identified during our interviews.</li> <li>7. <b>Danone's support of public policy (Government lobbying):</b> Danone stated that it supports efforts by Governments to implement the Code through the implementation of national legislation (a National Code).</li> </ol>
<p><b>3.2.2. Factual findings – Corporate policy and procedure</b></p>	<ol style="list-style-type: none"> <li>1. <b>Process for reporting and tracking non-compliance:</b> Allegations of non-compliance may be received through several communication means, including, but not limited to: email; Danone websites; telephone; letter. The publicly available web-based grievance reporting system, Danone Ethics Line, was recently implemented in 2016. This replaced the toll free phone number system, Dialert. Danone Ethics Line enables employees and external stakeholders to raise any concerns they may have with Danone anonymously via an online portal.  During interviews performed at the Corporate Head Office, we were informed that all complaints are logged into a central database at the local level to enable collation and reporting at Corporate Head Office level. We were also informed that on a quarterly basis, the local level teams are required to confirm that all allegations have been sent. This is to validate the completeness of complaints reporting to Head Office.</li> <li>2. <b>Graphical representations on Danone products in Thailand:</b> In-scope steps 1 and 2 products display the illustration from a baby giraffe that is lying down to one that is sitting up demonstrating a developmental milestone of a 6 month old child through the change in body position (refer to photo 24).</li> <li>3. <b>Board review of key policy and procedure documents:</b> Corporate Head Office informed us a new procedure for compliance was put into place April 2016 and was approved by the Corporate Compliance and the Ethics Board. We were unable to access evidence of this review.</li> </ol>

### 3.3. Country site visit 1 – Nigeria

The country site visit to Nigeria was performed in December 2016. The factual findings of the visit are provided in the table below.

The Code is implemented in Nigeria through the ‘Local Gazette’ and is the responsibility of the Food Safety and Applied Nutrition (FSAN) Directorate of the National Agency for Food and Drug Administration and Control (NAFDAC). Their aim is to ensure that food manufactured, imported, exported, distributed, sold and marketed in Nigeria meets the highest standard of Food Safety reasonably available.

Procedures performed	Factual findings
<b>3.3.1. Country background</b>	<ol style="list-style-type: none"> <li> <p><b>Awareness of the Code:</b> The government has a National Code over BMS marketing practices (the ‘Local Gazette’), and based on our interviews with HCPs in Lagos, there is a strong awareness of the National Code. We found this to be less prevalent in the rural area. The National Code in Nigeria is more stringent than the Code and applies to BMS (starter and follow up formula) and growing up milk for infant and young children (aged 0-36 months). Complementary foods are also included.</p> <p>Based on the local code, last updated in 2005, where an individual or corporate body is found guilty of violating the regulations, the individual or management of the corporate is subject to: a maximum 2 year imprisonment; or to a fine, maximum of NGN 50,000 for an individual or NGN 100,000 for the corporate.</p> </li> <li> <p><b>Breastfeeding trends:</b> UNICEF data shows that the rate of exclusive breastfeeding in the first 6 months was 25% in 2014 (source: National Nutrition and Health Survey, 2014), compared to 15% in 2011 (source: Multiple Indicator Cluster Surveys, 2011). HCPs stated that the decision to breastfeed or use BMS depended on a family’s economic position and generally noted that ‘poverty stricken’ mothers would breastfeed, whereas ‘middle class’ mothers in the more urbanised areas of Lagos would choose to give birth overseas (in ‘low risk’ countries such as the UK or US) and would opt to use BMS based on the influence of such ‘low risk’ countries. HCPs noted there is a perception that the use of BMS is a ‘western’ trend and therefore considered to be the ‘more developed’ and ‘elite’ lifestyle choice.</p> </li> <li> <p><b>Sharing of insights and information:</b> In our initial local level meeting with Danone market personnel, it was brought to our attention that BMS which do not have the required NAFDAC approval are imported into the country via unauthorised channels. The volume of parallel imports were assessed by Danone to be twice the size of local business in Lagos. We were informed by Danone that no formal reports have been made to NAFDAC or to retailers to date.</p> </li> </ol>
<b>3.3.2. Local operating context</b>	<ol style="list-style-type: none"> <li> <p><b>Market share:</b> Danone accounts for approximately 3% of the total infant formula market share (source: AC Nielsen Retail Audit JA Nov’16) and operates all sales through a distributor model. Danone also has 8 field sales representatives who engage with HCPs.</p> </li> <li> <p><b>Channels to market:</b> BMS are sold to retailers and wholesalers through Danone’s sole third party distributor. BMS are sold to consumers through a range of different retail outlets, including supermarkets or large chains, independent stores, small retailers, table tops or open market stalls. In open market stalls and small stores, the retailers display their products in large stacks at the front of the store.</p> </li> </ol>

Procedures performed	Factual findings
<p><b>3.3.3. Approach to implementation of the criteria</b></p>	<ol style="list-style-type: none"> <li>1. <b>Implementation of BMS policies and procedures:</b> Danone Nigeria adhere to the Danone Corporate Head Office policies and procedures, as the implementation of the Criteria and adherence to the Code is centrally controlled by Danone Headquarters. Responsibility for identifying and monitoring compliance with local regulations that are different to Corporate Head Office policies is allocated to the local level Category Compliance Manager. However, as previously mentioned, there is no separate local level policy manual.</li> <li>2. <b>Knowledge of the Criteria:</b> Danone Nigeria employees (refer to Appendix 3) demonstrated knowledge of the Criteria and stated their commitment to adhering to the BMS marketing practices required by the Criteria. Danone’s implementation of the Criteria at the market level is based on implementing the requirements of the Criteria, the National Code and the Danone’s Green Book for implementation of the Code.</li> <li>3. <b>Danone’s support of public policy (Government lobbying):</b> In support of national legislation and to enable the industry to interact with Government, a national industry group, the Group of Infant Food Manufacturers and Marketers (IFMM), has been formed in Nigeria and is going through the process of registration. The industry group states its commitment to follow and comply with the WHO code and willingness to work with the government sector to develop and implement policies, rules and regulations that contribute towards reaching the government’s stated infant nutrition target.</li> <li>4. <b>Process to report non-compliance:</b> During interviews performed at the Corporate Head Office, we were informed of the newly implemented grievance reporting system, Danone Ethics Line and of the processes to be performed at a local level to validate the completeness of complaints reporting to Head Office. <ul style="list-style-type: none"> <li>- Local level employees informed us they would report an incident of non-compliance through Dialert. The local level employees did not mention the Danone Ethics Line; and</li> <li>- Furthermore, during the local level meetings, there was no mention of any completeness checks to ensure that all instances of non-compliance reported via the various channels are logged centrally.</li> </ul> </li> </ol>
<p><b>3.3.4. Factual findings – Distributor interviews</b></p>	<ol style="list-style-type: none"> <li>1. <b>Provision of guidance and training:</b> Annual classroom training is provided to the distributor to inform them of rules and regulations over sales of BMS. There was a change in distributor management in October 2016, and the new team were due to receive training in February 2017. <p>Retailers who purchase BMS from wholesalers do not receive formal written communication regarding compliance with the WHO code. Retailers who purchase BMS directly from the Danone distributor receive verbal communication. We were informed by Danone, that both the distributor account manager and Danone representatives conduct store checks in all ‘established’ or ‘formal’ trade channels to ensure that the retailer is in compliance with the Code.</p> </li> <li>2. <b>Channel to report non-compliance:</b> A procedure document detailing the process to be followed by distributors for reporting Code violations is formally documented by Danone but not made available at the distributor site. <p>During our interview with the distributor, both representatives we met with stated they would report any Code violations directly to the Danone Nigeria country manager. They did not mention Dialert or the Danone Ethics line.</p> </li> </ol>

Procedures performed	Factual findings
	<p>3. <b>Sales incentives:</b> During our interviews with the distributor, the representatives confirmed that the volume of sales of BMS is included in the calculation of bonuses, which are calculated based on total Danone product portfolio.</p>
<p><b>3.3.5. Factual findings – HCP interviews</b></p>	<p>1. <b>Promotional items:</b> 10 HCPs out of 88 interviewed had been provided with corporate branded giveaways by Danone representatives. We were able to sight evidence of one of these pens or jotters, which was branded ‘Cow &amp; Gate’, with no specific mention of the product name.</p> <p>2. <b>Awareness of Danone:</b> 31 of the 88 HCPs interviewed stated that Danone representatives had visited the HCF.</p> <p>3. <b>Awareness of BMS parallel import products:</b> 14 of the 88 HCPs interviewed stated they were aware of the product Aptamil, a Danone BMS brand predominantly available in the UK, and were unaware that this product has not been NAFDAC approved.</p>
<p><b>3.3.6. Factual findings – Retail visits</b></p>	<p>1. <b>Parallel imports of BMS from lower-risk countries by third parties:</b> 28 out of the 41 retailers visited in Nigeria sold Danone infant formula and cereals, of which 17 (which were all in Lagos) sold BMS designed for sale in ‘low risk’ countries (such as the UK or US) per the Criteria. These are imported through independent parallel import channels operated by third parties and do not comply with the Criteria in a high risk country as the packaging of this BMS displays an image on the front of a bear (refer to photo 1). These are not NAFDAC approved. Conversations with 2 retailers and 4 out of 88 HCPs interviewed stated that mothers had the perception that Aptamil, a Danone BMS brand predominantly available in the UK, is superior to the locally available BMS.</p> <p>2. <b>Inappropriate BMS promotion at retailers:</b></p> <ul style="list-style-type: none"> <li>- In 1 large, multi-store retailer out of 12 visited in Lagos, Nutristart 2 (6-12 months) was marketed at a promotional price of 1,900 NGN, reduced from 2,900. We noted this product was for sale for between 2,400 –3,400 NGN at other retailers (refer to photo 2). We were able to purchase the BMS at the price displayed;</li> <li>- BMS are displayed at the front of the store, stacked on table-tops, in small stores and open market stalls across Lagos for Danone and other BMS manufacturers (refer to photo 3).</li> </ul>
<p><b>3.3.7. Factual findings – Media monitoring</b></p>	<p>1. <b>No instances of BMS marketing activity engaged by Danone:</b> Kantar Media confirmed that there had been no advertisement by Danone of infant formula brands, for the use of infants under the age of 12 months, during the month of December 2016, across a sample of TV, radio, magazines, cinema, newspaper, billboards and the internet.</p> <p>No products were advertised in the 3 daily newspapers inspected by PwC over the same period. Daily newspapers inspected were: The Guardian; The Vanguard; and The Punch.</p>



### 3.4. Country site visit 2 – Thailand

The country site visit to Thailand was performed in January 2017. The factual findings of the visit are provided in the table below.

There is currently no local legislation implementing the Code in Thailand. However, the Department of Health in Thailand is currently working to legislate a local Thai Milk Code.

Procedures performed	Factual findings
<b>3.4.1. Country background</b>	<ol style="list-style-type: none"> <li><b>National Code:</b> There is no National Code to specifically control marketing practices of BMS in Thailand. However, advertisement of BMS to the public is prohibited under the Food Act controlled by Food and Drug Administration (FDA). Danone Thailand therefore aligns its practices to the Criteria, the Danone BMS Policy and the Food Act.</li> <li><b>Breastfeeding trends:</b> The most recent UNICEF data (Multiple Indicator Cluster Surveys, MICS, 2015-16) shows that the rate of exclusive breastfeeding in the first 6 months is 23%, compared to 12% in 2012 (MICS, 2012-13) and 5% in 2005-06 (MICS, 2005-06). HCPs stated that the decision to use BMS was commonly as a result of the infant's intolerance to breast milk (largely in the urbanised areas of Bangkok), or a result of the mother's illness such as HIV (in the rural area).</li> <li><b>Sharing of insights and information:</b> In our initial local level meeting with Danone market personnel, it was brought to our attention that large promotional signs next to BMS have been observed at supermarket chains, however infant formula and follow on foods (i.e. in-scope BMS) are excluded from this promotion in the small print.</li> </ol>
<b>3.4.2. Local operating context</b>	<ol style="list-style-type: none"> <li><b>Market share:</b> Danone accounts for approximately 32% of the total infant formula market share (source: AC Nielsen Retail Audit MAT November 2016).</li> <li><b>Channels to market:</b> BMS are sold to retailers and wholesalers in 2 ways; either directly by Danone or through third party distributors. These BMS are sold to consumers through a range of different retail outlets, including supermarkets and large chains, independent stores or small retailers and pharmacies.</li> </ol>
<b>3.4.3. Approach to implementation of the criteria</b>	<ol style="list-style-type: none"> <li><b>Implementation of BMS policies and procedures:</b> The detailed BMS marketing policies and procedures produced and applied by Danone Thailand are based on Danone Corporate Head Office policies and procedures, as implementation of the Criteria and adherence to the Code is centrally controlled by Danone Corporate Head Office. Responsibility for identifying and monitoring compliance with local regulations that are different to Corporate Head Office policies is allocated to the local level Category Compliance Manager. However, as previously mentioned, there is no separate local level policy manual.</li> <li><b>Knowledge of the Criteria:</b> Danone Thailand employees (refer to Appendix 3) demonstrated knowledge of the Criteria and stated their commitment to adhering to the BMS marketing practices required by the Criteria. Danone's implementation of the Criteria at the market level is based on implementing the requirements of the Criteria and the Danone Green Book for implementation of the Code.</li> </ol>

Procedures performed	Factual findings
	<ol style="list-style-type: none"> <li data-bbox="517 276 2103 427">3. <b>Danone’s support of public policy (Government lobbying):</b> In the absence of national legislation (a National Code), Danone is a member of a national industry association, PNMA (Paediatric Nutrition Manufacturer Association), which states its commitment to follow and comply with the WHO code and willingness to work with the government sector to develop and implement policies, rules and regulations that contribute towards reaching the government’s stated infant nutrition target. The association has been established since 1984 and as a group, launched its latest code of marketing in October 2016. PNMA members are responsible for monitoring their compliance with this code.</li> <li data-bbox="517 443 2103 687">4. <b>Process to report non-compliance:</b> During interviews performed at the Corporate Head Office, we were informed of the newly implemented grievance reporting system, the Danone Ethics Line, and of the processes to be performed at a local level to validate the completeness of complaints reporting to Head Office. <ul style="list-style-type: none"> <li data-bbox="584 552 2103 608">- Local level employees informed us they would report an incident of non-compliance through Dialert. The local level employees did not mention the Danone Ethics Line; and</li> <li data-bbox="584 624 2103 687">- Furthermore, during the local level meetings, there was no mention of any completeness checks to ensure that all instances of non-compliance reported via the various channels are logged centrally.</li> </ul> </li> </ol>
<p data-bbox="136 719 450 775"><b>3.4.4. Factual findings – distributor interviews</b></p>	<ol style="list-style-type: none"> <li data-bbox="517 719 2103 1007">1. <b>Provision of guidance and training:</b> We found that while all distributors received training in 2016, the manner in which it was conducted was inconsistent across distributors as described below. All 3 distributors interviewed confirmed that the training will be held annually going forward. <ul style="list-style-type: none"> <li data-bbox="584 823 2103 879">- 1 distributor was responsible for delivery logistics only and only the Account Lead underwent formal training; the Account Lead communicated this verbally to the rest of the team;</li> <li data-bbox="584 895 2103 951">- 1 distributor stated that they, as the owner, were not subject to examination of their Code knowledge, but the rest of the team received a written examination; and</li> <li data-bbox="584 967 2103 1007">- 1 distributor stated that all staff receive formal training and are subject to a written examination.</li> </ul> </li> <li data-bbox="517 1023 2103 1230">2. <b>Channels to report non-compliance:</b> All distributors confirmed they can report instances of non-compliance observed directly to their assigned unit manager from Danone Thailand. They did not mention Dialert or the Danone Ethics Line: <ul style="list-style-type: none"> <li data-bbox="584 1094 2103 1150">- 2 distributors stated they would use this channel to report any non-compliance observed at the point-of-sale. However they had not noted any such instances to date, and therefore this channel had not been used; and</li> <li data-bbox="584 1166 2103 1230">- 1 distributor was responsible for delivery logistics only and therefore they stated it is not their responsibility to inspect the point-of-sale displays for non-compliance with the WHO code.</li> </ul> </li> <li data-bbox="517 1246 2103 1342">3. <b>Sales incentives:</b> During our interviews with 2 distributors, sales staff confirmed that the volume of sales of BMS is included in the calculation of bonuses, which are calculated based on total Danone product portfolio. 1 distributor is responsible for delivery logistics only and therefore there are no associated sales incentives.</li> </ol>

Procedures performed	Factual findings
<b>3.4.5. Factual findings – HCP interviews</b>	<ol style="list-style-type: none"> <li>1. <b>Promotional items:</b> <ul style="list-style-type: none"> <li>- We observed a clock (refer to photo 4) and pen holder (refer to photo 5) with Dupro (6+ months) outdated product branding in a HCP office that is accessible to the public at 1 rural HCF, out of 12 visited;</li> <li>- 7 HCPs out of 82 interviewed had also been provided with ‘Nutricia’ or ‘Dumex’ branded pens. We were able to sight evidence of 3 of these pens with the corporate brand;</li> <li>- 2 HCFs out of 24 visited in the urban area had waiting room literature for ‘tailored nutrition’ that was labelled as ‘information for Healthcare Professionals only’ (e.g. for infants with an allergy to the protein in cow’s milk). The literature displayed images of the product tins in question (refer to photo 6); and</li> <li>- We observed Dumex branded folder holders in the waiting room at 4 HCFs out of 36 visited (refer to photo 7) and a Dumex wall decoration outside a further HCF (refer to photo 8).</li> </ul> </li> <li>2. <b>Contact between Danone representatives and pregnant women:</b> <ul style="list-style-type: none"> <li>- 1 HCP out of 82 interviewed stated that Danone representatives had approached her, in her capacity as a pregnant mother, to offer discounted, products for infants aged over 12 months (out of scope product). We were unable to obtain any evidence of this discount; and</li> <li>- 1 HCP out of 82 interviewed stated that Danone representatives had interaction with pregnant women to provide free samples of maternity milk (out of scope product) and took their contact details. 2 further HCPs stated that Danone representatives had left behind free supplies of maternity milk for pregnant mothers. We were unable to obtain any evidence of the free supplies;</li> </ul> </li> <li>3. <b>Distribution of BMS:</b> 5 HCPs interviewed at 5 private urban HCFs, out of 13 visited, stated that the HCF provides Danone BMS to all new mothers as part of their birthing package. Danone sells BMS to the HCFs in question via their contractual distributor. We were unable to ascertain from the HCFs purchasing department whether Danone provides any guidance in this regard.</li> <li>4. <b>Demonstration to HCPs:</b> 2 out of 82 HCPs interviewed stated that Danone representatives will perform infant feeding demonstrations to HCPs if requested. The Criteria prevents such demonstrations, however it does not state if the intent is to prevent demonstrations to HCPs, mothers or both.</li> <li>5. <b>Removal of branded items prior to our visit:</b> 3 HCPs interviewed at 3 separate HCFs out of 36 visited stated that Danone representatives had visited their HCF in January 2017 to remove Danone branded items and/or inform them of the ‘auditors’ visit’.</li> </ol>

Procedures performed	Factual findings
<b>3.4.6. Factual findings – Retail visits</b>	<ol style="list-style-type: none"> <li>1. <b>Labelling:</b> At 2 retailers in the rural area, out of 15 visited, individual packets of BMS were removed from boxes, to be sold separately for Danone BMS and one other brand. The packets were therefore for sale without an attached label or message that provides the required information about the appropriate use of the BMS (refer to photos 9 and 10).</li> <li>2. <b>Inappropriate BMS promotion at retailers:</b> <ul style="list-style-type: none"> <li>- BMS from a range of BMS manufacturers were pictured on a banner outside 1 independent retailer out of 30 urban retailers visited in an urban location, which was immediately opposite a HCF (refer to photo 11);</li> <li>- In 4 independent retailers out of 15 retailers visited in the rural area, we observed the use of shelving strips with ‘Dumex’ and ‘Preparation for more skills’ with a photo of a child under the BMS (refer to photo 12);</li> <li>- Large promotional signs were observed at 4 out of 8 supermarket chains visited in the urban area (refer to photos 13, 14 and 15), in the same aisle as BMS. Infant formula and follow on foods (i.e. in-scope BMS) are excluded from this promotion in the small print. This promotion is undertaken by the retailer for both Danone and other brands;</li> <li>- Signs promoting ‘milk powder products’ for children were adjacent to stage 1 and 2 formula (refer to photos 16 and 17) in 3 out of 30 retailers visited in the urban area;</li> <li>- In 2 out of 10 small supermarket chains visited in the urban area, we observed Danone Nutricia branded prominent shelving (special display) of ‘tailored nutrition’ BMS (e.g. BMS for infants with an allergy to the protein in cow’s milk ) (refer to photo 18); and</li> <li>- BMS were on display in the shop window at 1 independent retailer out of 15 retailers visited in the rural area, for Danone and one other brand (refer to photo 19).</li> </ul> </li> </ol>
<b>3.4.7. Factual findings – Media monitoring</b>	<ol style="list-style-type: none"> <li>1. <b>No instances of BMS marketing activity engaged by Danone for in-scope products:</b> Kantar Media confirmed that there had been no advertisement by Danone of infant formula brands for the use of infants under the age of 12 months during the month of December 2016, across a sample of TV, radio, magazines, cinema, newspaper, billboards and the internet.  Advertising activity by Danone for Hi Q 1 Plus Super Gold Powder Milk, a product for infants over 12 months, was identified. The adverts were aired over 1,568 times during the month of December 2016. This product is out of scope of the Code. However, the adverts for stage 3 products are accompanied by the use of logos that are associated with brands of stage 1 and 2 infant formula (i.e. 0-12 months).  No in-scope products were advertised in the 3 daily newspapers inspected by PwC over the same period. Daily newspapers inspected were: Thairath; Daily News; and Matichon.</li> </ol>

### 3.5. Other findings

During fieldwork performed, various observations were made that were not directly related to the Criteria or in-scope products, but are highlighted below:

#### 3.5.1. Nigeria

##### Danone activities which could be regarded as promotional:

- |   |  |
|---|--|
| 1. <b>Company branded giveaways</b>               | 10 out of 88 HCPs interviewed stated that they had received Cow & Gate branded giveaways (e.g. pens, jotters, umbrellas).                  |
| 2. <b>Payment for travel to local conferences</b> | 5 out of 88 HCPs interviewed stated that they had attended educational conferences lead by Cow & Gate, where lunch or travel was provided. |

#### 3.5.2. Thailand

- |   |   |
|---|---|
| 1. <b>Brand association in respect of out of scope products</b> | We observed promotions for products for infants over the age of 12 months. These products are out of scope with reference to the Code. However, the adverts for stage 3 products are prominent (for example, the use of special displays, gondolas and discount coupons) and accompanied by the use of logos that are associated with brands of stage 1 and 2 infant formula (i.e. 0-12 months) which are in scope (refer to photos 20, 21 and 22). |
|---|---|

##### Danone activities which could be regarded as promotional:

- |   |  |
|---|--|
| 2. <b>Company branded giveaways</b>                     | 6 out of 82 HCPs interviewed stated they received Hi-Q branded giveaways at a conference on the topic of infant nutrition. We were unable to obtain any evidence of these items.<br><br>We observed 4 instances of 'Nutricia' branded cool bags in 4 out of 36 HCFs visited in Thailand. HCPs stated these belonged to mothers and were used to store BMS (refer to photo 23). We were unable to ascertain how mothers acquired these cool bags. |
| 3. <b>Local conferences</b>                             | 18 out of 82 HCPs interviewed stated they had attended a local conference on the topic of infant nutrition, where Danone representatives were present. HCPs were unsure whether the conference admittance fee was funded by the Government, the HCF or Danone.   |
| 4. <b>Dumex Corporate and Dumex Product brand names</b> | Danone Nutricia uses the Corporate brand 'Dumex' in Thailand, which is accompanied by a red square logo, while the product brand 'Dumex' is accompanied by a red heart logo. The 'square Dumex' is considered by Danone to be the Corporate brand and is therefore used for in-country promotional activities.   |

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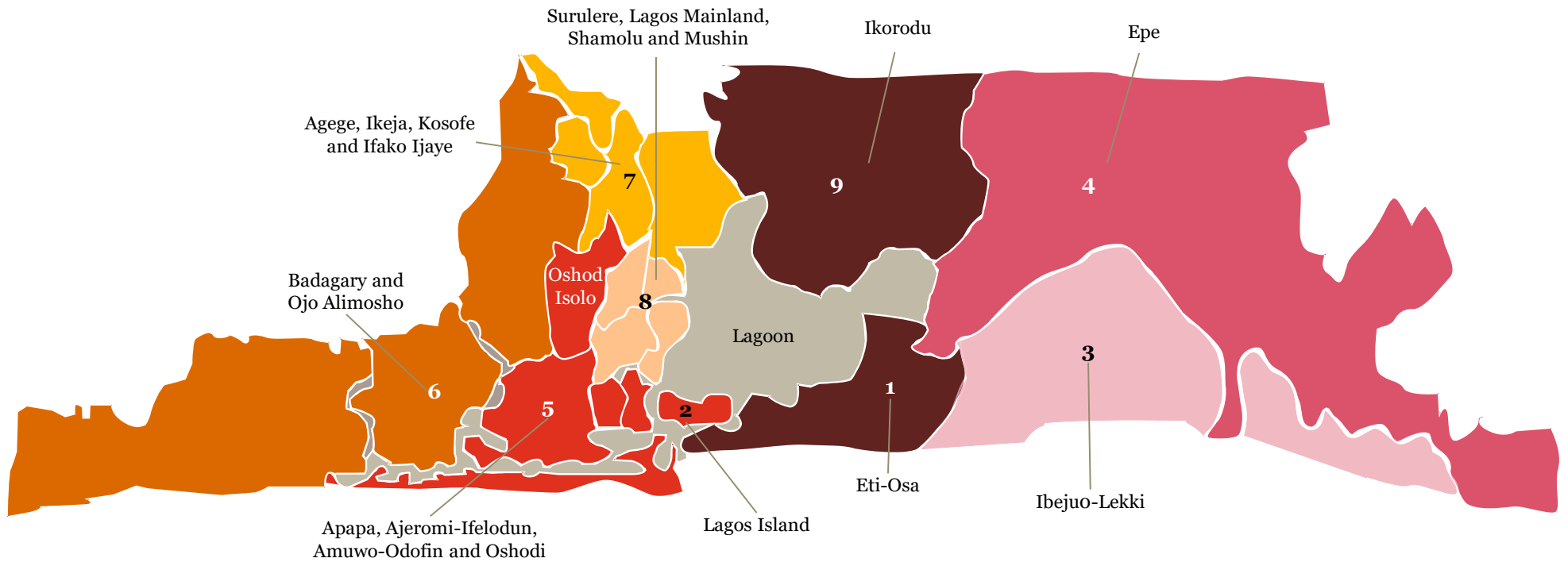
# *Appendices*

## Appendix 1 – Healthcare facility and retailer visits

Country:		Nigeria		Thailand		Total
Area type:		Urban	Rural	Urban	Rural	
Area Name:		Lagos	Abeokuta	Bangkok	Phitsanulok	
<b>Number of sub areas</b>		9	2	8	4	
<b>HCFs visited</b>	Public/ Federal	11	4	10	4	<b>29</b>
	Private/ Clinics	17	1	13	8	<b>39</b>
	NGO	1	1	1	0	<b>3</b>
<b>HCPs interviewed</b>		77	11	60	22	<b>170</b>
<b>Retailers inspected</b>	Large supermarket	12	1	8	3	<b>24</b>
	Small stores	8	2	5	5	<b>20</b>
	Walk in stores/ Kiosks	12	1	11	3	<b>27</b>
	Medical stores/ Pharmacies	3	2	6	4	<b>15</b>

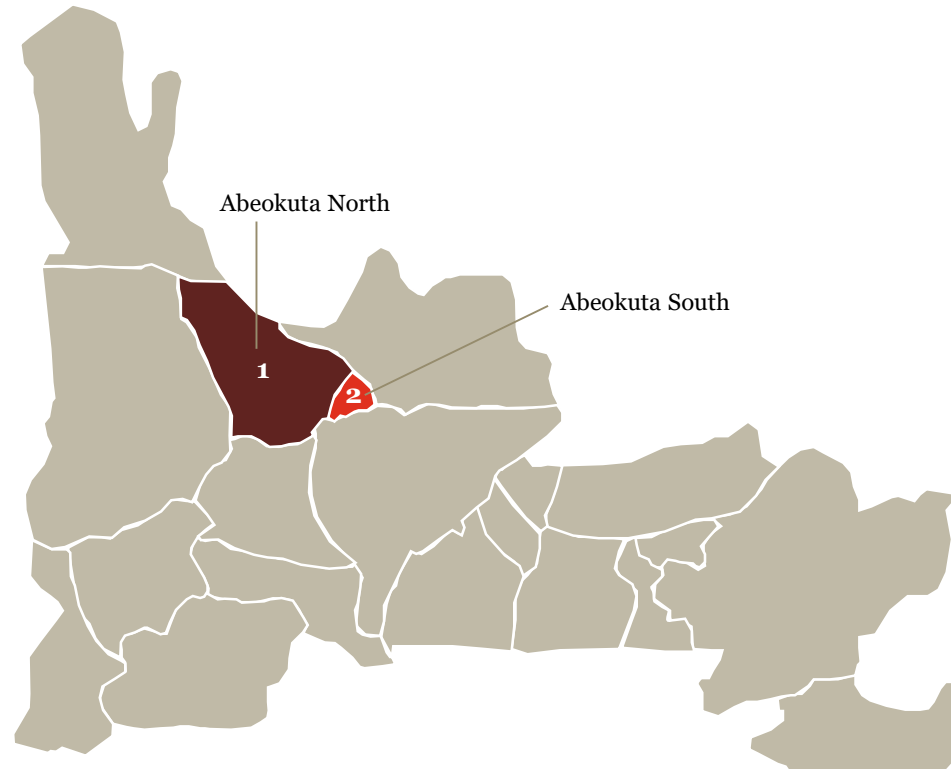
# Appendix 2 – Geographical areas

## a) Lagos, Nigeria

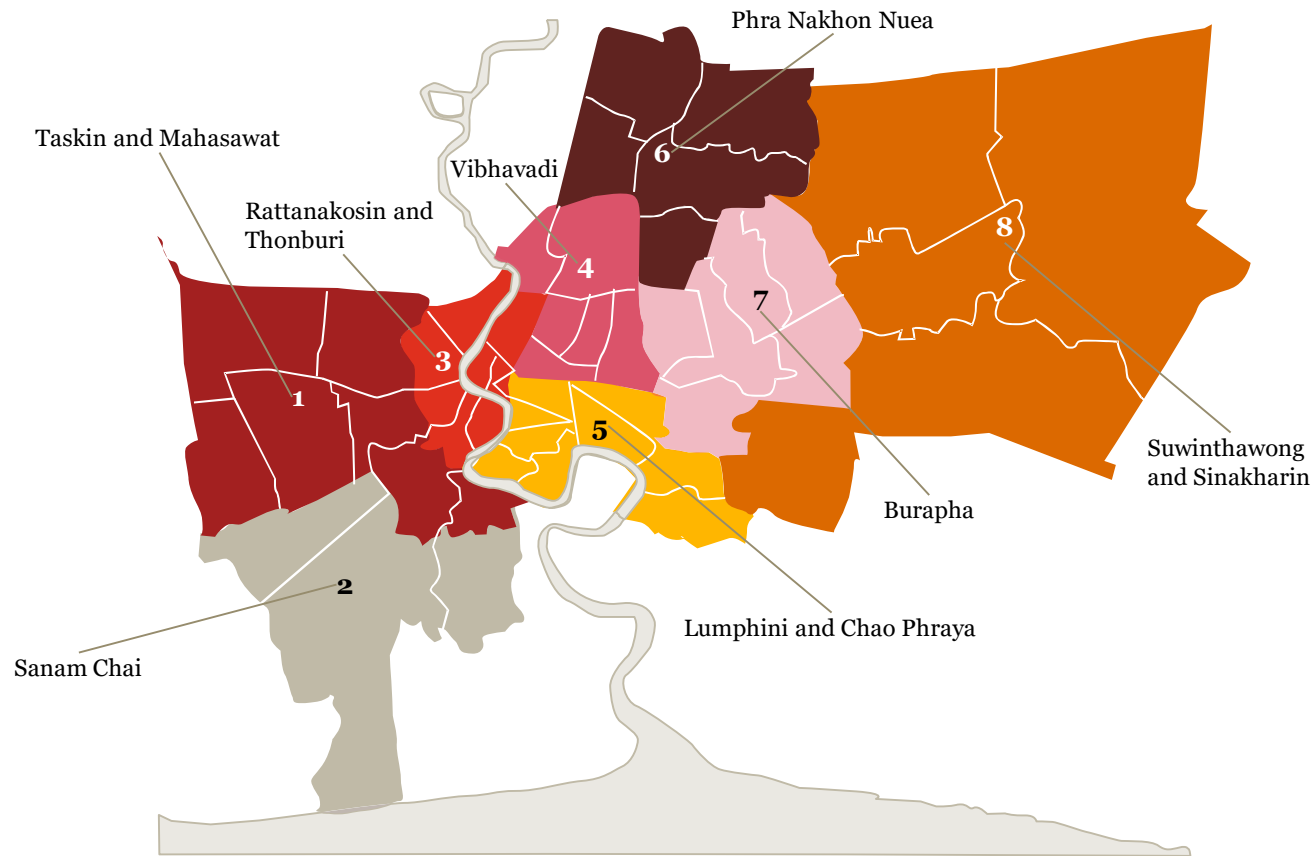




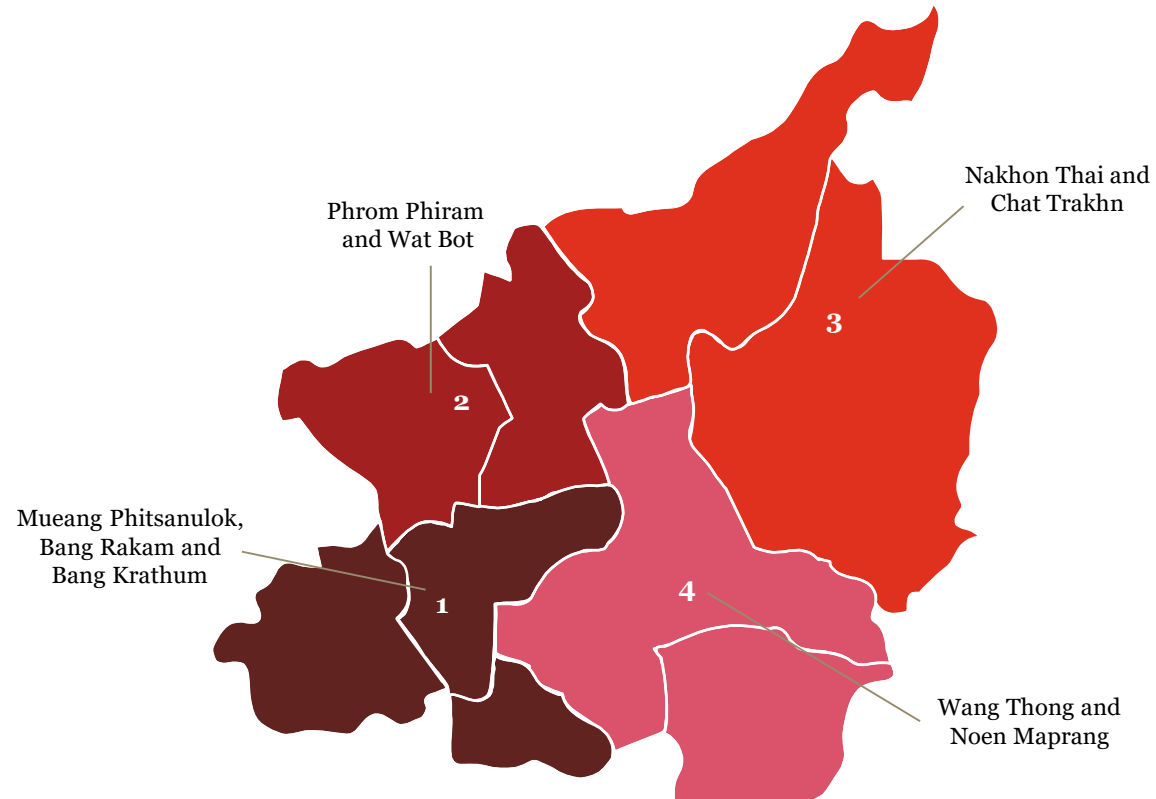
*b) Abeokuta, Nigeria*



*c) Bangkok, Thailand*



*d) Phitsanulok, Thailand*



## Appendix 3 – Interviews and meetings

Corporate Head Office	Nigeria Local Head Office	Thailand Local Head Office
Compliance Director and Head of Anti-bribery	Country Manager (for Nigeria, Libya and Ghana)	General Secretary and General Counsel, Early Life Nutrition Danone South East Asia
Global Category Compliance	Regional Manager for English Speaking Africa (ESA)	Head of Regulatory Affairs, Danone Thailand
Global General Counsel		Healthcare Nutrition Director, Early Life Nutrition Danone Thailand
Global Public Affairs		Managing Director, Early Life Nutrition Danone Thailand
Global RightWAY Director		Regulatory Affairs Manager, Danone Thailand
Internal Audit Director		Sales Director, Early Life Nutrition Danone Thailand

## Appendix 4 – Photographic evidence

**Photo 1** – Examples of parallel imports of Danone BMS from lower-risk countries for sale in Lagos by third parties. (*Lagos State, Nigeria. December 2016*)



**Photo 2** – NutriStart 2 (6-12 months) was marketed at a promotional price of 1,900 NGN, reduced from 2,900. This BMS was on sale for between 2,400 – 3,400 NGN at other retailers. (*Lagos State, Nigeria. December 2016*)



**Photo 3** – BMS displayed at the front of the store, stacked on table-tops, in the open market and small stores across Lagos, for both Danone and other BMS manufacturers. (Lagos State, Nigeria. December 2016)



**Photo 4** – Clock with Dupro (6+ months) outdated product branding in a HCP office that was accessible to the public. (Phitsanulok, Thailand. January 2017)



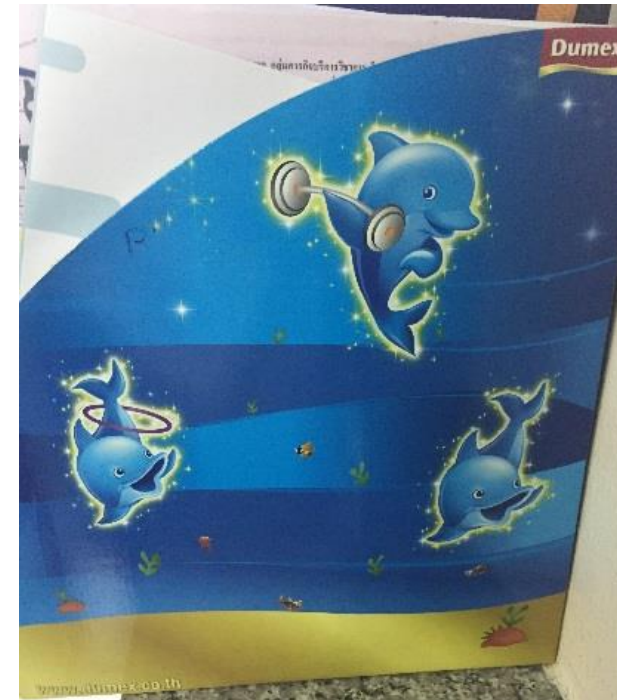
**Photo 5** – Pen holder with Dupro (6+ months) outdated product branding in a HCP office that was accessible to the public. (Phitsanulok, Thailand. January 2017)



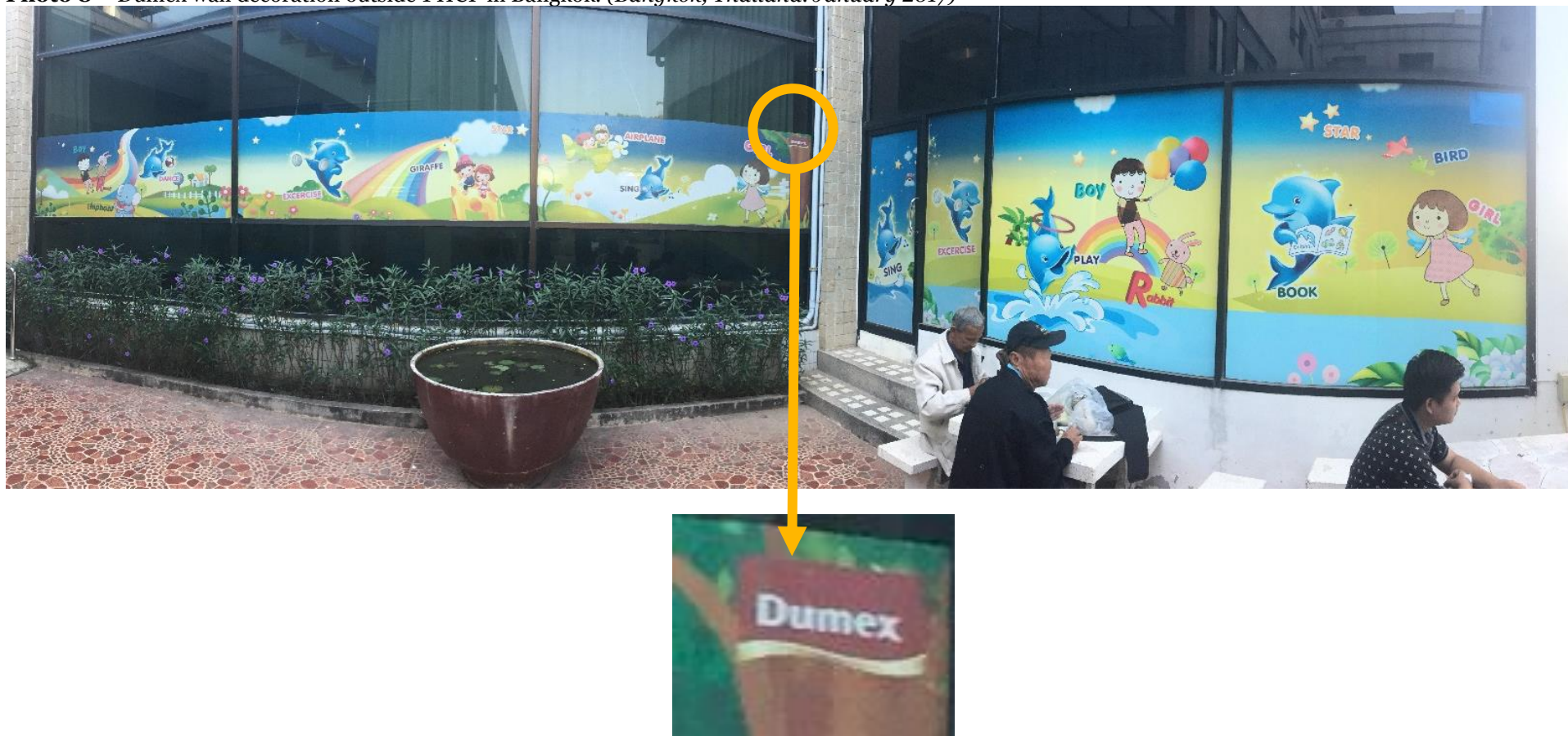
**Photo 6** – Examples of waiting room literature for ‘tailored nutrition’ (e.g. for infants with an allergy to the protein in cow’s milk) which were labelled as ‘for use by Healthcare Professionals only’ and displayed an image of the BMS tin in question. (Bangkok, Thailand. January 2017)



**Photo 7** – Example of a Dumex branded folder holder, which was visible on nurses’ stations in public areas in HCFs. (Bangkok, Thailand. January 2017)



**Photo 8** – Dumex wall decoration outside 1 HCF in Bangkok. (Bangkok, Thailand. January 2017)





**Photo 9 and Photo 10** – Individual packets of BMS were removed from boxes, to be sold separately in the rural area. The packets were therefore for sale without an attached label or message that provides the information about the appropriate use of the BMS. (*Phitsanulok, Thailand. January 2017*)



**Photo 11** – In-scope and out of scope BMS from a range of BMS manufacturers (in-scope BMS for Danone) were on display on a banner outside 1 independent retailer in Bangkok, which was opposite a HCF. (Bangkok, Thailand. January 2017)



**Photo 12** – Use of shelving strips in rural areas with ‘Dumex’ and ‘Preparation for more skills’ with a photo of a child under the BMS. (Phitsanulok, Thailand. January 2017)



**Translation:**

“Preparation for more skills

Dumex Dugro Supermix. With DHA, added LCFos to be 1,000 mg, and Fruit & Vegetable powders 0.2%”



**Photo 13**

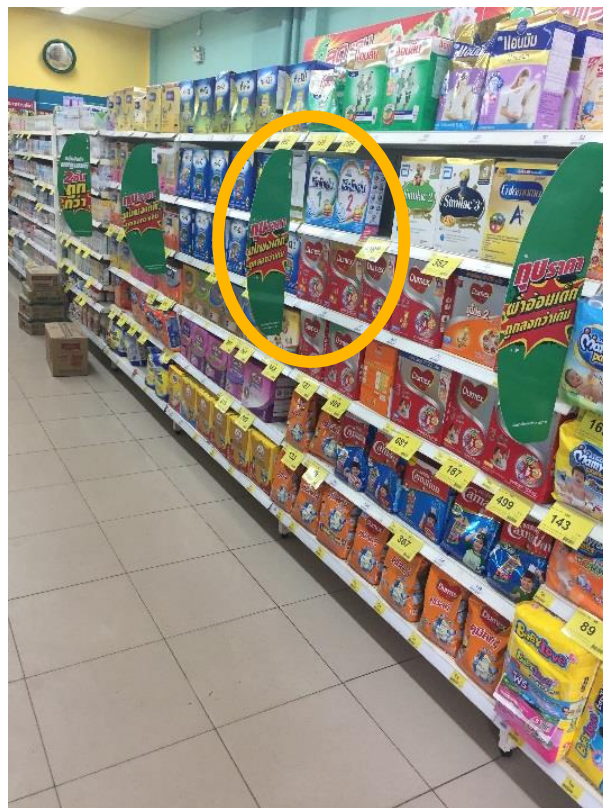
Large promotional signs at supermarket chains in Bangkok for Danone and other brands. Infant formula and follow on foods (IFFO) (i.e. in-scope BMS) are excluded from this promotion in the small print. (Bangkok, Thailand. January 2017)



**Translation:** “All BMS products at Big C!  
(excludes IFFO).

Real Cheap! for mothers and families”

**Photo 14**



**Translation:** “Sale! Cheaper BMS! (Only those in the campaign) (Excludes IFFO products).”

**Photo 15**



**Translation:** “All BMS on sale with up to 15% discount\* (excludes IFFO).

\*from normal price”

**Photo 16**

Signs promoting ‘milk powder products’ for children adjacent to stage 1 and 2 formula in Bangkok. (Bangkok, Thailand. January 2017)



**Translation:**  
“Milk Powder for Children  
Support proper child  
development, be more  
ready.”

**Photo 17**



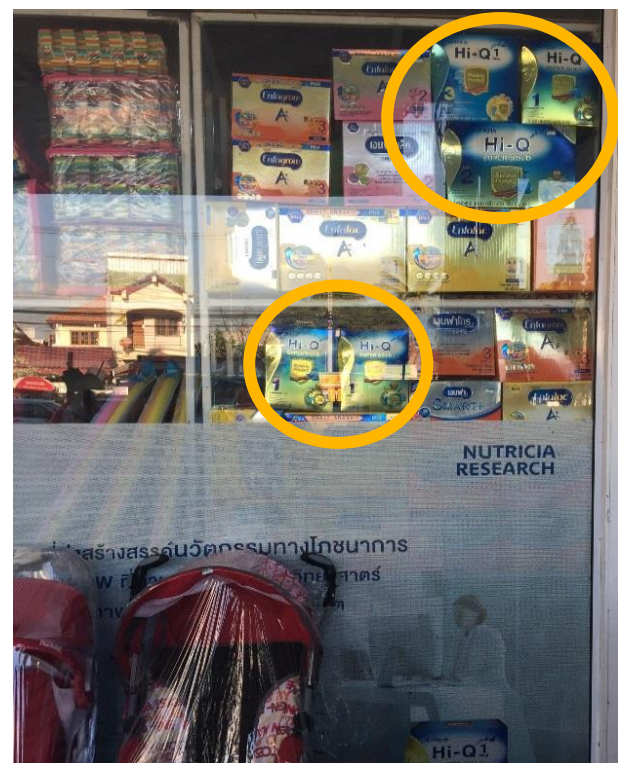
**Translation:**  
“Milk Powder for Children  
Support proper child  
development, be more  
ready.”

**Photo 18** – Danone Nutricia branded special displays of ‘tailored nutrition’ BMS (e.g. BMS for infants with an allergy to the protein in cow's milk) in Bangkok. (Bangkok, Thailand. January 2017)



**Translation:**  
 “Nutricia Allergy Expert  
 1. Scan QR code for more information  
 2. Find the right formula  
 3. Careline 027403456”

**Photo 19** – In-scope and out of scope BMS displayed in the shop window of 1 independent retailer in the rural area, for Danone and one other brand. (Phitsanulok, Thailand. January 2017)



**Photo 20**

Examples of promotional devices for stage 3 products (12 months plus – out of scope products). The adverts are accompanied by the use of logos and colouring that are associated with brands of stage 1 and 2 infant formula (i.e. 0-12 months). (Bangkok, Thailand. January 2017)



**Photo 21**



**Photo 22**



**Photo 23** – Examples of ‘Nutricia’ branded cool bags. HCPs stated these belonged to mothers and were used to store BMS. (Bangkok, Thailand. January 2017)



**Photo 24** – Graphical representation to show development between sequential Dumex products; Dumex 1 (0-12 months) and Dumex 2 (6 months – 3 years). (Thailand, January 2017)





# Appendix 5 – Summary scoring

The table below provides an overview of our findings as they relate to the Tool Criteria.

Areas shaded in **grey** indicate the existence of new findings noted during the current year. Please note that some of our findings relate to more than one Criteria point.

Policy criteria						
Criteria	Assessment design			Assessment implementation		
	Corporate	Nigeria	Thailand	Corporate	Nigeria	Thailand
FTSE Criteria 1: Company policy should be publicly available and include acknowledgement of the importance of the International Code of Marketing of Breast-milk Substitutes, and subsequent relevant WHA resolutions, hereafter referred to as ‘the Code’.						
FTSE Criteria 2: Naming the person responsible at Corporate Executive Board level or Executive Management level and at the individual country level for the implementation and monitoring of the policy.						
FTSE Criteria 3: Acknowledgment that, independently of any other measures taken by governments to implement the Code, manufacturers are responsible for monitoring their marketing practices according to the principles and aim of the Code, and for taking steps to ensure that their conduct at every level conforms to their policy in this regard.					3-3-1.3	
FTSE Criteria 4: Acknowledgment that the adoption and adherence to the Code is a minimum requirement for these countries and where national legislation or regulations implementing the Code are more demanding than the Code, the company will follow the national measures in addition to the Code (Additional Policy Criteria with Regards to Company Operations in High Risk Countries <sup>1</sup> ).					3-3-3.1	3-4-3.2

<sup>1</sup> The requirements for low risk country operations will be reviewed by the FTSE4Good BMS Committee within 5 years for revisions to bring them, over time, in-line with high risk requirements.

## Policy criteria

Criteria	Assessment design			Assessment implementation		
	Corporate	Nigeria	Thailand	Corporate	Nigeria	Thailand
FTSE Criteria 5: Explicit confirmation that there will be no advertising or promotion of infant formula, follow-on-formula products, or delivery products (i.e. teats and bottles) in these countries (Additional Policy Criteria with Regards to Company Operations in High Risk Countries).						
FTSE Criteria 6: Explicit confirmation that complementary (weaning) foods and drinks will not be promoted for the use of infants under the age of six months in these countries (Additional Policy Criteria with Regards to Company Operations in High Risk Countries).						
FTSE Criteria 7: Commitment to follow all national regulations in relation to the marketing and promotion of breast milk substitutes (Additional Policy Criteria with Regards to Company Operations in Low Risk Countries).						

## Corporate public policy and lobbying of regulators

Criteria	Assessment design			Assessment implementation		
	Corporate	Nigeria	Thailand	Corporate	Nigeria	Thailand
FTSE Criteria 1: Companies have a valid and important engagement role in the development of effective and appropriate legislation. They should have clear, openly-stated and enforceable policies on the objectives and practice of their political lobbying regarding government's implementation of the Code, and specifically companies must be open about their objectives, and make position papers publicly available to demonstrate consistency.						
FTSE Criteria 2: Seek to ensure that the trade associations and industry policy groups, to which they belong, operate to the same high standards with membership of such organisations being disclosed.						

<b>Management systems</b>						
<b>Criteria</b>	<b>Assessment design</b>			<b>Assessment implementation</b>		
	<b>Corporate</b>	<b>Nigeria</b>	<b>Thailand</b>	<b>Corporate</b>	<b>Nigeria</b>	<b>Thailand</b>
FTSE Criteria 1.1: Clear communication of the company policies, procedures for its implementation throughout the production and marketing processes, and provision of training in its application, to senior management and all relevant marketing staff operating in the high risk countries.				3.2.2.3	3.3.4.1	3.4.4.2
Additional Assessment Measures 1.2: Information and Education			3.2.2.2			
Additional Assessment Measures 1.3: General Public and Mothers					3.3.6.2	3.4.5.1 3.4.5.2 3.4.6.2
Additional Assessment Measures 1.4: Health Care Systems						3.4.5.1 3.4.5.3
Additional Assessment Measures 1.5: Health Workers						3.4.5.4
Additional Assessment Measures 1.6: Persons Employed By Manufacturers and Distributors	3.3.4.3 3.4.4.3					
Additional Assessment Measures 1.7: Labelling				3.2.2.2		3.2.2.2 3.4.6.1
Additional Assessment Measures 1.8: Quality						
FTSE Criteria 2: Clear accountability and responsibility within the Company for the implementation of systems for compliance with policy at all levels.						
FTSE Criteria 3: Whistle-blowing procedures that allow employees to report outside their normal management reporting line potential non-compliance with company policy in a way that protects them from possible negative consequences of such reporting.				3.2.2.1	3.3.4.2	3.4.4.2
FTSE Criteria 4.1: On-going systematic internal monitoring of compliance with policy.					3.4.3.4	3.4.3.4
Additional Assessment Measures 4.2: Implementation and Monitoring						

## Management systems

Criteria	Assessment design			Assessment implementation		
	Corporate	Nigeria	Thailand	Corporate	Nigeria	Thailand
FTSE Criteria 5: Systems for investigating and responding in a timely manner to alleged non-compliance reported by governmental bodies, professional groups, institutions, NGOs or other individuals from outside the Company.				3.2.2.1	3.3-3.4	3.4.4.2
FTSE Criteria 6: Systems for taking, as well as tracking, corrective action on all non-compliance cases, both internally and externally reported.						
FTSE Criteria 7: Regular external verification to provide evidence of well-functioning Policy compliance management and monitoring systems, conducted by a suitably qualified external expert.						
FTSE Criteria 8: In addition to management reviews, the production of annual summary reports to the Board of Directors on internal monitoring, external reporting and corrective actions taken regarding non-compliance.						
FTSE Criteria 9: In addition for operations in high risk countries, companies must provide to the FTSE BMS Committee, on request, copies of any related marketing literature and product labelling and inform the Committee (Additional Policy Criteria with Regards to Company Operations in High Risk Countries).						

## External reporting

Criteria	Assessment design			Assessment implementation		
	Corporate	Nigeria	Thailand	Corporate	Nigeria	Thailand
FTSE Criteria 1: Adequate company reporting procedures should include making annual summary reports available on adherence to policy, non-compliance, and corrective action taken.						

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