

Independent assessment against the Nestlé Policy and Procedures for the Implementation of the WHO International Code of Marketing of Breastmilk Substitutes



Introduction

Bureau Veritas UK Limited ("Bureau Veritas UK") has been engaged by Nestlé S.A. ("Nestlé") to provide an independent assessment of Nestlé's Nutrition Business in the Kingdom of Saudi Arabia, including Wyeth Nutrition (jointly "the Market") on compliance with the Nestlé Policy and Procedures for the Implementation of the WHO International Code of Marketing of Breastmilk Substitutes ("BMS") – September 2017 ("the Policy") and the local legislation implementing the WHO Code in the Kingdom of Saudi Arabia ("Saudi Arabia").

In Saudi Arabia, the Government has implemented aspects of the WHO Code through the the Breast-milk Substitutes Marketing Saudi Code Executives Regulations updated in 2019 ("the Local Code").

Products covered by the Policy and the Local Code are BMS and complementary foods intended for infants aged between 0-36 months ("Covered Products").

Scope of Work and Methodology

The assessment activities were conducted during the period 12st – 30th September 2021 with two auditors from Bureau Veritas UK undertaking activities remotely and one local auditor from Bureau Veritas Saudi Arabia undertaking activities in-country.

During the audit, Bureau Veritas undertook the following activities:

- Conducted interviews using video conferencing applications with 23 personnel from the Market and region responsible for BMS sales, marketing, and compliance, 1 personnel from one distributor, and 1 personnel from a third-party agency;
- Reviewed requested documentation and records relating to BMS marketing practices on a sample basis via file-sharing and screen-sharing applications. Topics covered included:
 - local procedures and alignment with the Policy and other reference documents;
 - compliance monitoring, consumer and medical marketing materials, interactions and communication with healthcare professionals and consumers, distribution of product for professional evaluation, sales practices, Covered Product labels, internal and regulatory approvals, training, individual objectives and incentives, etc.;
- Undertook sample review of local e-commerce sites selling Covered Products, and social media webpages managed by the Market;
- Conducted visual assessment of 39 retail locations selling Covered Products in the cities of Jeddah and Riyadh in Saudi Arabia. Bureau Veritas independently selected the locations that were visited; and
- Completed a HCP survey with 19 respondents.

Independent assessment against the Nestlé Policy and Procedures for the Implementation of the WHO International Code of Marketing of Breastmilk Substitutes



Non-conformance:

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

Opportunity for improvement ('OFI'):

- A process/activity/document that, while currently conforming to the Policy and the Local Code, could be improved to further strengthen the Market's practices.

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

Non-conformances:

1. *Incomplete Mandatory Statement on Covered Product Label*

Article 10.1 of the Local Code and Article 9.2 of the Policy set out the mandatory statements for labels of Covered Products. Bureau Veritas reviewed a sample of six labels for Covered Products and observed that one of the Stage 3 (1-3 years) product labels sampled for one brand did not include the following requirement under both the Local Code and the Policy, "A statement that the product to be used only on the advice of a specialist physician as to the need for its use, and the proper method of use".

Bureau Veritas notes that all the labels reviewed had received the prerequisite regulatory approvals.

2. *E-commerce Promotion of Covered Products*

Article 5.3 of the WHO Code (as contained alongside article 5.3 of the Policy in Annex A) states, "...there should be no point-of-sale advertising, giving of samples, or any other promotion device to induce sales directly to the consumer at the retail level, such as special displays, discount coupons, premiums, special sales, loss-leaders and tie-in sales, for products within the scope of this Code."

Bureau Veritas assessed 39 physical points of sale and seven e-commerce sites and identified three instances of discount or promotion of Covered Products on e-commerce platforms. These included two cases of percentage discounts applicable to Covered Products and one case of loyalty points collection upon purchasing of products, including Covered Products, with a Key Account customer.

Bureau Veritas notes that one of the abovementioned cases in question involves a continued violation by a regional online seller operating across the Middle East that had already been notified by the Market regarding the observed non-conformance under the requirements of the Policy and the Local Code.

Furthermore, Bureau Veritas also note that there was no evidence to suggest that these promotions were done at the request of the Market.

Opportunities for improvement:

1. *Consumer Services FAQs*

The consumer services function is managed at regional level and responds to inbound calls and queries only, which can be received through various channels. Bureau Veritas reviewed the FAQs used for all the infant nutrition brands together with a sample of interactions and found that responses regarding Covered Products were not entirely consistent. It is recommended to update FAQs to strengthen alignment with the Policy and the Local Code, particularly as the consumer services function is serving multiple Markets.

There were a number of areas identified where Bureau Veritas identified well managed compliance practices and these instances have been summarised in an internal report to Nestlé.



Limitations

Amended Delivery Approach

Due to the COVID-19 pandemic outbreak and associated travel restrictions, the delivery approach in 2020 and 2021 were amended and the Bureau Veritas UK team leading this assessment was unable to travel to Saudi Arabia.

The in-country auditor coordinated and conducted visits to retail outlets to visually assess alignment with the Policy in Jeddah and Riyadh. Interviews with the Market personnel and review of relevant documentation were conducted remotely via video conferencing and electronic file-sharing. Face-to-face interviews with HCPs could not be conducted due to the health risks associated with visiting HCIs during the pandemic. Instead, a remote survey of HCPs was conducted via telephone. A detailed methodology of the assessment conducted is provided in the Scope of Work and Methodology section of this statement.

The amended delivery approach in 2020 and 2021 has several limitations, such as document review and interviews with stakeholders may not provide the same level of detail or information when conducted remotely.

These are in addition to the limitations of conducting this type of engagement where travel to the country of assessment is possible.

Visual inspections of retail outlets were limited to the cities of Jeddah and Riyadh. Whilst our methodology is designed to provide an objective independent assessment, it remains that some of the statements made by stakeholders are anecdotal and evidence may not be available to support their claims.

This statement is not intended to provide a definitive opinion as to whether the Market complies with the Policy. Neither the assessment conducted by Bureau Veritas, nor this statement 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 specializes in quality, environmental, health, safety, and social accountability with over 190 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 assessment team members do not have any involvement in any other projects with Nestlé outside those of an independent assessment scope and we do not consider there to be a conflict between the other services provided by Bureau Veritas and that of our assessment team.

The core team of Bureau Veritas UK has extensive experience of undertaking WHO Code assessment related work. Our team completing the work for Nestlé has extensive knowledge of conducting assurance over environmental, social, health,

Independent assessment against the Nestlé Policy and Procedures for the Implementation of the WHO International Code of Marketing of Breastmilk Substitutes



safety and ethical information and systems, and through its combined experience in this field, an excellent understanding of good practice in corporate responsibility, assurance and the WHO Code.



Bureau Veritas UK Ltd

London, 24 Mar 2022

Ref: 11694710