



Reckitt Benckiser Plc. (RB)

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

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Independent verification report by Bureau Veritas

Introduction

Bureau Veritas has been commissioned by Reckitt Benckiser Plc. (RB) to provide an independent verification of their Infant and Child Nutrition business in Malaysia, operating as Mead Johnson Nutrition Malaysia. For the purpose of this report all further references are noted as “RB Malaysia”. The verification has been undertaken 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 Malaysia.

In Malaysia, The Ministry of Health Malaysia is implementing the WHO Code through the “Code of Ethics for the Marketing of Infant Foods and Related Products” (“Local Code”). In Malaysia, marketing restrictions are applicable to both routine formulas and formulas for infants with 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 Malaysia in between 13-17 May 2019, using two verifiers from Bureau Veritas UK Ltd (Bureau Veritas) and a local verifier from Bureau Veritas Malaysia who also acted as a translator (as applicable).

During the audit, Bureau Veritas undertook the following activities:

- Visited RB Malaysia head-office in Kuala Lumpur, interviewed 7 employees, and conducted a review of their documentation and records relating to BMS marketing practices;
- A total of 12 interviews were conducted with HCPs out of which 7 were organised independently and anonymously by Bureau Veritas. Bureau Veritas received assistance from RB Malaysia to help organise 5 of the interviews with HCPs in order to meet a representative sample of HCPs in the country. In the 7 HCP interviews that were independently arranged, RB Malaysia was not disclosed as the client prior to the interview in order to avoid bias during interviews, nor was RB Malaysia informed of who would be interviewed.
- Visually assessed compliance with the Policy in 8 healthcare facilities (HCFs) and 45 retail locations including pharmacies, supermarkets, hypermarkets and baby centres. Bureau Veritas independently selected the locations that were visited in different areas of Kuala Lumpur.

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 Malaysia'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 Malaysia 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 reviewed materials do not meet all the requirements of Article 7.2.

2. 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, Bureau Veritas noted that a clause related to the implementation of the WHO Code and compliance with the Policy is not included in the contract with retailers and online distributors.

3. Product promotion on online platform

During the marketplace assessment, there were various instances observed where an online platform was offering discounted prices for Covered Products.

Bureau Veritas noted that discounts were offered by independent sellers that are selling through this online platform and that RB Malaysia does not have direct contractual relationship with them.

However, RB Malaysia does have in place a contractual relationship with the online platform and Covered Products being shown on discount constitute an inducement of sales directly to the consumer. This is noted as a non-conformance under Article 5.3 of the Policy. There was no evidence that the promotion/discount was done upon request of RB Malaysia or its distributors.

4. Covered Products Placement in retail stores

During the market place assessment, Bureau Veritas identified two instances where RB Malaysia's Covered Products were observed to be placed at a gondola end display. A gondola end display constitutes a premium location in store and Covered Products should not be included as part of such displays as per Article 5.3 of the Policy.

Bureau Veritas notes that there is no evidence to suggest that the mentioned placement of Covered Product was the result of RB Malaysia's request or instructions.

Opportunities for Improvement (OFI):

1. Internal ongoing monitoring process

The RB Procedures, Article 4 as contained in the Policy states that "allegations from both inside and outside the Company will be investigated and remediated (if necessary) promptly, with a target response that is reasonable and expeditious".

Relating to allegations from inside the Company, Bureau Veritas noted that currently the sales and the medical representative teams do not formally track non-compliances observed in the marketplace and how these are effectively closed out, though it appears that these are addressed at the moment of detection.

RB Malaysia should consider developing a more formal and documented ongoing monitoring process so that the remedial action (where necessary) to address any internal allegation can be effectively demonstrated.

2. Placement of Point-of-sale Material (POS) in stores

During retail visits, Bureau Veritas identified one instance where Covered Products have been placed under a special display and between shelf banners promoting RB Malaysia's non-covered products.

Bureau Veritas notes that there was no evidence that the instance identified was done upon request

of RB Malaysia or its distributors. Nonetheless, it is recommended that RB Malaysia educate retailers as well as merchandisers to not place Covered Products under POSM for non-Covered Products.

Areas of good practice:

1. RB Malaysia staff had a good awareness of the Local Code and the Policy.
2. During the retail visits, we saw no evidence of any discounts being offered on Covered Products.
3. During HCFs visits, we saw no evidence of samples of Covered Products 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 Kuala Lumpur 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/Mead Johnson Nutrition Malaysia 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/Mead Johnson Nutrition Malaysia 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.

The core team of Bureau Veritas UK has extensive experience of undertaking WHO Code assessment related work. Our team completing the work for RB/Mead Johnson Nutrition Malaysia 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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