

# Breast Milk Substitutes marketing criteria assessment

PwC verification assessment report - Corporate Head Office and Philippines visit

Reckitt Benckiser

March 2021



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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”) to its FTSE4Good Index Series. The Criteria, based on the World Health Organization (WHO) International Code of Marketing of Breast Milk Substitutes (the “Code”) and subsequent World Health Assembly resolutions\*, sets requirements for company policies, lobbying, management systems and reporting, and requires that companies included on the index are subject to verification assessments. Inclusion into this index is governed by an independent FTSE4Good Breast Milk Substitute Committee (the “BMS Committee”).

### 1.1.1. Overview of the scope

There are differences between the Criteria and the Code in terms of geographical remit and product scope. An overview of the approach to the verification is set out in FTSE Russell’s context document: 2021 Update on BMS Verification Data Used for the FTSE4Good Index Series.

The products under the scope of the Criteria are infant formula and follow-on-formula products for the use of infants under the age of 12 months, complementary (weaning) foods and drinks for the use of infants under the age of six months, and delivery products (i.e. teats and bottles).

### 1.1.2. External verification

Reckitt Benckiser (RB) is subject to an independent verification assessment conducted at the Corporate Head Office and 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. A large part of the assessment is examining whether RB’s Corporate Head Office policies align with the Criteria and have been implemented in the 2 countries selected for the verification.

In previous verifications cycles, PwC produced a report for each company that included the findings from interviews with staff at Corporate Head Office and in two higher risk country local offices. Due to restrictions resulting from the COVID-19 pandemic, the second country assessment had to be delayed. As a result, PwC split the reports into two.

This report contains the assessment of policies, procedures and implementation in the first higher risk country selected. A second report contains the assessment performed for the second higher risk country selected.

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

In a change to how verification assessments have been undertaken previously, PwC was engaged by Stichting Access to Nutrition Foundation (operating as Access to Nutrition Initiative, or “ATNI”) to perform a verification assessment of RB’s BMS Policy and practices against the Criteria, using the FTSE4Good BMS Marketing Verification Tool (the “Tool”) based solely on interviews and desk-based research. ATNI provided to PwC the results from the NetCode study conducted by Westat, for RB’s in-scope products. See further details about the collaboration between ATNI and PwC in section 1.2.

The Tool provides a consistent basis to assess RB’s policies and practices against a set of 103 principles which constitute the Criteria. In the 154 countries considered to be higher risk by FTSE Russell, RB’s policy is to follow the stricter of its global policy for implementation of the Code or in-country legislation or guidance over the implementation of the Code (National Code), in line with the requirements of the Criteria.

PwC has worked with FTSE Russell since 2011, and in collaboration with ATNI for this verification, to help develop an assessment process to meet the needs of the BMS Committee in making decisions on inclusion in the FTSE4Good Index Series under the Criteria.

The verification assessment forms part of FTSE Russell’s overall assessment of RB’s BMS marketing practices against the Criteria. PwC has applied procedures agreed with and directed by ATNI, using the Tool, to conduct interviews at RB’s Corporate Head Office and in the first higher risk country selected for the verification.

The first higher risk country selected for a site visit by ATNI, based on a combination of its own and FTSE Russell selection criteria, was the Philippines. The output of PwC’s work is this Verification Assessment Report.

RB has responded to PwC’s requests for information by making staff available for interviews, and by providing documents such as policies, procedures and other supporting documents. This is the first time that RB’s BMS marketing practices have been assessed against the requirements of the Criteria.

\*Subsequent resolutions include: WHA 39.28 (1986), WHA 45.34 (1992), WHA 47.5 (1994) WHA 49.15 (1996), WHA 54.2 (2001), WHA 55.25 (2002)

## 1.2. Collaboration between ATNI and PwC

### 1.2.1. Why collaborate?

In previous years, ATNI and PwC have conducted similar but separate in-country assessments/verifications of BMS marketing. Given the duplication of effort, it was decided that the assessments would be aligned. This synergistic approach was supported by ATNI, PwC and the BMS Committee.

### 1.2.2. Methodology Applied

The change in approach had no impact on the FTSE4Good assessment methodology or Criteria. PwC continued to perform a verification assessment against the BMS Marketing Criteria within FTSE's ESG Rating methodology and as part of the FTSE4Good Index BMS Marketing Criteria. The change in approach also had no impact on how ATNI carries out its research for its Indexes or assesses companies, which remains an evaluation of the extent to which companies comply with the Code and all subsequent WHA resolutions, and local laws and regulations, where stricter. As a result, the number of findings included by PwC and ATNI in their respective reports may differ.

### 1.2.3. Revisions to the Verification Process

The following changes in approach, from the prior verification performed in 2016/17, were applied:

#### Responsibility for Country Selection

For previous verifications, countries were selected for site visits by FTSE Russell and the BMS Committee using a risk assessment matrix developed by PwC with FTSE Russell, profiling the higher risk countries per the Criteria, using objective, publicly available data.

For this verification, ATNI used a combination of its own and FTSE Russell selection criteria to make the country selection. The selection criteria included the following risk factors, which were consistent with previous assessments performed for the FTSE4Good BMS verification and were agreed with FTSE Russell and the BMS Committee:

- Child mortality;
- Malnutrition (including both stunting and wasting rates);
- HIV/AIDS;
- Corruption;
- Human development;
- Access to improved water;
- Countries or territories where PwC or ATNI have recently conducted BMS marketing assessments;

- The incorporation of the Code in local legislation as per the 'State of the Code by Country' (IBFAN); and
- Number of allegations made in the IBFAN Breaking the Rules, Stretching the Rules 2017 report.

Data was gathered from a range of external sources including UNICEF, The United Nations Development Programme, WHO and Transparency International.

Additional factors were the presence of all three FTSE Russell Index companies, companies assessed by ATNI and the feasibility of doing studies in the country (e.g. safety, ability to get governmental approval, predominant language).

#### Data collection locations

For previous verifications, PwC has performed data collection in one urban and one rural location per country. In this verification, Westat data collection did not include a rural location.

#### In-country data collection

For previous verifications, PwC inspected health care facilities (HCFs) and retailer outlets and engaged a third party to perform media monitoring.

For this verification, Westat, a large US-based health research company, commissioned by ATNI, collected data using the [2017 NetCode Protocol\\*](#). This included interviews at 43 HCFs with mothers and health care professionals (HCPs), and observations of informational and educational materials and equipment in those settings. They also visited 43 large and small physical retailers, and monitored 5 major online retailers, to capture their marketing practices. Further, traditional and social media advertising and marketing was captured, and the labels and inserts of all products assessed. PwC were provided with the findings of the Westat studies for products within the scope of the FTSE4Good Criteria (excluding the results of the interviews with mothers). These findings have been reported in section 3.2.

#### Joint interviews

ATNI joined PwC to carry out interviews with relevant staff in Corporate Head office and in-country Head Office, as well as a sample of in-country distributors.

#### Notification to Companies of location

No notice was given to RB before Westat started data collection in HCFs and retailer outlets and media monitoring was performed. RB was notified that the Philippines was the first higher risk country selected one week in advance of PwC and ATNI's in-country visit to conduct local office interviews.

\*<http://apps.who.int/iris/bitstream/10665/259441/1/9789241513180-eng.pdf?ua=1>

### 1.3. Scope of work performed by PwC and Westat

The scope of PwC’s work was determined collaboratively in discussion with ATNI, the Director of Environmental Social Governance at FTSE Russell, the Principal 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 PwC performed consisted of:

- Reviewing company BMS policies and procedures at the RB Head Office through reviewing documentation and conducting interviews;
- Reviewing company BMS policies and procedures at the in-country Head Office through performing an in-country site visit to the Philippines to review documentation and conduct interviews;
- Conducting interviews with a sample of distributors in-country;
- Reporting Westat data collection findings; and
- Reporting key factual findings.

The 2019/20 verification was extended to incorporate the RB business. Confirmation that RB met the FTSE4Good BMS criteria and therefore retained inclusion on the FTSE4Good index series took place in December 2018, following its acquisition of Mead Johnson in June 2017. As such the 2019/20 verification assessment includes RB, Nestlé and Danone. The results of the Nestlé and Danone verification assessments are presented in separate reports.

#### 1.3.1. PwC evidence gathering methodology

PwC evidence gathering procedures at the RB Head Office and in the country selected for a site visit were based on interviews and inspections. Where issues or items for further consideration emerged, PwC sought evidence to support these issues where possible. This is described in the factual findings (section 3.1).

PwC assessment procedures were based on historical information and the projection of any information or conclusions in PwC’s report to any future periods would be inappropriate.

In the context of the procedures described in the adjacent table, the factual findings outlined in section 2.1 are any policies or procedures inspected, any practices observed and any statements made by RB employees or distributors, identified in the course of interviews performed, which do not satisfy the Criteria in the Tool. Further details are provided in section 3.1.

| Level  | Evidence gathering activity  |
|--|--|
| <b>Corporate Head office</b>                     | <p>Reviewed RB’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 PwC reviewed at the RB Head Office in Slough, UK; and</p> <p>Performed limited testing of evidence to corroborate the application of the Criteria.</p> |
| <b>In-country Head office in the Philippines</b> | <p>Visited the office of RB in the Philippines to perform procedures detailed in the Tool regarding the approach to implementing the requirements of the Criteria in-country; and</p> <p>Performed limited testing of evidence to corroborate the application of the Criteria.</p> <p>RB was notified of PwC and ATNI’s site visit 1 week in advance of arrival.</p>                   |
| <b>Distributors in the Philippines</b>           | <p>Interviewed 3 contractual distributors for RB.</p>  |

The factual findings from PwC’s procedures are in section 3.1.

### 1.3.2. Westat data collection methodology: Netcode

#### Guidance notes:

Westat followed the [NetCode 2017 Protocol for Periodic Assessment\\*](#) designed to monitor the marketing of breast milk substitutes and complementary foods for products from birth to 36 months of age.

#### Steps included the following, the scope of which is wider than the requirements of the FTSE4Good verification assessment:

- Comparison of local laws and regulations and The Code, to identify where local provisions are stronger, in order to assess companies' marketing practices against those.
- Adaptation of standard NetCode data collection forms to the Philippines context.
- Institutional Review Board (IRB) approvals for Westat and the local research partner, from government. The IRB members are responsible for the review of the technical and science component of research protocols i.e. appropriateness of the research design and methods, sample size calculation, soundness of the inclusion and exclusion criteria, internal and external validity of study tools and procedures.
- Selection of the 43 health facilities using a two-stage sample design, within the National Capital Region (NCR), taking into account population size, geography, number of female patients aged between 15-49 in each sub-region of the NCR. This was to ensure a representative random sample of 33 HCFs from a total of 728, including both public and private facilities, and 10 maternity facilities from a total of 306.
- The NetCode protocol calls for interviews with 5 mothers of children under 6 months and 5 mothers of children 6-24 months (2 years) old, conducted over a period of a single day, at each HCF. The Nutrition Center of the Philippines (NCP), the local research partner, achieved this threshold of 165 for each age group; mothers with infants of these ages were asked whether they would take part voluntarily; there were no refusals. Interviews with mothers are not included in the scope of the FTSE4Good verification assessment performed by PwC.
- At each facility, NCP asked for the names and designations of all HCPs who had contact with mothers of young infants up to 24 months and who were present during the days the team would visit. Three HCPs agreed to be interviewed at most facilities; only two were available at 3 facilities. 126 were interviewed in total.
- The NetCode protocol specifies data collection at one small retailer or pharmacy in proximity to each HCF and visits to 10 large retail stores that sell a high volume and variety of products under the scope of the study. The 10 large retailer selection was based on local knowledge of NCP. The 33 smaller stores were identified by NCP by asking staff at the HCF for the location of the closest store or by walking around the area near the facility.
- The online retailers monitored for the Philippines were the largest in the country; Lazada, Shopee, Galleon and Carousell. Note: RB only has a formal contract with Lazada and Shopee, therefore no findings are included in relation to the other two e-retailers.
- NCP conducted online searches and visited retailers to compile a list of a total of 185 distinct BMS and CF 6-36 month products made by 22 companies (including parallel imports). Not all were available to purchase. ATNI checked with each company which products were legitimate BMS products and which were parallel imports; for the 3 FTSE4Good companies, a total of 68 legitimate products were confirmed and their labels analysed (there were no inserts).

\*<http://apps.who.int/iris/bitstream/10665/259441/1/9789241513180-eng.pdf?ua=1>

### 1.3.2. Westat data collection methodology: Netcode (continued)

- For traditional media, NCP entered directly into an agreement with Organic Intelligence (OI), a local independent media monitoring organization. OI obtained data for six months, from October 2019 - March 2020. In total, OI monitored 4 television channels and 81 radio channels. This represented more than 70% of the market.
- For online media monitoring, Westat identified the company and brand websites as well as the available social media platforms associated with each of those websites (Facebook page, Instagram, YouTube channel and/or Twitter feed). Only websites and social media pages that appeared to originate from the Philippines or targeted a Filipino audience were included in the monitoring. Westat did not monitor global company and brand websites or their social media pages. Westat trained NCP staff to monitor the selected websites weekly for eight weeks (5 February to 25 March 2020). NCP staff followed this process once a week over the eight-week period for online media monitoring. The data collectors visited the media and scanned them for promotions, capturing screenshots each week including 6 company websites, 8 brand websites, 3 YouTube pages, 9 Facebook pages, 2 Twitter pages, and 1 Instagram page associated with the major international company and brand websites. Ten mother and baby websites were included in the monitoring, selected based on the local partner's knowledge, as well as 7 YouTube pages, 10 Facebook pages, 7 Twitter pages, and 7 Instagram pages associated with the parenting and child websites.

|   | no.             | %             |
|---|-----------------|---------------|
| <b>Characteristics of HCs</b>                     |                 |               |
| Private   | 7               | 21.2%         |
| Public  | 26              | 78.8%         |
| <b>Total HCs</b>                                  | <b>33</b>       | <b>100.0%</b> |
| Private Maternity Facilities                      | 10              | 100.0%        |
| Public Maternity Facilities                       | 0               | 0.0%          |
| <b>Total HCFs</b>                                 | <b>43</b>       | <b>100.0%</b> |
| <i>Characteristics of Mothers</i>                 |                 |               |
| Mothers with a child < 6 months of age            | 165             | 50.0%         |
| Mothers with a child 6-24 months of age           | 165             | 50.0%         |
| <b>Total mothers interviewed</b>                  | <b>330</b>      | <b>100.0%</b> |
| <b>Total HCPs interviewed</b>                     | <b>126</b>      | <b>100.0%</b> |
| <i>Characteristics of Physical Retail Outlets</i> |                 |               |
| Small retailers (1 in proximity to each facility) | 33              | 76.7%         |
| Large retailers                                   | 10              | 23.3%         |
| <b>Total retail outlets visited</b>               | <b>43</b>       | <b>100.0%</b> |
| <b>Total online retailers monitored</b>           | <b>4</b>        |               |
| <b>Total mother + baby websites</b>               | <b>10</b>       |               |
| <b>Traditional media duration</b>                 | <b>6 months</b> |               |
| <b>Total products assessed (labels, inserts)</b>  | <b>126</b>      |               |
| <i>FTSE companies – legitimate BMS products</i>   | <b>68</b>       |               |

#### Acronyms:

HCF: Health Care Facility, comprising:  
 HC: Health Centres  
 MF: Maternity Facilities  
 HCP: Health Care Professional

In the context of the procedures described, the factual findings from Westat's procedures are outlined in section 3.2.

Note; the 126 total products includes those all products found in the market, made by all companies, assessed by ATNI. A total of 68 products were made by the three FTSE4Good companies.

## 1.4. Limitations

As noted in section 1.3.2 above, the findings in section 3.2 were based on procedures performed and data collected by Westat. PwC have not undertaken any additional verification procedures in relation to that underlying data.

Some of the procedures performed by PwC and data collected by Westat are interview based, resulting findings can be subject to recall bias by the person being interviewed with no materials available to verify details, such instances are noted throughout this report.

The procedures PwC performed and the associated findings are listed in section 3.1. PwC's work did not constitute as an assurance service in accordance with independent assurance standards and accordingly PwC do not express any assurance conclusions. Had PwC performed additional procedures, other matters might have been identified and included in this report.

## 1.5. Purpose of this report

This report explains the procedures PwC performed and includes PwC and Westat's 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. This report will be published on ATNI's website, as ATNI is responsible for overseeing the grant and the work of PwC and will be referenced through the use of a hyperlink from the BMS section of FTSE Russell's website.

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

## 1.6. Use and distribution of this report

This report has been prepared solely for the use of ATNI and its Board of Directors and solely for the purpose of reporting on compliance with the FTSE4Good Breast Milk Substitutes (BMS) Marketing Inclusion Criteria, in accordance with the terms of our agreement dated 20 June 2019, and subsequent variation letters dated 9 September 2019 and 21 January 2021. No part of this report shall be copied or used for any other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than ATNI and its Board of Directors, for this report or for the results of our work, save where terms have been expressly agreed in writing. We have extended our assumption of duty to FTSE Russell and its BMS Committee, in accordance with the terms of the letter between us dated 20 June 2019.



## 2. Executive Summary

Following confirmation of its continued inclusion on the FTSE4Good Index Series in December 2018 after its acquisition of Mead Johnson in June 2017, Reckitt Benckiser plc (RB) was subjected to its first FTSE4Good verification assessment. Interviews were held in November 2019 at the RB Head Office in Slough, U.K. (Corporate Head Office), followed by a site visit to the Philippines in March 2020.

The Corporate Head Office interviews demonstrated that governance structures and a number of appropriate policies and procedure documents are in place that meet the requirements of the Criteria. The site visit also demonstrated awareness of the Criteria at the in-country level and appropriate allocation of responsibilities. Additionally, we noted that policies and procedures in the Philippines are adapted for local requirements; Executive Order No. 51 (the “Milk Code”) and Revised Implementing Rules and Regulations of Executive Order No. 51 (RIRR).

In addition to some overall company context, summarised in this section are the inconsistencies noted in the application of the Criteria. These have been highlighted for the consideration of the BMS Committee in its review of the inclusion of RB in the FTSE4Good Index Series. All key factual observations from the procedures performed are documented in section 3.

## 2.1. Context

### 2.1.1. Approach to implementation of the criteria

#### Company context

- Background:** Following the acquisition of Mead Johnson & Company, LLC (MJN) by RB in 2017, there have been a series of structural and organisational changes to demonstrate RB's commitment to market BMS responsibly and ethically. This included the setting up of a BMS Working Group and Steering Committee which met fortnightly prior to the RB BMS Policy and the Infant and Child Nutrition Pledge being developed. The documents were published in April 2018 and February 2018, respectively. The BMS Steering Committee was established to oversee the development of all BMS related policies, procedures as well as external monitoring, grievance and reporting functions.  
RB is currently set up as two divisions: Health which accounts for roughly 61% sales and Hygiene Home, accounting for roughly 39% of sales (Reckitt Benckiser Group plc Annual Report and Financial Statements 2019). Infant Formula and Child Nutrition products are integrated into the Health division. In some countries (especially in Asia), MJN had a bigger presence than RB, and the management there remains legacy MJN staff.  
Efforts to improve RB's BMS practices were communicated to us during our interviews. Key examples include an exercise performed to review all distributor contracts to ensure reference to BMS was included, ensuring each country has an Ethics and Compliance Manager role, developing the internal audit and training programme and a launch of a re-awareness campaign of the Speak Up whistleblowing system.

#### Country background

- Awareness of the Code:** The government has a National Code over BMS marketing practices; the Philippine Code of Marketing of Breast Milk Substitutes, Executive Order 51 (EO51), 1986, also known as the "Milk Code", and the revised Implementing Rules and Regulations of the Milk Code, 2006 ("RIRR") which followed. The National Code in the Philippines 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.  
EO51 stipulates the following sanctions upon conviction for any violation of the Milk Code:
  - Individuals: imprisonment of two months to one year and/or a fine of PHP 1,000-30,000.
  - Corporate/partnership: the penalty noted for individuals would be imposed on the chairman of the board of directors, president, general manager or partners and/or persons directly responsible. Suspension/revocation of license, permit or authority for pursuit of business.
  - Health worker: revocation of license, permit or authority for the practice of profession/occupation.
- Breastfeeding trends:** According to the 2017 Philippines National Demographic and Health Survey (NDHS):
  - Breastfeeding is very common in the Philippines, with 93% of children breastfed.
  - More than half (57%) of children are breastfed within the first hour of life, and 85% within the first day.

### 2.1.1. Approach to implementation of the criteria

- The prevalence of children under age two currently breastfeeding declines with age, from 94% among children less than two months to 54% of children age 18-23 months.
- Among children under 6 months, 85% are currently breastfeeding and 9% are consuming complementary foods, against recommendations.
- Among children age 6-8 months, 80% consume complementary foods.
- More than half of children age 6-8 months are both breastfeeding and consuming complementary foods (58%).
- The median duration of breastfeeding is 19.8 months for children born in the 3 years before the survey.

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#### Local operating context

1. **Market share:** RB accounts for approximately 20% of the total infant formula market share (as confirmed with RB) in the Philippines. RB acquired MJN in June 2017. MJN were a key market player in the Philippines.
  2. **Channels to market:** BMS are sold directly to modern trade key accounts, and to other retailers and wholesalers through distributors. BMS are sold to consumers through a range of different retail outlets, including large supermarkets and smaller retailers (referred to as Sari-Sari stores), pharmacies and drugstores, and e-commerce (Lazada and Shopee).
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## 2.2. Key findings

PwC findings are indicated by areas shaded in **yellow**. Westat findings are indicated by areas shaded in **blue**.

| Finding   | Detail   | HO | PH |
|---|--|----|----|
| 1. Foods for Special Medical Purposes (FSMPs) are excluded from the products covered by the RB BMS Policy | The RB BMS Policy states excluded products, which are described in line with FSMPs, are not included in the scope of the BMS Policy. FSMPs are implicitly covered by the Code. Although not explicit in the FTSE4Good criteria, it is implied and hence the BMS Policy should include FSMPs as they are infant formula products for infants under the age of 12 months.  |    |    |
| 2. Sale incentives are based on company sales that includes in scope products                             | The Tool requires that for persons employed by manufacturers and distributors, systems of sales incentives for marketing personnel must not include the volume of sales of products within the scope of the company policy in the calculation of bonuses.<br>In line with the WHO Code and the Criteria, the BMS Policy states that “bonus or sales incentives for RB Marketing Personnel must not be based on specific volume targets and/or achieving predetermined quotas of Covered Products”. However, the Policy goes on to say that bonuses can be paid on sales of Covered Products, “provided the bonus is not exclusively related to sales of Covered Products.”<br>Furthermore, all three selected distributors informed us that they receive sales target incentives from RB in relation to sales of Covered Products. |    |    |
| 3. Whistleblowing portal is not fully accessible  | The Tool requires Whistleblowing procedures to be accessible to all employees and that procedures are in place to raise awareness amongst employees of the Whistleblowing procedures. RB’s whistleblowing system is Speak Up which enables employees and external stakeholders to raise any concerns they may have with RB anonymously. A link to Speak Up and/or the Speak Up microsite cannot be easily found on the RB website.   |    |    |
| 4. Evidence of internal monitoring performed at a local level could not be inspected                      | Checks performed in the field by the Compliance Manager in the Philippines are not formalised in a monitoring plan, and documentation/tracking of the findings of these activities are not retained.   |    |    |
| 5. Tracking of non-compliance allegations performed at a local level could not be inspected               | For allegations of non-compliances made at an in-country level, evidence of tracking, investigations and corrective actions performed were not clear from interviews performed. We were informed by the Corporate Head Office that the in-country team collates and shares information with the global team.   |    |    |

| Finding   | Detail   | HO | PH |
|---|--|----|----|
|   | They confirmed that joint reviews take place as to whether the finding is substantiated, or not, what additional information is needed, and corrective action plans, responsibilities and follow ups required.   |    |    |
| 6. Specific requirements are not included within the sample HCP detailer inspected                              | Informational or educational materials must include specific requirements detailed by the Tool. During interviews performed in Philippines, an Enfa detailer was inspected (material providing details or scientific information on a product's potential uses, benefits, side/adverse effects). The purpose of the detailer is to present to HCPs during hospital visits by RB medical staff. It did not include any of the requirements of Article 4.2 of the WHO Code. It also contained claims which imply or create a belief of superiority of Enfa products. An example of this can be seen in Appendix 3. |    |    |
| 7. Membership of all trade associations are not disclosed   | The Tool requires companies to have a procedure to disclose its membership of trade associations and industry policy groups. RB Philippines are a member of two trade associations; these are not disclosed on the RB website.   |    |    |
| 8. Corrective actions against contractual third parties regarding non compliances have not been clearly defined | The Tool requires a procedure to ensure that all relevant third parties are aware of the potential corrective actions regarding non-compliances. The RB BMS Policy is appended to distributor contracts, however, the RB BMS Policy does not explicitly include corrective actions with respect to third parties. On inspection of the three distributor contracts with RB, no corrective actions, penalties, disciplinary measures or similar were noted.   |    |    |
| 9. Provision of training to employees is not standardised   | No global standard process is currently in place for onboarding with respect to BMS policies, for ongoing training, nor for annual refresher training.   |    |    |
| 10. Tests to assess employee level of understanding of the RB BMS Policy are not performed                      | The Tool requires companies to conduct surveys or tests to assess the level of understanding of and competencies to meet policy requirements. The online training module that has been developed, 'Ethical marketing of infant nutrition products', is mandatory for all RB Health employees and contractors to complete. However, this does not include an assessment to test the employees knowledge and understanding.  |    |    |
| 11. Evidence of BMS training provided by RB to distributors was not consistent                                  | We were unable to obtain evidence that BMS training had taken place within the previous 12 months for all three selected distributors nor that any training materials had been provided by RB.   |    |    |

| Finding   | Detail  | HO | PH |
|---|---|----|----|
| 12. Observation of an instance of promotional activity for an in scope product  | An RB branded poster detailing 'Supermarket Lote packs' was observed during interviews with one of the selected distributors at their office. This is a promotional method, and in this instance was used for combining sale of BMS products with sale of Durex condoms and Strepisils. See image in Appendix 3. RB have indicated that this is intended for retailers only and not end consumers.  |    |    |
| 13. Requirement for compliance with BMS Policy is not clearly included in employee contracts                                      | The Tool requires formal job descriptions for relevant sales and marketing personnel that are linked to the requirements of the company policy. In the Philippines, the job descriptions or employment contracts inspected did not include explicit reference to the RB BMS Policy, the WHO Code or the National Code. Instead the contract included a generic “must comply with company policies” statement.   |    |    |
| 14. Disclosure by HCPs to institutions of contributions is not enforced by RB   | The Tool requires companies to have a procedure in place to disclose to the institution to which a health worker is affiliated any contribution made to him/her or on his/her behalf for fellowships, study tours, research grants, attendance at professional conferences or similar support. RB does not have this procedure in place. RB include a statement in invitation letters to HCPs to say that it is the HCP’s responsibility to inform the institution that they are affiliated with, but RB do not take any active steps to ensure that the HCP has informed their institution.          |    |    |
| 15. Speak Up process does not define process for responding to external stakeholders based on allegations of non-compliances made | The Tool requires companies to have a procedure for responding (e.g. communication channels etc) to allegations of non-compliances by external stakeholders. As part of the RB Speak Up, the team will review the information, speak to witnesses or key individuals, and obtain electronic data or documentary evidence. However, there is no explicit reference within the Standard Operating Procedure (SOP), nor was there a process confirmed to us during interviews, to the need to respond to/inform the reportee of the conclusion and corrective actions to be taken investigation process. |    |    |
| 16. Awareness of the company policy is not raised to all relevant stakeholders outside its boundaries of control                  | The Tool requires that stakeholders outside its boundaries of control (e.g. retailers) are made aware of the requirements of the company policy. While actions have been undertaken to meet this criteria, this has not been fully met. We note that communications are sent to the retailer when non-compliances are noted to notify the non-compliance and to restate the importance of respecting the local codes and/or BMS Policy. This communication is not currently in a standardised format, but RB are looking to formalise this in 2021. There are no other processes currently in place.  |    |    |

| Finding | Detail  | HO   | PH |  |
|---------|---|--|----|--|
| 17.     | Internal audit does not include focused reviews on BMS                                      | The RB Internal Audit function have not currently built BMS as a standalone element or substantive part of another scope.  |    |  |
| 18.     | Incentives/compensation to reward compliance are not in place                               | The Tool requires companies to provide incentives/compensation to reward compliance with the requirements of company policy. RB do not provide employees with such incentives/compensation.  |    |  |
| 19.     | Analysis over timeliness of response to allegations is not performed                        | As well as being required to have a procedure to investigate allegations of non-compliances by external stakeholders, the Tool also requires companies to monitor their own performance for responding to allegations of non-compliances in a timely manner (i.e. actual versus target timelines). While response timeframes are established for all allegations, these are not formally monitored or reported on. |    |  |
| 20.     | Process to regularly review external assurance verification programme is not in place       | There is no formalised procedure in place to regularly review the verification programme performed by external assurance providers as required by the Tool. External assurance is provided by Bureau Veritas since 2018 on a three year contract.  |    |  |
| 21.     | Findings from healthcare worker interviews  | 5 findings noted by Westat. 3 of the findings were non-compliances with WHO Article 6 (Health care systems). 2 of the findings were non-compliances with WHO Article 7 (Health workers).   |    |  |
| 22.     | Findings relating to information and education materials and equipment (HCFs and retailers) | 2 findings noted by Westat. Westat identified a mattress cover and a booklet which carried the brand name of an RB proprietary product within the scope of the company policy (Lactum).  |    |  |

# 3. Factual findings

## 3.1. PwC factual findings

Interviews with staff from the RB Head Office were performed in November 2019. The country site visit to the Philippines was performed in March 2020. The fieldwork assessment in both instances entailed inspection of relevant policies and procedures provided to us and interviews with the relevant staff to understand processes in place against the Criteria included within the Tool. The factual findings from these activities performed both at Head Office and in-country are provided in the table below.

| Area  | Factual Findings   |
|---|--|
| <b>3.1.1. Company policies and procedures</b> | <ol style="list-style-type: none"><li data-bbox="471 358 1843 489"><b>1. Governance structure:</b> The responsibility for the management, implementation and monitoring of compliance with the RB BMS Policy is overseen by the RB Head Office in Slough, U.K. The in-country General Manager/Business Unit Leader is responsible for advising on, and supporting of, the local application of the BMS Policy. This is through the establishment of appropriate structures globally that will facilitate the adoption of appropriate procedures (including where local regulations are different to Corporate Head Office policies). The in-country General Manager/Business Unit Leader is also responsible for the provision of trainings, monitoring and internal reporting of any non-compliance.</li><li data-bbox="471 516 1843 776"><b>2. Implementation of BMS policies and procedures:</b> The RB BMS Policy is publicly available on the RB corporate website and provides instructions and guidance when undertaking marketing activities on BMS. The Global RB BMS Policy, the Interactions with Healthcare Professionals and Healthcare Entities Policy and eight Corporate Compliance SOPs have been developed to provide further guidance for the following areas relevant to the FTSE4Good scope: Sponsorship and Events, Meals and Hospitality, Gifts, Samples and Products for Professional Evaluation (PPE), Grants &amp; Charitable Contributions to HCEs, HCE Purchase and Use Agreements, Scientific Interactions with HCPs, Interactions with Pharmacists and Fee of Service. Marketing Grids have been developed to identify the specific requirements for each country and are a supplement to the global SOPs. The global SOPs contain a greater level of detail, whereas the Market Grid provides a summary of the key rules relating to the corresponding SOP. Each Market Grid lists the countries within which RB operates, and then specifies the rules in place for each country, based on either RB SOPs or, where stricter/legally required, local legislation. There are no other country-specific BMS policy or procedure documents.</li><li data-bbox="471 803 1843 907"><b>3. Knowledge of the Criteria:</b> Wide ranging interviews were performed with Corporate and in-country Head Office functions involved in RB's application of the Criteria and relevant national legislations. Detailed Criteria knowledge was noted across the individuals interviewed (refer to Appendix 1), who stated their commitment to adhering to the BMS marketing practices required by the Criteria. In the Philippines, RB confirmed that the requirements of the Criteria, the National Code and RB Head Office policies are implemented.</li><li data-bbox="471 934 1843 1060"><b>4. Scope with respect to FSMPs:</b> As per the RB BMS Policy, <i>“This BMS Marketing Policy does not apply to Excluded Products. Excluded Products are those distinctly formulated and intended for use under medical supervision by Infants with special medical conditions who are not able to take, absorb, digest, metabolise and excrete breast milk or standard Infant Formula or Follow-on Formula, formulated for healthy Infants. Excluded Products include, but are not limited to: (i) Foods for Special Medical Purposes, commonly referred to as FSMPs, including, but not limited to products to address metabolic conditions, or products for inborn errors of metabolism, such as Phenylketonuria (PKU) or</i></li></ol> |



*Maple Syrup Urine disease; (ii) human milk fortifiers; (iii) formulas for prematurely born Infants; and (iv) hypoallergenic protein hydrolysate formulas.”*

FSMPs are covered by the Code. As such, the Criteria should be applied to, and the BMS Policy should include, FSMPs, as they are infant formula products for the use of infants under the age of 12 months.

### 3.1.2. Lobbying and trade associations

1. **Head Office support of public policy (Government lobbying):** RB stated that it supports efforts by governments to implement the Code. Corporate Head Office communicate RB’s global position to in-country teams, and in-country teams work with the Corporate Head Office team to adapt the position for local context. A monthly call is in place for the in-country regulatory teams to exchange relevant communications on Corporate Head Office and in-country positions. RB’s membership to trade associations and industry policy groups is publicly available on the RB website, accessible via the Policies and Progress Reports section of the infant and child nutrition area.
2. **In-country support of public policy (Government lobbying):** In the Philippines, RB is a member of the following trade associations and industry associations:
  - Philippine Chamber of Food Manufacturers
  - European Chamber of Commerce in the Philippines
 These are not included on the RB website.

### 3.1.3. Health Care Professionals and Health Care Entities

1. **Health care events and sponsorship:** RB has an ‘Interactions with Healthcare Professionals and Healthcare Entities’ global policy (iHCP Global Policy) in place, which is supplemented by other SOPs which cover specific areas in greater detail, such as samples. These policies are global and cover all RB products; they are not specific to Infant and Child Nutrition (IFCN) products. As such, nuances related to Covered Products (i.e. products that fall under the RB BMS Policy) are not included. For example, while the RB iHCP Global Policy is clear that branded and unbranded materials are required to be reviewed and approved through the applicable approval process, it is not explicit that equipment and materials given to a health care system should not contain any branding/ images of any Covered Products. Detailed knowledge of the requirements in relation to HCF and HCP interactions with respect to BMS were noted across the individuals interviewed both at Head Office and in the Philippines (refer to Appendix 1).  
The Tool requires companies to have a procedure in place to disclose to the institution to which a health worker is affiliated any contribution made to him/her or on his/her behalf for fellowships, study tours, research grants, attendance at professional conferences or similar support. RB does not have this procedure in place. RB include a statement in invitation letters to HCPs to say that it is the HCP’s responsibility to inform the institution that they are affiliated with, but RB do not take any active steps to ensure that the HCP has informed their institution.
2. **Information and education materials:** An Enfa detailer (material providing details or scientific information on a product’s potential uses, benefits, side/adverse effects) was inspected. The detailer contains Enfa branding, and focuses on “Regulated Behaviour- with proper nutrition, stimulation and regular use” as one of the 8 Signs of Brain Development. Behavioural regulation refers to one’s ability to resist using unhealthy behaviours to regulate emotion.

In this context, the behavioural regulation referenced, for example from the detailer (see image in Appendix 3):

- “Enables a child to resist highly emotional reactions”
- Is “Essential in calming down when upset”
- Is “Useful in handling frustration without an outburst”

This document is to be presented to HCPs during hospital visits by RB medical staff. It did not include any of the requirements of Article 4.2 of the WHO Code. It also contained claims which imply or create a belief of superiority of Enfa products. An example of this can be seen in Appendix 3.

### 3.1.4. Employees

1. **Infant nutrition team:** The focus on BMS and the importance of the Code is driven by a core team at Corporate Head Office. As the IFCN business continues to be integrated into the overall governance of RB, this core team continues to drive the implementation of the requirements of the Criteria and the Code. An example of this is the establishment of the BMS Steering Committee which oversees the development of all BMS related policies and procedures, as well as external monitoring, grievance and reporting functions.

2. **Training and awareness:** There is currently no global standard process for onboarding with respect to BMS policies and training, nor any annual refresher training in place. However, RB have confirmed that this is in development. Corporate Head Office are also reviewing where BMS specific training can be integrated into existing global training modules within across the wider business.

At a foundation level, an online training module, ‘Ethical marketing of infant nutrition products’, has been created which is mandatory for all RB Health employees and contractors globally to complete. However, this training does not include an assessment to test the employees knowledge and understanding. Nonetheless, at the time of our visit in the Philippines, over 95% of the 500+ RB Health employees had completed this “Ethical marketing of infant nutrition products” training module. Corporate Head Office are developing ‘deeper dive’ training targeted at front-line staff and plan to include an assessment as part of this training.

This module is available on both the RB ‘My Learning’ system, and the legacy MJN system, ‘Saba’. RB intends to migrate all Saba users onto My Learning. The training materials have been translated into 10 languages, considered by RB as, commonly used by high risk countries. The English version was launched in December 2018 and the translated courses were launched in February 2019.

In addition to the online training module, we were informed that face-to-face training is delivered to specific functions in higher risk countries only. Responsibility for designing, running and monitoring completion of this training is allocated to the in-country Compliance and HR teams.

Finally, the RB team in the Philippines informed us that they perform face-to-face induction training which covers the Milk Code. This induction training is performed on a monthly basis for any new joiners since the previous session. Evidence of this training was inspected. No refresher training was noted in the Philippines.

3. **Raising allegations:** RB’s whistleblowing hotline, Speak Up, enables employees and external stakeholders to raise any concerns with RB

anonymously via an online portal or via phone.

Speak Up is operated by a third-party company specialised in the handling of whistleblowing hotlines. During the Philippines visit, employees demonstrated good knowledge of the Speak Up whistleblowing hotline. Instruction to first seek advice or guidance before making a complaint is included within the Code of Conduct.

4. **Rewarding compliance for employees:** The Tool requires companies to provide incentives/compensation to reward compliance with the requirements of company policy. RB do not provide employees with such incentives/compensation.
5. **Contracts/ Job descriptions:** The Tool requires formal job descriptions for relevant sales and marketing personnel that are linked to the requirements of the company policy. In the Philippines, the job descriptions inspected did not include explicit reference to the RB BMS Policy, the WHO Code or the National Code. The employment contracts inspected also did not include explicit reference to the RB BMS Policy, the WHO Code or the National Code, or any consequences specific to non-compliance with BMS rules. Instead, the job descriptions included a generic “must comply with company policies” statement. Corporate Head Office have informed us that consequences of breaching any RB policy are included in the overarching Code of Conduct. RB state in their Code of Conduct that they may take disciplinary actions, up to and including termination of employment, against any individual who participates in a violation of the Code of Conduct, the law, or any RB policies or procedures.
6. **Bonuses:** Although, as per the RB BMS Policy, “*bonus or sales incentives for RB Marketing Personnel must not be based on specific volume targets and/or achieving predetermined quotas of Covered Products*”, bonuses can be paid on sales of Covered Products, “*provided the bonus is not exclusively related to sales of Covered Products.*”

### 3.1.5. Contractual third parties

1. **Contracting:** Following the acquisition of MJN, RB undertook a “Distributor Contract Provision Project” to review all existing distributor contracts in place and ensure the inclusion of sufficient BMS compliance clauses. RB indicated that BMS compliance clauses should include: the scope of the contract (coverage); a right to audit clause; training commitment; and references to the RB BMS Policy and the Infant and Child Nutrition (IFCN) pledge (to be attached as an appendix). Where BMS compliance clauses were insufficient, RB either sent a contract amendment or a separate letter outlining the relevant requirements. This project was completed by October 2019. A master distributor contract, including all relevant BMS compliance clauses, has been created for any new contracts or contract renewals/re-negotiations going forward. The RB BMS policy states that RB includes an obligation for distributors to verify compliance with the BMS policy on a yearly basis. In the Philippines, all three selected distributor contracts inspected had been updated in April 2019 and are three-year contracts. It was noted that the contracts were with Mead Johnson Nutrition (Philippines) Inc, (Mead Johnson Nutrition (Philippines) Inc has been retained as the operating legal entity in the Philippines). The additional clauses discussed during Corporate Head Office interviews had been added and the schedules within the contract included the WHO Code and the RB BMS Policy. The RB team in the Philippines also informed us that the Trade Sales team implemented a recurring semiannual certification process with distributors since February 2020 requiring distributors to confirm that they have read and understood certain key RB ethics & compliance policies, one of which is the BMS Policy. Examples of these certifications have been inspected.

2. **Training/raising awareness:** RB have created BMS training materials for distributors which, at the time of our interviews, were intended to be distributed to in-country teams, for those teams to then carry out with distributors at RB offices in-country in 2020.

During our interviews with three selected distributors in the Philippines, it was noted that employees had received varying levels of training on the Milk Code or WHO Code or RB BMS Policy. We were unable to obtain evidence that BMS training had taken place within the previous 12 months for all three selected distributors nor that any training materials had been provided by RB. In particular, the following was noted:

Distributor 1: This distributor had no recollection of any training in 2019, but confirmed that new employees are provided with a product training catalogue, which includes infant formula and identifies products which are covered by the Milk Code. They confirmed that, “from time to time” the employees complete a refresher course, particularly following the release of a new RB product or a change to an existing RB product.

For new products or changes to existing products, they receive orientation packs. An Enfa brand orientation slide deck, which is one of the most recent ones they have received, was inspected. It is noted that the deck was provided by MJN, rather than RB. The slide deck included a section on EO51 and RIRR, specifically referencing that no advertising or promotion of Covered Products should take place and idealised images are not allowed. A Lactum product briefing slide deck was also inspected. This had MJN and RB branding. This was purely a product brief, and contained no additional guidance or training with respect to the Milk Code or the WHO Code.

Distributor 2: This distributor confirmed that all of their employees receive training at least once a year and that new employees receive training on the Milk Code as part of onboarding. The training includes product orientation, to help their employees identify which products are covered by the Milk Code based on the label. The distributor creates the training materials - they are not provided by RB.

Distributor 3: This distributor stated that the last training/refresher for an infant formula product was in 2018, and that previously, classroom training would usually take place at MJN offices annually. Evidence of attendance to annual training was not retained by the distributor. They confirmed that MJN held the attendance records. The distributor also showed us a soft copy of training materials that they use for infant formula products, which included references to the Milk Code. This was MJN branded and dated 2016.

3. **Promotions:** An RB branded poster detailing 'Supermarket Lote packs' was observed during interviews with one of the selected distributors in the Philippines. These are a promotional method, and in this instance was used for combining sale of BMS products with sale of Durex condoms and Strepsils. See image in Appendix 3. RB have indicated that this is intended for retailers only and not end consumers.
4. **Raising allegations:** The three selected distributors interviewed were not aware of the Speak Up whistleblowing hotline. They each said that they would report any issues or concerns to their RB Distributor Development Manager (RB employee). One added that if they received queries/complaints about the product from their own customers, they would send complaints to the customer services line displayed on the product.

| Area | Factual Findings |
|------|------------------|
|------|------------------|

5. **Bonuses/incentives based on BMS sales:** All three distributors informed us that they receive sales target incentives from RB in relation to sales of Covered Products.
6. **Provision of guidance to distributors:** The employees interviewed at the three selected distributors demonstrated good knowledge of the Philippine Milk Code and which RB products are subject to the rules, and have regular contact with a representative from RB (their assigned Distributor Development Manager). However, as noted above, within the past 12 months, the distributors have not been provided with training for themselves, or training materials to use on their employees, from RB.
7. **Potential corrective actions for non-compliances:** The RB BMS Policy is appended to distributor contracts, however, neither the RB BMS Policy nor the contract explicitly include corrective actions with respect to distributors. The Criteria provides the following examples “formal notifications, termination of contracts, action plans for performance improvement etc.” All three selected distributors interviewed referred to the legal consequences of non-compliance, as the Milk Code is law, however there was no specific reference to the impact on their relationship with RB.

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### 3.1.6. Non contractual third parties

1. **Training/raising awareness:** During our Corporate Head Office visit, RB confirmed that, when retailer non-compliances are identified, communications are sent to the retailer either via email or letters to note the non-compliance, and to restate the importance of respecting the local codes and/or BMS Policy. This was also confirmed by the team in the Philippines. This communication is not currently in a standardised format, but RB are looking to formalise this in 2021. There are no proactive processes in place to raise awareness with non-contractual third parties.
2. **Raising allegations:** Speak Up is available in many languages and is available via an online portal or via phone. The Speak Up website is included within policy documents shared with employees and third parties. A link to Speak Up and/or the Speak Up microsite cannot be easily found on the RB website.
3. **Expanding reach:** During our Corporate Head Office visit, RB confirmed that they are developing BMS training programmes for retailers and external nutritional consultants, and “principles” and “watch out” communications for key third party agencies.

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### 3.1.7. Internal monitoring

1. **Allegation response monitoring:** RB has a procedure in place for recording external stakeholders’ allegations of non-compliances. The target time for conducting investigations is within 60 days, as mentioned within the Speak Up SOP document. RB do not have a formalised process in place for analysing target vs actual performance, to ensure timeliness of response to allegations.
2. **In-country internal monitoring:** During our Corporate Head Office visit, RB confirmed that they were working on a whitepaper to set minimum requirements for internal monitoring, as they noted following the acquisition of MJN that practices varied from country to country and were not standardised. This will include developing a control framework for monitoring which in-country compliance managers will then be

responsible for tailoring to the in-country legislation and also for monitoring.

In the Philippines, the RB team confirmed that they visit health care facilities (HCFs) and health care professionals (HCPs) twice a year at a minimum, and are planning on increasing the frequency going forward. They also shadow a medical delegate for a day, visiting 4/5 clinics with him/her and ensuring that materials shared and communications made are appropriate. These activities are not formalised in a monitoring plan, and documentation/tracking of the findings of these activities are not retained.

The RB team in the Philippines also confirmed that they engage a third party to perform media monitoring over social media posts. This is not performed over e-commerce.

### 3.1.8. External/ Independent assessments

1. **Internal audit:** Corporate Head office confirmed that the internal audit of BMS practices is still going through change and development, and internal audit have not currently built BMS as a standalone element into the scope of their audit plan for 2021. Some elements of HCP interactions, which are common across RB's portfolio of products, are included in the internal audit plan but these are not focused on BMS.
2. **External assessments:** RB engages Bureau Veritas (BV) to perform external audits. BV perform 1-3 audits in high-risk countries per year. In 2019, the locations selected were Malaysia and Mexico. RB Philippines was last audited by BV in 2018. BV is contracted by RB for three years at a time (last contract signed in 2018) and the audit protocol/scope to be applied to each audit is agreed. However there is no formalised procedure in place regarding regular review of the verification programme to account for new risks and to ensure the scope and approach remains relevant. The review of the independence and the competence of the external assurance provider is performed as part of the standard RB vendor assessment process.

### 3.1.9. Allegation handling and reporting

1. **Head office:** As part of the investigation process detailed in the Speak Up standard operating procedures and confirmed during the Corporate Head Office visit, the team will review the information, speak to witnesses or key individuals, and obtain electronic data or documentary evidence. However, there is no explicit reference within the SOP, nor was there a process confirmed to us during interviews, to the need to respond to/inform the reportee of the conclusion and corrective actions to be taken, as required by the Tool. While responses to some large external stakeholders are noted on the RB website, no process has been confirmed for responding to smaller reports on a case by case basis.
2. **Philippines:** The Philippines team confirmed that handling of allegations of non-compliance is performed by Corporate Head Office. Formalised tracking at a local level could not be inspected, and from our interviews with the Philippines team we were unable to confirm involvement or awareness of follow up actions from external allegations. RB Head Office confirmed that for allegations of non-compliance that are reported locally, either directly to the company or via industry associations, the in-country team collates and shares information with the global team. They confirmed that joint reviews take place as to whether the finding is substantiated or not, what additional information is needed, and corrective action plans, responsibilities and follow ups required. The input from all local markets is used as the basis for collating the yearly BMS progress report which is published on the RB website. There is no centralised system to ensure that the reporting of allegations by in-country teams to Head Office is complete and accurate.

## 3.2. Westat factual findings

The findings below summarise the results of the procedures described in section 1.3. There are no images in relation to findings from health care worker interviews.

| Area   | Factual Findings  |
|--|---|
| <b>3.2.1. Health care worker interviews</b>  | <p>5 findings noted. As these findings are based on inquiry, no materials can be inspected to verify details. Such findings can be subject to recall bias by the person being interviewed.</p> <p>3 of the findings were non-compliances with WHO Article 6, the breakdown of which is as follows:</p> <ul style="list-style-type: none"><li>• Article 6.3: 1 offer of informational or educational material to provide to mothers/caregivers</li><li>• Article 6.3: 1 case of asking to display products or conduct promotional activity at the facilities</li><li>• Article 6.8: 1 offer of a lining for a Salter scale (equipment), with RB branding</li></ul> <p>2 of the findings were non-compliances with WHO Article 7, the breakdown of which is as follows:</p> <p>Article 7.4: 2 offers of samples of baby milks (exact age group unconfirmed, confirmed for milks up to age of 36 months)</p> |
| <b>3.2.2. Information and education materials and equipment (HCFs and retailers)</b> | <p>2 findings noted:</p> <ul style="list-style-type: none"><li>• Lactum 3+ 6+ mattress: the bed sheet cover shows Lactum 3+ 6+. As the mattress cover carries the brand name of an RB proprietary product within the scope of the company policy (Lactum), this is counted as an instance of non-compliance. See Appendix 3 for images of this finding.</li><li>• Lactum 3+ 6+ booklet: the booklet inspected contains Lactum 3+ 6+ branding on some pages within. As the materials carry the brand name of an RB proprietary product within the scope of the company policy (Lactum), this is counted as an instance of non-compliance. See Appendix 3 for images of this finding. It is noted that this booklet contains Mead Johnson branding, rather than RB.</li></ul>   |
| <b>3.2.3. Traditional media</b>  | No findings noted.  |
| <b>3.3.4. Online media</b>   | No findings noted.  |
| <b>3.2.5. Labels</b>   | No findings noted.  |

| Area   | Factual Findings   |
|--|--------------------|
| <b>3.2.6. Promotion on online retailer sites</b> | No findings noted. |
| <b>3.2.7. Promotion in physical retailers</b>    | No findings noted. |



# Appendices



# Appendix 1 - Interviews and meetings

| Corporate Head Office                                | Philippines Head Office             | Distributors visited in the Philippines |
|--|-------------------------------------|---|
| Area Legal Director, Developing Markets (DVM) Health | Compliance Manager                  | Marina Sales Inc.                       |
| CGD Health and Medical Clinical Affairs, IFCN        | General Manager                     | MyServ International, Inc.              |
| Compliance Manager, Business Integrity               | National Sales Manager              | Race Ventures, Inc.                     |
| External and Public Affairs Director, IFCN           | PR and Customer Call Center Manager |   |
| Global Compliance Director, Health                   | Regulatory and Policy Director      |   |
| Global Head of External Affairs & Communications     | Regulatory Affairs Manager          |   |
| Head of Group Compliance                             | Sales Director                      |   |
| Head of Investor Relations                           |                                     |   |
| IFCN Business Practices Director                     |                                     |   |

# Appendix 2 - Summary scoring

The table below provides an overview of the 2019/20 findings as they relate to the Tool Criteria. PwC findings are indicated by areas shaded in **yellow**. Westat findings are indicated by areas shaded in **blue**.

## Policy Criteria

| Criteria   | 2019/20 Verification Assessment |             |
|--|---------------------------------|-------------|
|  | Corporate                       | Philippines |
| 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.                                      |                                 |             |
| 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). |                                 |             |
| 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  | 2019/20 Verification Assessment |             |
|---|---------------------------------|-------------|
|   | Corporate                       | Philippines |
| 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.   |                                 |             |

## Management systems

| Criteria   | 2019/20 Verification Assessment |             |
|--|---------------------------------|-------------|
|  | Corporate                       | Philippines |
| 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. |                                 |             |
| Additional Assessment Measures 1.2: Information and Education  |                                 |             |
| Additional Assessment Measures 1.3: General Public and Mothers   |                                 |             |
| Additional Assessment Measures 1.4: Health Care Systems  |                                 |             |
| Additional Assessment Measures 1.5: HealthWorkers  |                                 |             |
| Additional Assessment Measures 1.6: Persons Employed By Manufacturers and Distributors   |                                 |             |
| Additional Assessment Measures 1.7: Labelling  |                                 |             |
| Additional Assessment Measures 1.8: Quality  |                                 |             |

## Management systems

| Criteria  | 2019/20 Verification Assessment |             |
|---|---------------------------------|-------------|
|   | Corporate                       | Philippines |
| 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.   |                                 |             |
| FTSE Criteria 4.1: Ongoing systematic internal monitoring of compliance with policy.  |                                 |             |
| Additional Assessment Measures 4.2: Implementation and Monitoring   |                                 |             |
| 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.  |                                 |             |
| 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 noncompliance.   |                                 |             |
| 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   | 2019/20 Verification Assessment |             |
|--|---------------------------------|-------------|
|  | Corporate                       | Philippines |
| FTSE Criteria 1: Adequate Company reporting procedures should include making annual summary reports available on adherence to policy, non-compliance, and corrective action taken. |                                 |             |

# Appendix 3 - PwC evidence images

This appendix contains images to support PwC findings.

## 3.1.3.2. Claims within Enfa 8 Signs of Brain Development detailer

**IMPORTANCE**



The infographic features three blue circular icons on a gold background with a hexagonal pattern. The first icon shows a smiley face and a frowny face with circular arrows between them. The second icon shows a silhouette of a head with a hand pointing to the forehead. The third icon shows a person in a meditative pose. To the right, there is a 3D graphic of four blocks labeled A, B, C, and D, and a list of three yellow buttons representing key milestones.

Enables a child to resist highly emotional reactions.

Essential in calming down when upset.

Useful in handling frustration without an outburst.

**KEY MILESTONES**

- Birth to 12 months
- 1 - 3 years
- 3 - 5 years

# Appendix 3 - PwC evidence images

## 3.1.3.2. Front page of Enfa 8 Signs of Brain Development detailer



**BOOST NOT JUST INTELLIGENCE  
HELP BOOST**

# 8

**SIGNS OF BRAIN DEVELOPMENT**  
Together with a balanced diet

1. ATTENTION
2. VOCABULARY
3. LANGUAGE
4. LISTENING SKILLS
5. MEMORY
6. INHIBITORY CONTROL
7. STRATEGY AND PLANNING
- 8. REGULATED BEHAVIOR**  
*with proper nutrition, stimulation and regular use*

**Enfagrow** FOUR  
A+  
ABOVE 3 YEARS OF AGE  
OUR MOST ADVANCED FORMULA  
NEW MFGM BLEND

**FOR HCP USE ONLY.**  
Not for distribution to general public.

# Appendix 3 - PwC evidence images

## 3.1.5.3. Supermarket lote pack posters



“SMKT LOTE PACK 2 - PHP 1,186.05 (MAX OF 3)”



“BUY 1 PC Lactum 1 + 1.2KG and 1 PC LACTUM 3 + 1.2kg”

“GET 2 PCS LACTUM 0-6 350g, 1 PC 6-12 350g, 2 PCS STREPSILS COOL and 1 PC DUREX STRAWBERRY FOR FREE”



# Appendix 4 - Westat evidence images

This appendix contains images provided by Westat which support their findings. There are no images in relation to findings from health care worker interviews.

## 3.2.2. Information and education materials and equipment (HCFs and retailers)

### Lactum 3+ 6+ mattress:

“Vitaminized Lactum 3+ 6+”



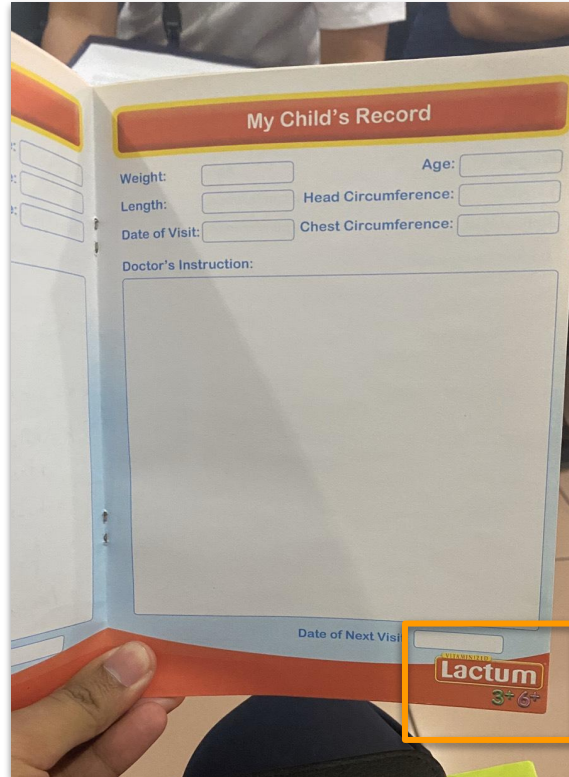
# Appendix 4 - Westat evidence images

## 3.2.2. Information and education materials and equipment (HCFs and retailers)

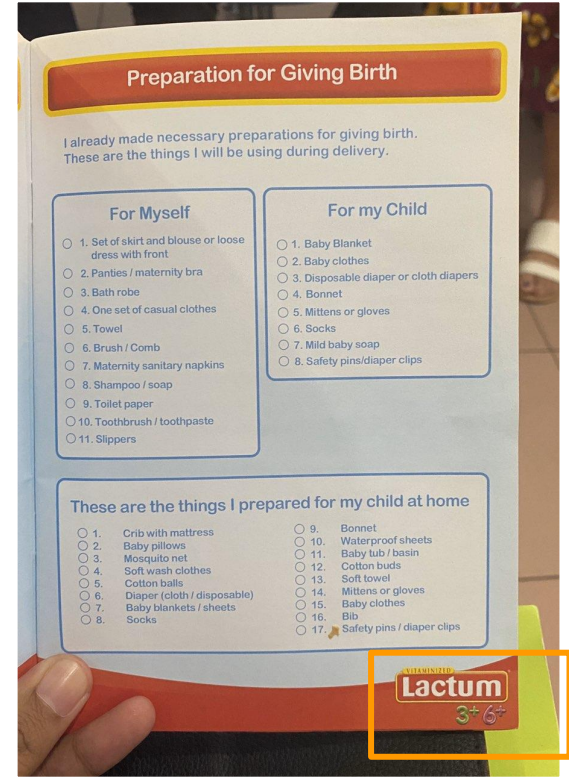
Lactum 3+ 6+ folder:



"Vitaminized Lactum 3+ 6+"



"Vitaminized Lactum 3+ 6+"



# Appendix 5 - Definition of terms

| Term/ Document        | Definition  |
|-----------------------|---|
| BMS                   | Breast Milk Substitutes   |
| CME                   | Continuing Medical Education  |
| Code                  | World Health Organization International Code of Marketing of Breast Milk Substitutes  |
| Corporate Head Office | RB Head Office in Slough, UK  |
| Covered Product       | Product that falls under the RB BMS Policy  |
| FSMP                  | Food for special medical purposes   |
| HCFs                  | Health Care Facilities  |
| HCPs                  | Health Care Professionals   |
| In-scope product      | Products in-scope based on the stricter of FTSE Criteria or national legislation  |
| National Code         | The Philippine Code of Marketing of Breast Milk Substitutes, Executive Order 51 (EO51), 1986, also known as the “Milk Code”, and the revised Implementing Rules and Regulations of the Milk Code, 2006 (“RIRR”) |
| PPE                   | Products for Professional Evaluation  |
| RB BMS Policy         | The following document created at Corporate Head Office:<br>RB’s Policy and Procedures on the Marketing of Breast Milk Substitutes  |
| SOP                   | Standard Operating Procedure  |

[pwc.com](https://www.pwc.com)