



Nestlé S.A.

Independent verification of Nestlé’s marketing practices in Dominican Republic against the Nestlé Policy and Procedures for the Implementation of the WHO International Code of Marketing of Breastmilk Substitutes in the Dominican Republic

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Independent verification report by Bureau Veritas

Introduction

Bureau Veritas has been commissioned by Nestlé S.A. (Nestlé) to provide an independent verification of Nestlé's business in the Dominican Republic (the Market) on compliance with the Nestlé Policy and Procedures for the Implementation of the WHO International Code of Marketing of Breastmilk Substitutes – September 2017 (the Policy) and the local legislation implementing the WHO Code in Dominican Republic. In Dominican Republic, the Government has implemented aspects of the WHO Code through various local regulations, including the Ley 8-95 on Promotion of Breastfeeding and the corresponding Decree 142-18 (the local code).

Products covered in the Dominican Republic by the Policy and the local code include infant formula and follow on formula products intended for infants aged between 0-24 months (Covered Products).

This verification follows similar work previously conducted by Bureau Veritas for Nestlé in other global operations.

Scope of Work and Methodology

The verification was conducted in the Dominican Republic between 25 March – 5 April 2019, using two verifiers from Bureau Veritas UK Ltd (Bureau Veritas) and a local verifier from Bureau Veritas Dominican Republic who also acted as a translator (as applicable).

During the verification, Bureau Veritas undertook the following activities:

- Visited the Market head-office in Santo Domingo city and regional office in Santiago de los Caballeros, interviewed 24 employees, and conducted a review of Nestlé documentation and records relating to specific areas of compliance with the Policy;
- Interviewed a selection of personnel from commercial partners: 5 employees from two distributors, 2 employees from two third party agencies
- Interviewed a total of 27 external stakeholders, including 26 HealthCare Professionals (HCPs) and 1 representative from the Sociedad de Pediatría de la República Dominicana (the Dominican Republic Paediatric Society). Nestlé was not disclosed as the client prior to the interviews in order to avoid bias during interviews, nor was the Market informed of who was interviewed;
- Visually assessed compliance with the Policy in 12 healthcare facilities (HCFs) and 101 retail locations including modern trade, pharmacies, and traditional trade. Bureau Veritas independently selected the locations that were visited in Santo Domingo, Santiago de los Caballeros and La Vega.

Any findings identified during the verification 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

Opportunity for Improvement:

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

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

Areas of good practice:

1. Personnel and commercial partners interviewed had good awareness of the requirements of the Policy and the stricter requirements of the local code
2. The role of the ombudsperson within the organisation is well communicated through a variety of channels
3. During Health Care Facility visits, we saw no evidence of any Nestlé branded covered product samples or non-compliant Nestlé materials relating to Covered Products
4. During our review of points of sale (POS) and e-commerce sites, we saw no evidence of discount promotions of any Nestlé branded Covered Products

Non-Conformances:

1. *Labelling requirements*

The labels for Nestogeno 1 and Nestogeno 2 tins do not include the mandatory statement that the product should be used "only on the advice of a healthcare worker as to the need for its use". This finding has been classed a non-conformance against article 9.2 of the Policy and article 17, para 2c of the local code which stipulate this labelling requirement. Bureau Veritas notes that the sample of labels reviewed on site have the necessary regulatory approvals in place.

2. *Sponsored visits to factory for HCPs*

The Market organises two annual visits to its infant formula factory in Mexico for HCPs for the purposes of demonstrating the level of quality, health and safety standards followed in the production process. This visit includes additional activities that could be regarded as standalone entertainment as per section 4.3 of the Nestlé Guidelines for Sponsorship of Health Workers and Institutions for Professional Development and Scientific Research (the Guidelines). This has been accordingly classified as a non-conformity under article 7.5 of the Policy which establishes that Nestlé may provide sponsorship to HCPs subject to the provisions of the Guidelines. We note that the nature of the leisure activity is not lavish or extravagant taking into account the local context.

3. *Distributor Sales Representatives' Salaries*

Bureau Veritas reviewed the remuneration and incentives documentation for a sample of distributors' employees. We noted that the monthly sales target for the sales representatives is based on the total sales of all products which includes all categories such as food and beverage and does not exclude infant nutrition. This is noted as a non-conformance to Article 8.1 of the policy as this can constitute an incentive for the sales of Covered Products. It should be noted that the bonus scheme set by the Market for its distributors does not have any targets or incentives for Covered Products.

4. HCP Sponsorship for Nestlé organised events

The Market periodically organises scientific conferences within the Dominican Republic (one conducted in 2018) where the Market issues a generic invitation to individual HCPs and retains signed records of actual attendance on the day. Documentation establishing correspondence with the HCP regarding the event and the purpose of the sponsorship prior to the event, including an acknowledgement of the receipt of the invite and notification to any relevant institution of the sponsorship, is not maintained as is required under Art 7.5 of the Policy and section 4.3 of the Guidelines.

5. Placement of Covered Products in retail

During the marketplace assessment, Bureau Veritas visited 101 sale outlets for visual inspections. We identified one instance where Covered Products were displayed in a window. This placement of the Covered Product constitutes a special display and is therefore classified a non-conformance against Article 5.3 of the Policy. We note that there was no evidence that this placement was done at the request of the Market, or that the retailer has any direct contractual relationship with Nestlé.

Opportunities for Improvement:

1. Third party agreements

From the sample of contracts reviewed with distributors, key accounts and marketing agencies, there were two instances identified where the agreements did not contain express reference to the WHO Code/Policy/ local code. The Market should ensure all contracts with commercial partners include clauses on the WHO Code/Policy/local code. We note that the relevant individuals from the third parties had undertaken the required WHO Code training and had been notified of the requirements through the annual reminder to trade.

2. Compliance Monitoring

The Market's internal procedure for reporting/documenting violations is not consistently followed for Nestlé violations at POS in cases where these are immediately resolved at the moment of detection. For effective monitoring and greater visibility, Bureau Veritas recommends that all Nestlé violations should be recorded and addressed in a consistent manner even if in cases that are resolved immediately.

Limitations

Visual inspections of healthcare facilities and retail outlets, and external stakeholder interviews were limited to the cities of Santo Domingo, Santiago de los Caballeros and La Vega. Some of the statements made by external stakeholders are anecdotal and evidence may not be available to support their claims. Whilst the verification 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 the Market complies with the Policy or the local code. Neither the limited assurance 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 for the implementation of the WHO Code.

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 Nestlé outside those of an independent verification scope and we do not consider there to be a conflict between the other services provided by Bureau Veritas and that of our assurance 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, 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.



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Bureau Veritas UK Ltd

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