

Response to Globalization Monitor's report of "An exposé of formula milk companies' product development strategies and promotional practices in Hong Kong and mainland China" March 2019

Globalization Monitor, a non-profit and non-governmental organisation based in Hong Kong, produced a report on product development and promotion by formula milk companies in Hong Kong and Mainland China. The report was provided to RB by Globalization Monitor on 5 March 2019 and we responded on 12 March 2019 in accordance with our commitment to engage with all stakeholders on reports of alleged non-compliances. This response aims to address the specific questions raised in the report concerning Mead Johnson Nutrition (MJN) products marketed in Hong Kong and Mainland China. MJN was acquired by RB on 15 June 2017.

The Globalization Monitor report (Report) contained a number of general comments towards the BMS industry and/or different infant formula manufacturers in both Mainland China and Hong Kong. The references specific to RB related to two MJN products marketed in Hong Kong. We therefore have focussed our response specifically on these two areas and have not commented on the more generic or non-specific industry wide observations.

As a responsible company, RB is committed to marketing Breast-milk Substitutes (BMS) products ethically. We also commit to being transparent in our marketing practices, engaging in constructive dialogue and working to improve our own practices, and those of the industry.

It is worth noting that RB fully supports the recommendation of the WHO Code of 1981 for exclusive breastfeeding during the first six months and the introduction of safe, age appropriate, nutritious complementary foods thereafter. We advocate for continued breastfeeding up to two years of age and beyond.

In February 2018, RB introduced its Infant and Child Nutrition Pledge (the Pledge), which outlines our overarching commitments towards not only providing the highest quality infant and nutritional products, but to also market these responsibly and ethically. The Pledge is applicable globally and is publicly available on RB.com.



In April 2018, RB introduced its Policy and Procedures on the marketing of BMS ("<u>BMS Marketing Policy</u>"), an important milestone and a firm illustration of our commitment to acknowledging the importance of the principles of the WHO Code of 1981 and subsequent relevant WHA resolutions.

The BMS Marketing Policy builds upon our longstanding commitment to market our BMS portfolio of products both responsibly and ethically – to support a mother's decision to continue to breastfeed her infant for as long as she chooses. The Policy addresses a number of articles related to the marketing of BMS, and also includes specific provisions around labelling practices. This Policy is also publicly available on RB.com.

We take all allegations of non-compliance very seriously and have committed to follow up all reports of alleged non-compliance, irrespective of who has reported or how the report is submitted. Additionally, we also commit to issuing a formal response to the complainant organisation, including corrective actions, as appropriate. Rest assured that we make substantial effort to ensure that the policy and practices we have adopted globally are implemented with the same rigour and attention in all our markets.

We have carefully considered the observations appearing in the Report, and recognise the opportunity the Report presents, as one of many external viewpoints on RB's BMS marketing activities.

Observation 1: Infant Formula products with similar nutritional and product composition, yet pricing differentials: (reference table 1 on page 8):

Reference is specifically made in the Report to product composition differences/similarities between Enfamil A+ and Enfamil Platinum products and the pricing of these products. RB differentiates its product portfolio based on nutritional composition with the introduction of key ingredients or supplements where they are proven scientifically to enhance the nutritional profile.

While Enfamil A+ is available in both Mainland China and Hong Kong, Enfamil Platinum products are only marketed in Hong Kong. Enfamil Platinum reflects an upgraded formulation versus Enfamil A+ due to the different nutritional profile of a key ingredient, a unique Whey Protein Concentrate.

The Whey Protein Concentrate used in Enfamil Platinum contains Milk Fat Globule Membrane (MFGM), which provides added nutritional benefits compared to Enfamil A+. Whilst the two



products may appear similar compositionally, they have different formulations and nutrition profiles and provide different benefits.

Our product prices reflect many different factors including R&D costs, ingredient sourcing costs, manufacturing and operational costs, among others. The improvement of nutritional profile of ingredients used in a particular product, as well as innovation driven formulation upgrade, is an important factor in pricing.

As a science-based company, we continually look to improve the nutritional profile of ingredients used in our formula products to support optimal health outcomes for infants and young children.

It is important to reinforce that RB complies with all national labelling requirements, including those in Hong Kong and Mainland China. Since Enfamil A+ and Enfamil Platinum are distinctly different products, they therefore have different packaging, different label presentations and different pricing.

Observation 2: The validity of Timby's study in relation to MFGM supplementation [table page 11]:

We firmly believe that the addition of MFGM in infant formula provides a number of immune, gut health, and cognitive benefits. The reported immune and cognitive outcomes are consistent with pre-clinical and clinical literature (Gurnida et al, 2012; Newburg et al, 1998; Timby et al, 2014; Timby et al, 2015b; Zavaleta et al, 2011). It is important to point out that the MFGM source supplemented into MJN infant formulas has been shown in multiple clinical trials to be safe and to confer significant benefits to infants (Billeaud et al, 2014; Timby et al, 2015b; Zavaleta et al, 2011). In addition, MFGM enriched ingredients and dairy ingredients containing components of MFGM (buttermilk) have been shown to have similar benefits, further confirming the rigor of the science around MFGM.

Further studies are warranted and as part of our continual commitments to scientific research, we are conducting and will shortly complete additional clinical studies on the benefits of MFGM, in both infants and children, as well as a host of mechanism of action studies in preclinical models.

We are aware of other studies on MFGM or components of MFGM that are currently underway or will shortly be published by other researchers. This wide interest in MFGM is a result of the promising and exciting results published to date and strong belief in the benefits as might be expected since it is an essential component in breast milk. We will be transparent in sharing our



ongoing scientific research, and will provide further updates on our MFGM research as and when available.

We are committed to continually improving our products through science-based innovation and bringing products with the highest quality and nutritional standards to our most vulnerable consumers.

We are grateful to Globalization Monitor for raising the two observations. We welcome all external views and input as we seek to continually improve our marketing practices and those of the industry. We are committed to continued transparency and engagement through constructive dialogue with all informed stakeholders.

RB is unequivocal in its commitment to ethical marketing and to continuing to improve our BMS marketing practices wherever we operate. We firmly believe our relevant product development and marketing practices comply with all applicable local laws and regulations. We will continue to invest in research and development to deliver the highest quality innovative nutrition products to consumers and to leverage our strong science heritage.