



HEALTH ▸ HYGIENE ▸ HOME

# RB Board & Shareholder Meeting

**30 May 2018**

Healthier Lives, Happier Homes

# Chris Sinclair

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Chair of the Board

Chair of the Nomination Committee

## With you here today



**Chris Sinclair**

Chair of the Board  
Chair of the Nomination  
Committee



**André Lacroix**

Senior Independent  
Director  
Chair of the Audit  
Committee



**Mary Harris**

Chair of the  
Remuneration Committee



**Pam Kirby**

Chair of the  
CRSEC Committee

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## Also with us here today

- **Rupert Bondy**, General Counsel
- **Miguel Veiga-Pestana**, SVP Sustainability & Corporate Affairs
- **Richard Joyce**, SVP Investor Relations
- **Zephania Jordan**, Chief Safety, Quality & Regulatory Compliance Officer
- **Patty O'Hayer**, Director of External Relations & Government Affairs
- **Jonathan Timmis**, SVP Corporate Controller
- **Victoria Wood**, Director of Sustainability
- **Simon Barron**, Group Head of Reward

# Agenda

1	Board & Nomination Committee
2	Audit Committee
3	Remuneration Committee
4	Corporate Responsibility, Sustainability, Ethics & Compliance Committee (CRSECC)
5	Q&A
6	Refreshments

# Our areas of focus are the same as yours



## Board priorities

- Organic growth and the successful execution of RB 2.0
- Delivering on the MJN acquisition
- Future inorganic opportunities
- Bench strength and succession: Board and Management
- Governance and Risk Management



## Investor priorities

As laid out by The Investor Forum



There are a number of areas where investors feel the Board could take steps that would help reinforce their conviction in the prospects for the company. These include:

- **Board effectiveness** – questions have been raised with regard to the quality of scrutiny and the approach to protecting the reputation and financial strength of the company against emerging risks.
- **The long-term capital allocation framework** – investors seek to comprehend the balance between **internal and external growth opportunities** and the company's appetite for financial leverage in pursuit of acquisition targets.
- **Leadership and human capital development** - the structure of remuneration policies has long been a source of contention, and it continues to cause frustration for some shareholders.
- **Communication** – investors would welcome a clearer understanding of the recent changes to the **executive team and the most recently announced restructuring.**

## RB 2.0 our platform for growth & outperformance



### Health

“We will change the world by **making people healthier and live better** by nourishing the best start in life and empowering people to take health into their own hands”



### Hygiene Home

“We will **create a cleaner world** by bringing our innovative solutions to a billion homes”

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**Innovative solutions for healthier lives and happier homes**

# Five key board priorities



## To strengthen overall governance & performance

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Organic growth and the successful execution of RB 2.0

Delivering on the MJN acquisition

Future inorganic opportunities

Bench strength and succession: Board and Management

Governance and Risk Management





## Our values guide our actions



Our values are a set of principles and commitments.

Each is vital.

**Each depends on the others.**

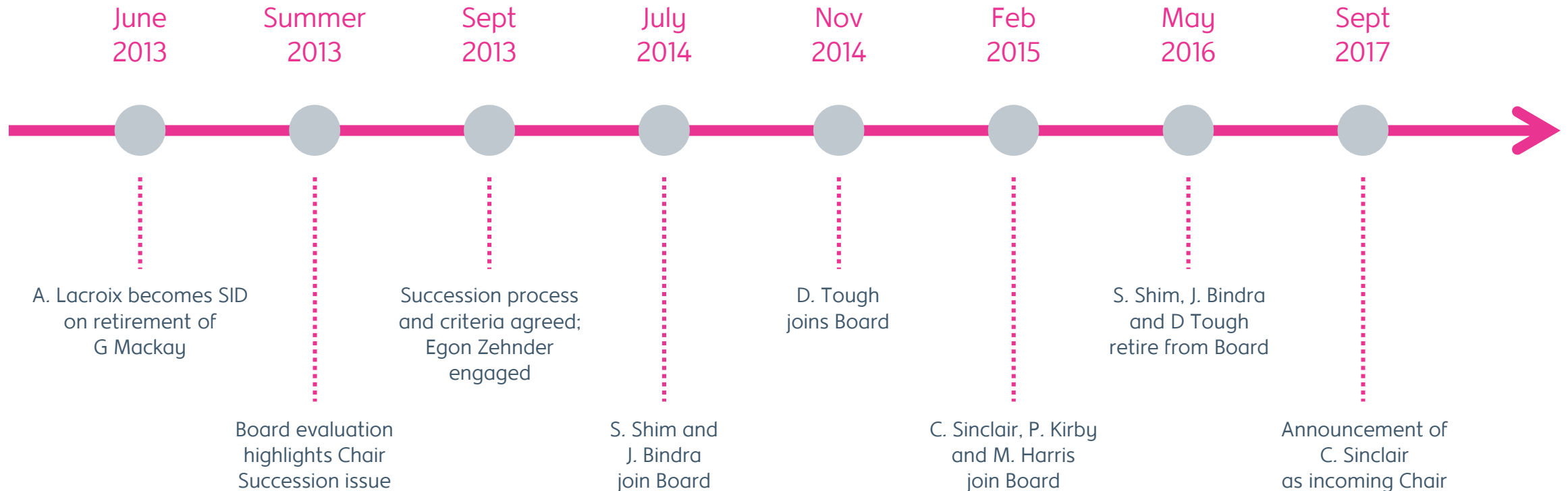
# André Lacroix

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Senior Independent Director  
Chair of the Audit Committee

The Chairman succession process

# Chairman succession – timeline



# Introduction to the Audit Committee



The **purpose** of the Committee is to maintain the integrity of our financial reporting, monitor the robustness of internal controls and oversee risk management processes.

## Scope includes

- Financial reporting
- Narrative reporting
- Risk management and internal controls
- Internal audit
- External audit

## Members

André Lacroix (chair)

Pamela Kirby

Warren Tucker

Andrew Bonfield (from 1 July 2018)

Five meetings per year



## Audit Committee



The Audit Committee takes a systemic approach guided by a **standard agenda** covering:

- Governance
- Constitution
- Financial reporting
- External Auditor
- Internal Auditor
- Ad-hoc topics**



Over and above the standard agenda, the Committee covered the following **'ad hoc'** topics:

### **Ad-hoc agenda 2017**

- Lead the external audit tender process and appoint KMPG as auditors from 2018
- Mead Johnson Nutrition (MJN) acquisition accounting and funding
- The integration of MJN into the RB business
- South Korea and Indivior legal provisioning
- Taxation matters
- Project Gemini set-up
- Risk Assessment independent review

# Audit Committee – Standard agenda



<b>Governance</b>	<b>External Auditor</b>
Review company's statement of internal control & risk management	Assess criteria for reappointment, retendering and rotation
Review of group risk assessment process	Discuss factors that could affect audit quality
Review management representation letter to external auditors	Approve terms of engagement
Review whistle-blowing activity	Conclude on audit quality delivery and assess external auditor effectiveness
Review of whistle-blowing policy	Conduct assessment of external auditor independence and ethics
Review fraud, bribery and corruption activity	Conduct review of non-audit fees policy
	Review audit and non-audit fees & consider safeguards to independence
<b>Constitution</b>	Review audit strategy and scope of work. Explore the risks to audit quality
Committee Chair to agree agenda, attendees, minutes and report to the Board	Review external audit findings through Audit Committee report
Review audit committee's terms of reference	Discuss appropriateness of accounting policies and judgment areas
Oversee any assessment of audit committee effectiveness	Discuss external auditor view on control environment
Audit committee Chair report for the annual report and accounts	Conduct private dialogue with external auditor
Committee professional updating (incl. FRC activity)	
	<b>Internal Auditor</b>
<b>Financial reporting</b>	Review internal audit plan
Key financial reporting issues for year-end	Consider the internal auditor's access to the Chairman
Review of the accounting & treasury policies	Review internal audit findings
Review and recommend approval of financial statements	Consider responsiveness of management to internal audit findings
	Oversee an assessment of internal auditor effectiveness
	Conduct private dialogue with internal auditor
	Review internal auditor Independence

# Audit Committee – 2018 priorities

## RB priorities

Organic growth, successful execution of RB 2.0

Mead Johnson Nutrition (MJN)

Future inorganic opportunities

Bench strength and succession: Board and Management

Governance and Risk Management

## Standard agenda items



Financial reporting  
External audit

Internal audit

Governance & Constitution

## Ad-hoc agenda items

- Gemini
- Legal & Tax

- MJN
- Risk & Control

- Funding review
- Due diligence

- Auditor
- Talent plans

- Risk mapping
- Compliance review

# Mary Harris

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Chair of the Remuneration Committee



# Introduction to the Remuneration Committee



The Committee's **purpose** is ensure that Remuneration Policy and practices reward fairly and responsibly, are linked to corporate and individual performance, and take account of the generally accepted principles of good governance.

## Scope includes:

- Set and regularly review the Company's overall remuneration strategy
- Determine the general Remuneration Policy for senior executives
- In respect of the Chairman, the Executive Directors and members of the Executive Committee set, review and approve remuneration, including annual bonuses and long-term incentives

## Members

Mary Harris (Chair)

Nicandro Durante

Chris Sinclair

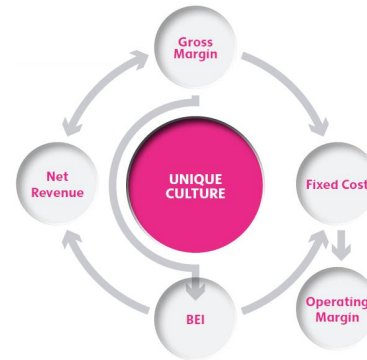
Number of meetings 2017



# RB's remuneration objectives



RB's values



RB's virtuous earnings model



RB's remuneration philosophy

## Four key objectives

### 1 High proportion of long-term variable pay

- Drive out-performance and shareholder value
- Stretching performance targets

### 2 Attract and retain the best global talent

- Engage highly performance driven individuals
- Reflect global competitive practice across our industry peer group

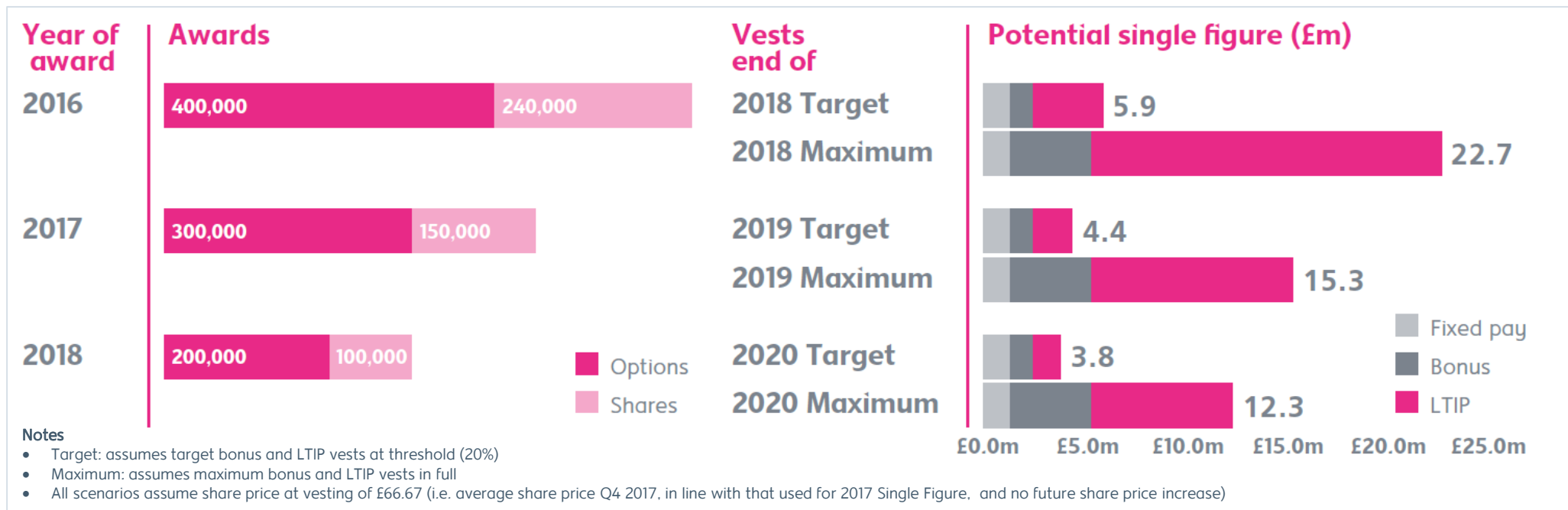
### 3 Significant share ownership policy

- Align the interests of management and shareholders
- Pay for performance philosophy

### 4 Ensure simplicity and transparency

- Simplicity and transparency for both management and shareholders
- Alignment across the business of metrics and ownership

# CEO Remuneration – Looking forward



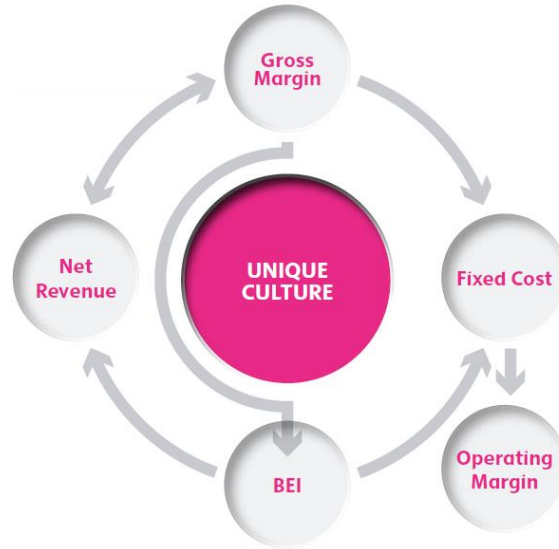
## Under Review

- Addition of second performance measure for LTIPs – in addition to EPS
- Introduction of a holding period post vesting on LTIPs to 5 years (3 year vesting +2 holding)

# RB's remuneration objectives



RB's values



RB's virtuous earnings model



RB's remuneration philosophy

# Pam Kirby

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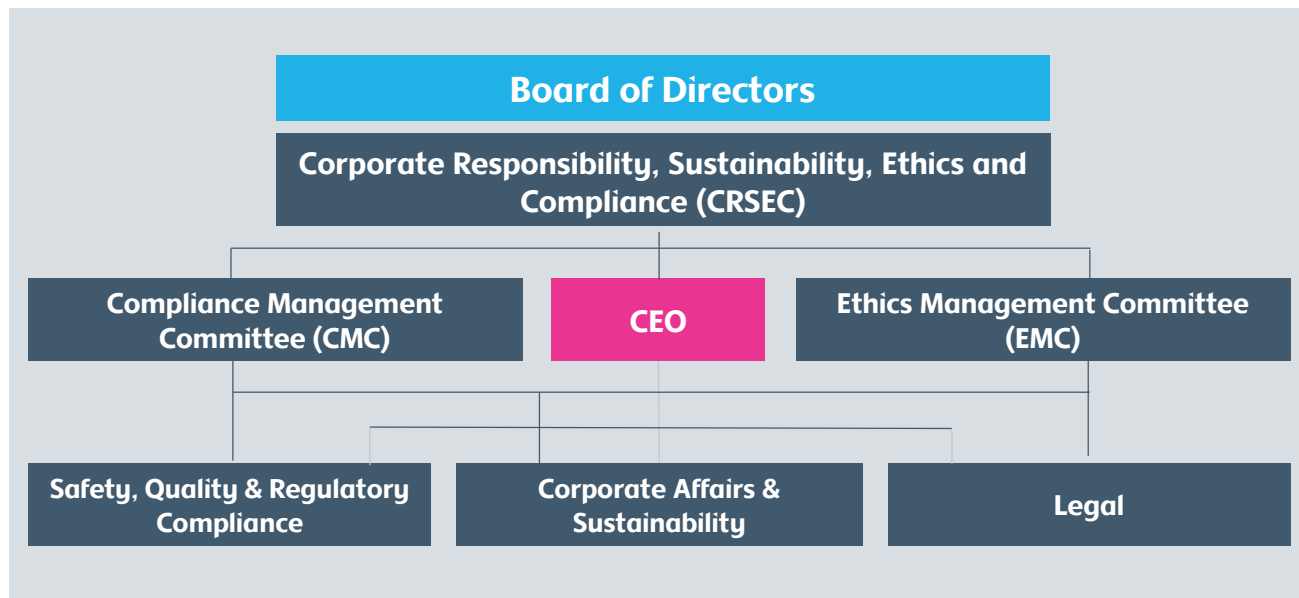
Chair of the Corporate Responsibility,  
Sustainability, Ethics and Compliance (CRSEC)  
Committee

# Introduction to CRSECC



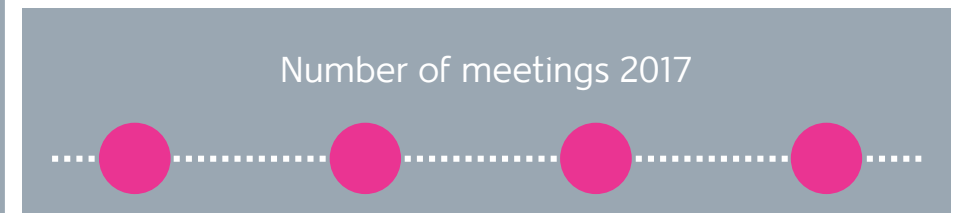
Established July 2016

The **purpose** of the Committee is to provide Board oversight of product safety, sustainability and compliance and to ensure that we conduct business responsibly.



## Members

- Pam Kirby (Chair)
- Nicandro Durante
- Chris Sinclair



# Compliance Management Committee



The **purpose** of the Management Committee is to assist the Board and the Executive Committee in upholding the Company's compliance obligations and culture.

## It provides Group level oversight of:

- Progress on critical SQRC and Sustainability KPIs/Metrics
- Management of current SQRC and Sustainability issues
- Progress of transformation and remediation programs for SQRC and Sustainability
- Culture of Compliance and Responsibility

## Members

Chief Executive Officer

Chief Financial Officer

General Counsel

Chief Human Resources Officer

Chief Supply Officer

Chief Information Officer

SVP Corporate Comms, Ext. Affairs & Sustainability

Group Head of Audit

Chief Ethics & Compliance Officer (Legal)

SVP Corporate Finance

EVP Supply, Hygiene Home

SVP R&D, Health

SVP R&D, Hygiene Home

# Ethics Management Committee



The **purpose** of the EMC is to assist the Board in upholding the Company's values of honesty, integrity and respect and provide oversight of RB's compliance programme evolution.

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## Scope includes:

- Ethics & Compliance scorecard analysis and trends across both BUs
- Review of Speak-up activity, potential ethical violations and disciplinary actions
- Internal audit reports with significant findings regarding the compliance programme or specific issues

## Members

Chief Executive Officer

President Hygiene Home

Chief Financial Officer

General Counsel

Chief Ethics & Compliance Officer (Legal)

Chief Human Resources Officer

Group Head of Audit



# Significant progress in embedding new ways of working



## Compliance Management Committee

### Safety, Quality & Compliance

- ✓ Chemical usage system launched
- ✓ Change control system launched
- ✓ Product Life Cycle Management system build complete
- ✓ 7000+ safety reviews completed
- ✓ 15 Global Quality Standards deployed
- ✓ 11 Employee Health & Safety Standards deployed
- ✓ 400 Quality, Safety, Environment and Human Rights Audits completed



## Ethics Management Committee

### Policies

- ✓ New Marketing of Breast Milk Substitutes Policy launched
- ✓ All positions & policies across MJN/RB on track re alignment
- ✓ GDPR fundamentals in place – adopted global approach
- ✓ Code of Business Conduct – refreshed



## Sustainability

### Society

- ✓ Health & Hygiene Behaviour Change – 568 million people reached
- ✓ FTSE4Good, DJSI assessments underway (June/Sept)

### Environment

- ✓ Zero Waste to landfill 100%
- ✓ Factory, water waste & energy reductions on track
- ✓ Life cycle carbon & water goals a stretch

The Corporate Responsibility, Sustainability, Ethics and Compliance Committee

## CRSEC priorities



### 2018 priorities

- Continue to focus on **consumer safety** and creating a consumer experience that builds confidence and trust
- Implementation of transformation programs for **product safety and compliance**
- Continue to review our **sustainability objectives** and chart progress against our targets
- Continue to review the evolution of RB Compliance Programme and instil a **culture of responsibility**



### RB 2.0

- Ensure no loss in **momentum and focus on delivering** the safety, quality and compliance agenda committed to by management
- Monitor the establishment of **proper governance and oversight** of SQRC and Legal Compliance in each business unit

## Our sustainability priorities

The following table presents issues assessed as being material to RB and its stakeholders. More information can be found in the Sustainability Report (SR), the Annual Report (AR) and in the Detailed Sustainability Report (DSR), available on RB.com

Key issues	SR	DSR	AR
<b>Workplace</b>			
Human rights	21	11, 17	
Employee health, safety and wellbeing	20	15	
Diversity and gender equality	19	12–14	
Talent attraction and retention	19	12	
<b>Healthier lives</b>			
Disease prevention	22–25	20–21	
Health education and access	22–25	20	
<b>Our products</b>			
Product safety and quality	11	21–23	
Product ingredients	11	21–23	
Packaging materials	10	23	
Animal welfare	–	22	
Innovation & research	9–10	21	
<b>Environment</b>			
Climate change	10, 13–14	25–28	
Energy consumption and emissions	14	25–26	
Waste disposal	15	28	
Water consumption	15	27	
<b>Responsible sourcing</b>			
Responsible sourcing	16	29–31	
Deforestation	16	29–30	
Biodiversity	–	29	
<b>Governance</b>			
Legal compliance	–	–	52–98
Business ethics	–	–	52–98
Bribery and corruption	–	–	10
Corporate governance	5	–	52–98
Stakeholder engagement	8	–	67
Financial and business risks	–	–	42–51
Data security and privacy	–	–	48
Corporate tax	–	–	AR*
Executive remuneration	12	78–94	78–94

\* Tax disclosures throughout AR. See RB's Tax Strategy at rb.com.

# Chris Sinclair

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# In summary



## We have a plan of action and a sense of urgency

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### Board priorities

- Organic growth and the successful execution of RB 2.0
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# Questions



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