



Reckitt Benckiser Plc. (RB)

Independent verification audit of RB's marketing practices in Mexico against RB Policy and Procedures on the Marketing of Breast-Milk Substitutes

Move Forward with Confidence



Independent verification report by Bureau Veritas

Introduction

Bureau Veritas has been commissioned by Reckitt Benckiser Plc. (RB) to provide an independent verification of RB's Infant and Child Nutrition business in Mexico ("RB Mexico"), on compliance with the RB Policy and Procedures on the Marketing of Breast-milk Substitutes (BMS) – April 2018 (the "Policy") and the applicable local regulations implementing the WHO Code in Mexico. In Mexico, the members of the Infant Formulas Manufacturers and Marketers Commission (CFFI), affiliated to the National Dairy Industry Chamber (CANILEC), have implemented aspects of the WHO Code and some additional requirements through the Code of Ethics, Transparency and Good Practices for Marketing and Advertising Breast Milk or Human Substitute Products for Infants ("Local Code"). In Mexico, marketing restrictions are applicable to both routine formulas and formulas for special nutritional needs, in the 0-12 month category. Collectively, throughout this report, we have used the terminology "Covered Products" for the products pertaining to this product grouping.

Scope of Work and Methodology

The audit was conducted in Mexico in between 3-7 December 2018, using one verifier from Bureau Veritas UK Ltd (Bureau Veritas) and a local verifier from Bureau Veritas Mexico who also acted as a translator (as applicable). The core team of Bureau Veritas has extensive experience of undertaking BMS and WHO Code assessment related work.

During the audit, Bureau Veritas undertook the following activities:

- Visited RB Mexico head-office in Mexico City, interviewed 8 employees, and conducted a review of their documentation and records relating to BMS marketing practices;
- Interviewed 9 healthcare professionals (HCPs). Bureau Veritas arranged an independent schedule of interviews. During interviews, RB was not disclosed as the company being assessed, in order to avoid bias.
- Visually assessed compliance with the Policy in 7 healthcare facilities (HCFs) and 51 retail locations including modern trade, pharmacies, traditional trade and wholesalers. Bureau Veritas independently selected the locations that were visited in different areas in Mexico City.

Any findings identified during the audit have been categorised as per the following:

Non-conformance:

- Any failure to follow a written requirement specified within the Policy;
- A failure to achieve local legal or statutory requirements as per our interpretation;
- A purposeful failure of the company to correct non-conformances.

Opportunities for Improvement:

- A process/activity/document that, while currently conforming to the Policy and local directives, could be improved to further strengthen RB Mexico's practices.

The following is a summary of key findings which includes non-conformances, opportunities for improvement and areas of good practices.

Non-Conformances:*1. Statements on informational material for HCPs:*

Bureau Veritas reviewed detailing materials being used by RB Mexico for providing product information to HCPs. As per Article 7.2 of the Policy the below requirements apply to all materials – whether informational, educational or audio-visual:

(1) the benefits and superiority of breastfeeding; (2) maternal nutrition, and the preparation for and maintenance of breastfeeding; (3) the negative effect on breastfeeding of introducing partial bottle-feeding; (4) the difficulty of reversing the decision not to breastfeed; (5) where needed, the proper use of infant formula, whether manufactured industrially or home prepared; and include the statement: "For HCP only – not for distribution to general public".

Some of the materials reviewed, did not include the phrase "not for distribution to general public" as per the Policy Article 7.2.

Bureau Veritas noted that a new approval process has been put in place in September 2018 by RB to ensure that new materials are compliant with the Policy.

2. Educational materials for general public

Bureau Veritas reviewed the educational materials intended for mothers and general public. As per Article 4.2 of the Policy, all Infant feeding information and educational materials, intended for pregnant women and mothers of Infants, will include statements regarding each of the points (a) to (e) contained in Article 4.2 of the WHO Code:

(a) the benefits and superiority of breastfeeding; (b) maternal nutrition, and the preparation for and

maintenance of breastfeeding; (c) the negative effect on breastfeeding of introducing partial bottle-feeding; (d) the difficulty of reversing the decision not to breastfeed; and (e) where needed, the proper use of infant formula, whether manufactured industrially or home prepared.

Some of the reviewed materials do not meet all the requirements of Article 4.2.

3. Product promotion in retail stores

During the marketplace assessment, there was one instance observed where a retailer was offering discounted prices for Covered Products.

This is noted as a non-conformance under Article 5.3 of the Policy. There is no evidence to suggest that the discount was done upon instructions of RB Mexico or its distributors.

4. Covered Products Placement in retail stores

During the market place assessment, Bureau Veritas identified four instances where RBs Covered Products along with other infant formula products, were placed under special displays, or as part of premium locations. The details are as follows:

- Two instances seen where wobblers were placed under or above Covered Products with the text “Mira mama” (Translation- Look Mum) and “El mejor precio. Ven a comprobarlo”– (Translation- The best price. Come to check it);
- One instance where Covered Products have been placed under a special display reading “Sano y protegido” (Translation - healthy and protected);
- One instance where Covered Products have been placed on end-of-aisle/gondola end.

Bureau Veritas noted that there is no evidence to suggest that the activities identified were the result of RB Mexico’s request or instructions. These instances are seen as non- conformance against the Article 5.3 of the Policy.

Opportunities for Improvement (OFI):

1. Contract with third parties

The RB Procedures, Article 1 as contained in the Policy states that: “In all written agreements with authorised third parties performing marketing activities on behalf of and under the direction of RB (which includes for example, but is not limited to, Distributor Agents), we include clauses in our written agreement that address compliance with local laws and regulations implementing the WHO Code and compliance with our BMS Marketing Policy”.

During the review of contracts and contract template, Bureau Veritas noted that a clause related to the compliance with local law and regulation is included. However, specifics related to the implementation of the WHO Code and compliance with BMS Marketing Policy are not included into

that clause.

RB Mexico should consider addition of a clause with specifics related to the implementation of WHO Code and BMS Marketing Policy. It was also noted that the contracts reviewed have been signed before the launch of RB Policy in April 2018.

2. *Product placement in retail stores*

One instance found of Covered Products being visible from outside the retail store through a store window. It was noted that these placements constituted the regular placement of whole infant formula category (including competitors) and were not intended as a special display, therefore this is raised as an Opportunity for Improvement. There is no evidence that these placements were done upon request of RB or its distributors. RB, in collaboration with the industry should inform retailers that infant formula products should be placed in regular shelves in the stores, rather than shelves visible through the windows.

3. *Placement of Point-of-sale Material (POSM) in stores*

During retail visits, Bureau Veritas identified one instance where Covered Products have been placed under an aisle runner promoting RB non-covered products. RB should educate retailers as well as merchandisers to not place Covered Products under POSM for non-covered products. Bureau Veritas noted that there was no evidence that the instance identified was done upon request of RB or its distributors.

Areas of good practice:

1. RB Mexico staff had a good awareness of the Local Code and the Policy.
2. During the retail visits, we saw no evidence of any RB direct promotional activity related to the use of point-of-sale advertising, sampling or any other promotional devices to induce sales of Covered Products directly to the consumer.
3. During HCF visits, we saw no evidence of samples of routine formula products 0 to 12 months being provided to HCPs

Exclusions and Limitations

Article 8.1 of RB's Policies and section 2 of RB's Procedures on the Marketing of BMS from the Policy were excluded from our review. Visual inspections of healthcare facilities and retail outlets and external stakeholder interviews were limited to the metropolitan Mexico City area. Some of the statements made by external stakeholders are anecdotal and evidence may not be available to support their claims. Whilst the audit protocol is designed to provide an objective independent assessment, it remains that in some cases the verification of such statements is dependent solely on the credibility of the party presenting the evidence.

This statement is not intended to provide a definitive opinion as to whether or not RB complies with the Policy or local code. Neither the limited verification conducted by Bureau Veritas nor this report constitutes a guarantee or assurance by Bureau Veritas that infringements against the Policy and local legislation have not taken place.

It is also not within Bureau Veritas' scope of work to provide an opinion or assessment over the appropriateness of the Policy.

Statement of independence, impartiality and competence

Bureau Veritas is an independent professional services company that specialises in quality, environmental, health, safety and social accountability with over 180 years history in providing independent assurance services.

Bureau Veritas has implemented a Code of Ethics across its business which ensures that all our staff maintains high standards in their day to day business activities. We are particularly vigilant in the prevention of conflicts of interest.

Our verification team members do not have any involvement in any other projects with RB outside those of an independent verification scope and we do not consider there to be a conflict between any other services provided by Bureau Veritas and that of our verification team.

Our team completing the work for RB has extensive knowledge of conducting verification over environmental, social, health, safety and ethical information and systems, and through its combined experience in this field, an excellent understanding of good practices in corporate responsibility, assurance and the WHO Code.



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Bureau Veritas UK Ltd

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