



Nestlé SA

Independent Assurance of Compliance with the WHO

International Code of Marketing of Breastmilk Substitutes

In Argentina (October 2012)



Move Forward with Confidence



Independent Assurance Statement by Bureau Veritas

Introduction

Bureau Veritas has been commissioned by Nestlé S.A. to provide independent assurance of Nestlé Argentina's compliance with the World Health Organisation (WHO) International Code of Marketing of Breast Milk Substitutes (1981) and subsequent World Health Assembly (WHA) resolutions as defined by the FTSE4Good inclusion criteria for the Marketing of Breastmilk Substitutes¹ (herein referred to as the WHO Code) and Decree on the trading in and use of nutritious products for infants (herein referred to as Argentine Food Code) in Argentina. 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 Argentina between 24 September and 5 October 2012 by two assessors from Bureau Veritas UK Limited, supported by Bureau Veritas Argentina. The team has extensive experience of undertaking WHO Code compliance related work.

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

- completed a gap analysis of the WHO Code and Argentine Food Code to consider where the scope of Argentine Food Code differed from the WHO Code;
- requested a list of Nestlé Nutrition employees with responsibilities for the sale of infant nutrition products in Argentina and details of local healthcare facilities, healthcare professionals, and business partners in the country;
- identified other external stakeholders and local NGOs concerned with the protection, promotion and support of breastfeeding in Argentina; and
- independently determined a schedule of external stakeholder interviews and visual assessments to take place in Argentina between 24 September and 5 October 2012.

During the assurance Bureau Veritas:

- selected 21 Nestlé employees for interview and review of their associated records, as part of its evaluation of Nestlé Argentina's internal processes for managing compliance with the WHO Code in Argentina;
- undertook 42 interviews with a comprehensive range of key external stakeholders including government, NGOs, business partners and healthcare professionals. In all meetings Nestlé was not disclosed as the client prior to the interview in order to avoid bias during interviews, neither was Nestlé Argentina informed in advance of who would be interviewed;
- selected and visited 25 healthcare facilities and 88 retail locations to visually assess compliance with the WHO Code, with particular reference to articles relating to the promotion of designated products and interactions with the general public and the healthcare system.

¹ FTSE4Good Inclusion Criteria for the Marketing of Breastmilk Substitutes explicitly prohibits promotion of complementary foods for infants under 6 months, and the promotion and advertisement of infant formula and follow-on formula products for infants under the age of 12 months in high risk countries.

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

Nestlé Argentina

There is a WHO Code compliance culture across Nestlé Argentina, which has been strengthened by the recent introduction of the role of the WHO Code manager who is responsible for ensuring compliance across the organisation. All employees interviewed demonstrated an understanding of the WHO Code and the requirements it places upon their own role and responsibilities. General and function specific training has been provided to employees of various levels. However there are weaknesses within the internal procedures document which present a risk to the business through their failure to be fully reflective of existing processes and Nestlé's global standards. Additionally, a current on-pack promotion for Nestlé's complementary food range requires consumers to enter their details (including the age of their babies) to win prizes. Although entrants with infants aged under 6 months old are excluded from the competition, all consumers can opt in to receive further information from Nestlé Argentina. Those who opt in receive monthly communications via email. The reference to 'Nestlé products, menus and recipes' identified in a communication to consumers with infants aged 5 months, promotes the introduction of complementary food prior to 6 months, against the WHO recommendation of exclusive breastfeeding for first 6 months.

Business Partners of Nestlé Argentina

Bureau Veritas met with one customer and one commercial partner of Nestlé Argentina. Both organisations were aware of Nestlé's policy concerning adherence with the WHO Code, both informally through meetings, and through formal communication. Both organisations confirmed that no targets or sales volume based incentives are paid to their staff for BMS, no discounts are provided by Nestlé for BMS and there are no promotional activities for BMS. . The contract between the commercial partner and Nestlé Argentina, dated September 2012 contained specific clauses concerning adherence to the WHO Code.

Government

Bureau Veritas met with two government departments during the audit. One department stated that whilst it does not have responsibilities for monitoring compliance with the WHO Code, there are "systematic violations of the WHO Code" within Argentina. The lack of enforcement of the local Argentine Food Code was cited as being a key issue. When Argentina adopted the WHO Code, it was incorporated into the "Food Code" which looks at the nutritional content and quality of the goods and not the ethical compliance related issues. No specific issues were identified relating to Nestlé's compliance with the WHO Code, and Nestlé was cited as having improved its approach to the label approval process.

Multilateral organisations/NGOs

Bureau Veritas requested a meeting with three NGOs, however two declined our invitation. Bureau Veritas met with one representative of an NGO based in Argentina who recognised that there was a need for better monitoring of the marketing activities of infant formula manufacturers within the country. The NGO works in partnership with Ministries and National Associations of Nurses and

Paediatricians and has no direct contact with infant formula manufacturers. No issues were raised relating to Nestlé's compliance with the WHO Code.

Healthcare facilities and professionals

Recent detailing materials distributed to healthcare professionals were observed to contain adverts for the Nestlé's relationship management programme 'Contacto Nestlé'. A recent detailing material in circulation during the audit contained an advert on the back page, which in our opinion used promotional language and invited healthcare professionals to submit their contact details to qualify to win a prize. The placement of the competition advert within product information materials (which are intended to provide factual information only), and the use of promotional language is considered by Bureau Veritas to be a violation of Article 7.2 of the WHO Code which explicitly states that all '*information provided by manufacturers to health professionals regarding the products within the scope of the Code should be restricted to scientific and factual matters*'.

Retail

A special display of complementary foods and growing up milks (both out of scope products) was observed in a supermarket in Buenos Aires. The special display contained recipe cards for consumers to take home with them providing recipe suggestions using complementary food products from the NESTUM and Gerber ranges. The recipe cards did not include the standard breastfeeding promotion statement. Furthermore, the recipe cards promoting 'stage one' complementary food products had no recommendation for the age of consumption. There is a risk that consumers could misinterpret the materials and introduce Nestlé's complementary food before the infant is six months of age. This represents a violation of Article 5.1 of the WHO Code which prohibits any form of advertising and promotion of BMS.

Nestlé branded product organisers, housing its infant formula range were observed in two retail outlets. The product organisers displayed a message of a promotional nature: '*Nestlé. World leader in Infant Nutrition*' which implies the superiority of Nestlé's infant nutrition products over others available in the market. This represents a violation of Article 5.1 of the WHO Code which prohibits any form of advertising and promotion of BMS.

Bureau Veritas opinion

From our assurance activities, evidence and observations, it is Bureau Veritas opinion that:

- The reference to 'Nestlé products, menus and recipes' identified in email communication to consumers with infants aged 5 months, promotes the introduction of complementary food prior to 6 months, against the WHO recommendation of exclusive breastfeeding for first 6 months.
- The use of product organisers containing a message of a promotional nature: '*Nestlé. World leader in Infant Nutrition*' is a violation of Article 5.1 of the WHO Code.
- The placement of promotional adverts for Nestlé Argentina's relationship management programme in detailing materials destined for healthcare professionals (which are intended to provide factual information only), represents a violation of Article 7.2 of the WHO Code.

- The distribution of promotional consumer materials concerning complementary food without the statement recommending for use after 6 months is represents a violation of Article 5.1 of the WHO Code.
- No other evidence (other than that described above) came to our attention to indicate that Nestlé Argentina is operating in contravention of the WHO Code or the Argentine Food Code.

Bureau Veritas recommendations

Detailed findings and recommendations from our assurance activities have been provided to Nestlé S.A. and Nestle Argentina as part of an internal Management Report. As a priority, Bureau Veritas suggests that Nestlé Argentina should implement the recommendations made in the Internal Management Report, specifically Nestlé Argentina should:

- Update its internal policy and procedures documents to ensure that they accurately reflect Nestlé SA's standards, capture recent changes within local operations and reflect the observations and recommendations made in our Management Report.
- Take immediate action to revise the content of the website for mothers with infants aged 5 months to ensure there is no reference to complementary feeding.
- Reconsider how best to communicate its relationship management programme to healthcare professionals, whilst respecting the requirements of the WHO Code.
- Recall the complementary food recipe cards present in retail outlets, and review the approval process for the development of NESTUM and Gerber consumer marketing materials to ensure all materials meet the requirements of the WHO Code.

Limitations

Visual inspections of healthcare facilities and retail outlets and external stakeholder interviews were limited to the cities of Buenos Aires city and province, Santa Fe, Rosario and San Nicolas, Argentina.

This limited assurance is not intended to provide a definitive opinion as to whether or not Nestlé Argentina complies with the WHO Code in Argentina. 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 have not taken place.

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.



Bureau Veritas has a number of existing commercial contracts with Nestlé. Our assurance team does not have any involvement in any other projects with Nestlé outside those of an independent assurance 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.

Our assurance 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. The work has been led and reviewed by lead assurers.



Bureau Veritas UK Ltd

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