



**Independent assurance of Nestlé
Philippines' compliance with the World
Health Organisation (WHO)
International Code of Marketing of
Breast Milk Substitutes (1981) and
subsequent World Health Assembly
(WHA) resolutions**

October 2010



Independent Assurance Statement by Bureau Veritas

Introduction

Bureau Veritas has been commissioned by Nestlé S.A. to provide independent assurance of Nestlé Philippines compliance with the World Health Organisation (WHO) International Code of Marketing of Breast Milk Substitutes (1981) and subsequent World Health Assembly (WHA) resolutions (herein known as the WHO Code) and the Philippines Executive Order No. 51 1986, National Code of Marketing of Breastmilk Substitutes, Breastmilk Supplements and other related products (herein known as EO51), and the Revised Implementing Rules and Regulations 2006 (herein known as RIRR). This follows similar work previously conducted by Bureau Veritas for Nestlé SA in other global operations.

Scope of Work and Methodology

The assurance was conducted in the Philippines between 11 and 22 October 2010 by two assessors from Bureau Veritas UK Limited. The team has extensive experience of undertaking WHO Code compliance related work and was supported by two representatives of Bureau Veritas Philippines.

Preceding the assurance activities in the Philippines, Bureau Veritas conducted the following activities:

- completed a Gap Analysis of the WHO Code and EO51 and the RIRR to consider where the scope of local legislation differed from the WHO Code;
- requested a list of Nestlé Philippines employees, healthcare facilities and healthcare professionals and distributors from Nestlé Philippines;
- identified other external stakeholders (through the Bureau Veritas representatives in the Philippines) and local NGOs concerned with the protection, promotion and support of breastfeeding; and,
- independently determined a schedule of interviews to take place in the Philippines between 11 and 22 August 2010. All external stakeholder interviews were arranged by Bureau Veritas.

During the assurance Bureau Veritas:

- undertook 71 interviews with a comprehensive range of key external stakeholders (Government officials, distributors and healthcare professionals). Nestlé was not disclosed as the client in order to avoid bias during interviews, neither was Nestlé Philippines informed in advance of who would be interviewed;
- selected and visited 28 healthcare facilities and 83 retail locations to visually assess compliance with the WHO Code, EO51 and the RIRR, with reference to articles relating to labelling and promotion of products; and
- selected 16 Nestlé Philippines staff and documentation for respective interview and review, as part of its evaluation of Nestlé Philippines' internal processes for managing compliance with the WHO Code, EO51 and the RIRR in the Philippines.

Findings

The following is a summary of findings from interviews and document review undertaken with a range of key stakeholders.

Nestlé Philippines

All employees interviewed demonstrated an adequate understanding of the WHO Code, EO51 and the RIRR and the requirements it places upon their role and responsibilities. Bureau Veritas identified some areas of improvement in relation to the internal management systems that have been provided to Nestlé in a separate internal management report.

Distributors

Employees interviewed at two distribution companies demonstrated a good level of understanding of the requirements of the WHO Code, EO51 and the RIRR, and specifically the restrictions it places upon the sale of BMS. Both distributors demonstrated that no incentive based sales targets are set for BMS.

Government

Due to events outside of Bureau Veritas' control, we were unable to meet with any representatives of Bureau of Food And Drugs in the Philippines; however, an interview was secured with two senior regional representatives of the Department of Health. The representatives were of the opinion that BMS manufacturers in the Philippines generally operate in compliance with WHO Code, EO51 and the RIRR, and stated that all manufactures seek the appropriate permission from the DoH to host scientific lectures and events for healthcare professionals. The DoH conducts ongoing monitoring of the conduct of BMS manufacturers in the Philippines. No recent violations of the WHO Code, EO51 and the RIRR had been brought to their attention.

Multilateral organisations/NGOs

Due to events outside of Bureau Veritas' control, we were unable to meet with any representatives of multilateral organisations and Non-Governmental Organisations in the Philippines with an interest in promotion of breastfeeding.

Healthcare facilities and professionals

Evidence gathered through interviews with healthcare professionals and observations made in healthcare facilities indicate that Nestlé Philippines is operating in line with the WHO Code, EO51 and the RIRR. All healthcare professionals interviewed explicitly stated that Nestlé Medical Delegates do not provide samples of BMS, and no such samples were observed by Bureau Veritas in any of the facilities visited. Visual observations did not show any incidents of Nestlé Phillipines promoting products within the scope of the WHO Code, EO51 and the RIRR in any of the healthcare facilities visited. The healthcare professionals interviewed were of the opinion that Nestlé Philippines is professional in its approach to detailing BMS and knowledgeable in the area of infant nutrition.

Retailers

Visual observations in a range of retail establishments indicate there is no systematic promotion of any Nestlé BMS products in the Philippines through in-store advertisements, coupon redemption schemes, promotional pricing or any other promotional devices. However, one isolated occurrence of



promotion was observed by Bureau Veritas. A milk section of the pharmacy visited was designated by a point of sale, shelf-top banner produced by Nestlé Philippines containing the text '*Infant Formula & Growing Up Milks*' and the strap-line '*See the Difference*' (as relates to its NIDO range of products). It is Bureau Veritas' opinion that the '*See the Difference*' strap line which is placed directly below the words '*Infant Formula*' idealises the use of BMS as such is against the spirit and intent of the WHO Code. This occurrence was raised at the closing meeting with Nestlé Philippines, who confirmed that this specific style of banner was present in 10 pharmacies nationwide. Nestlé Philippines recognised this could be misinterpreted and immediate action was taken to remove the '*See the Difference*' strap-line from the banners in question.

Bureau Veritas opinion

From our assurance activities it is our opinion that:

- The observation concerning the point of sale banner containing the text 'Infant Formula' and directly beneath it, the strap-line 'See the Difference' is attributable to Nestlé Philippines and constitutes a non-conformance against the spirit and intent of the WHO Code. Nestlé Philippines immediately addressed the incident; and
- No further significant evidence came to our attention to indicate that Nestlé Philippines is intentionally operating in contravention of the WHO Code, EO51 and its RIRR in the Philippines.

Bureau Veritas recommendations

Detailed findings and recommendations from our assurance activities have been provided to Nestlé S.A. in the form of an internal Management Report.

As a priority recommendation, Bureau Veritas recommends that Nestlé S.A. should:

- Review the process by which Nestlé Philippines Dairy BU approves its point of sale materials (in relation to WHO Code requirements) to prevent any reoccurrence of the non-conformance identified above; and
- Ensure that Nestlé Philippines implements the recommendations made concerning the application and adherence to its internal management system for WHO Code compliance.

Limitations

- Stakeholder interviews were limited to Manila, Cebu City and their environs
- No interviews were conducted with mothers or their families

This limited assurance is not intended to provide a definitive opinion as to whether or not Nestlé Philippines complies with the WHO Code, EO51 and the RIRR in the Philippines. Consequently, neither the limited assurance conducted by Bureau Veritas nor this statement constitutes a guarantee or assurance by Bureau Veritas that infringements against the WHO Code, EO51 and the RIRR have not taken place.



Statement of independence, impartiality and competence

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

Bureau Veritas has implemented a Code of Ethics across its businesses which ensure 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. This assurance assignment did not raise any conflicts of interest.



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