

Independent verification against the Danone Policy (2018) and Procedure for the Implementation of The WHO International Code of Marketing of Breastmilk Substitutes (BMS)



Introduction

Bureau Veritas UK Limited ('Bureau Veritas UK') has been engaged by Danone Early Life Nutrition ('Danone') to provide an independent assessment of alignment of its business in Cambodia, operating as Danone Specialized Nutrition (Cambodia) Co., Ltd. (the 'CBU'), with the Danone Policy for the Marketing of Breast-Milk-Substitutes (the 'BMS Policy'), the corresponding internal Corporate guideline, the BMS Directive, and any applicable local regulation ('reference documents').

In Cambodia, the Government has implemented the WHO Code and related requirements mainly through Sub Decree 133 on Marketing of Products for Infant and Young Child Feeding (2005) that governs the marketing control on food for infants and young children in Cambodia (the Local Code).

Products covered by the BMS Policy and the Local Code are BMS intended for infants aged between 0-24 months ('Covered Products').

Scope of Work and Methodology

The assessment activities were conducted during the period 16th August – 8th September 2021 with one auditor from the Bureau Veritas UK Assurance Services team undertaking activities remotely and one local auditor from Bureau Veritas Cambodia undertaking activities in-country ('the assessment team').

During the audit, Bureau Veritas undertook the following activities:

- Interviews using video conferencing applications with 22 CBU and 4 distributor personnel and responsible for BMS sales, marketing, and compliance;
- 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 BMS Policy and other reference documents;
 - compliance monitoring, consumer and medical marketing materials and events, labels, internal and regulatory approvals, distribution of product for professional evaluation and training;
- Sample review of local e-commerce sites selling Covered Products, and social media webpages managed by the CBU;
- Visual assessment of 41 retail locations selling Covered Products in Phnom Penh, Cambodia. Bureau Veritas independently selected the locations that were visited;
- A Health Care Professional (HCP) survey with 11 respondents; and
- Two anonymous inquiries to the customer care line.

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Non-conformance:

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

Opportunity for improvement ('OFI'):

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

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

Non-conformances:

1. *Outbound Careline calls to mothers of infants*

The Careline function responds to questions from inbound calls and messages by consumers, which is in line with Article 3.5 of the BMS Policy. The Careline also undertakes outbound calls to engage mothers of infants of 1 month and above with the intention of extending the reach of its various 'mama clubs'. This activity may be perceived contrary to clause 3.5 of the BMS Policy, which states that 'Danone personnel do not solicit contact with pregnant women, or mothers of young children for the purposes of marketing or promoting Covered Products'.

2. *Promotion of Covered Products in store*

Clause 3.1 of the BMS Policy states that "Danone does not advertise or promote Covered Products to the general public". In addition, Clause 3.3 of the BMS Policy states, "Danone does not use point of sale, advertising...or any other promotional devices to induce sales of Covered Products directly to the consumer at retail level."

Three instances of end of aisle placement of Covered Products were identified. One constituted a Danone Product branded special display containing both stages 1 and 2. The other two were multi-branded and there is no evidence to suggest that the placement in these two cases was done at the request or with the consent of Danone.

In addition, one instance was identified where Covered Products close to expiry were marked as being on promotion. We note that the actual price listed was marked as a promotion but not discounted. Moreover, the point-of-sale material used was seen throughout the store and there was no evidence to suggest that the placement of point-of-sale material was done at the request or with the consent of Danone.

3. *E-commerce Promotion of Covered Products*

Bureau Veritas identified one case of online multi-buy discount promotion via a social media platform which is against Clause 3.3 of the BMS Policy which does not permit "point of sale, advertising...or any other promotional devices to induce sales of Covered Products directly to the consumer". Bureau Veritas notes that there was no evidence to suggest that this promotion was at the request or with the consent of Danone.



Opportunities for improvement:

1. Individual targets and incentives

Clause 11.2 of the BMS Policy sets out that value or volume targets are not permitted for Covered Products specifically, but payment of bonuses is allowed in relation to “overall sales of products marketed by Danone”, including Covered Products. Whilst the focus of targets set at the CBU were based on overall sales, the CBU should review what are the most appropriate incentives to have in place for personnel given specific circumstances in the Cambodian market context and the organization of the CBU across the country. In addition the CBU should consider adopting a broader range of individual targets for its personnel, including qualitative ones.

2. Tracking Ministry of Health interactions

Under Articles 13 and 14 of the Local Code in Cambodia, the CBU is required to obtain an approval and license for many of its sale and marketing activities, including those not pertaining to Covered Products. Based on sampled review of such activities, the Ministry of Health (MoH) approvals were readily available. It was discussed that there are instances where the MoH confirms no approval is required and in these cases the response is not in writing. The CBU should continue to push for a documented response from the MoH for document trail purposes where feasible, or at least, internally track all communications and responses. Inquiries should be made periodically at reasonable intervals to ensure MoH practice has not changed over time regarding the circumstances where approvals may be needed.

3. HCP Gifts

Clause 5.4 of the BMS Policy allows inexpensive gifts unrelated to the Health Worker’s practice to be given on an infrequent basis. The CBU provides select HCPs with inexpensive gifts over the course of the year and all gifting activities to HCPs are recorded on a gifts register. However, the SOP sets a total limit for gifts *and hospitality* per HCP per year, as well as a 20 USD cap per individual gift. It is recommended that the CBU revise the SOP to specify the number of gifts permitted across the year, ensuring that gifting is limited to significant national, cultural, and religious events.

4. Communication to partners and third parties

The BMS Policy applies to Partners, and Danone are required to ensure that Partners understand and are made aware of the importance of abiding by the Policy. As all contracts reviewed are renewed on an annual basis, it is recommended that the latest version of the BMS Policy, which refers to stricter requirements under the local code, be consistently attached as an Appendix (as opposed to the previous version mentions the local code generally but not the specific requirements). In addition, in the absence of a contract /framework agreement between the distributor and small vendors, we recommend that reference be made to the BMS Policy and Local Code requirements in the T&Cs attached to invoices and/ or documented/ tracked written communication be made notifying customers of the BMS Policy and Local Code and, where possible, obtaining an acknowledgement signature.

5. Compliance monitoring

The CBU should consider encouraging personnel to more proactively monitor compliance and reinforce messaging to its distributor and sales team that any instance of Policy of Local Code violation should be reported internally and documented as a matter of good practice, even where these are immediately addressed. Proactive monitoring and reporting drives continual improvement in compliance with the BMS Policy and will also help to fulfil Clause 17.1 of the BMS Policy, which requires that accurate and complete data be maintained at Divisional and Corporate level to ensure full transparency.

There were a number of areas identified where the compliant practices are well managed and these instances have been summarised in an internal report to Danone.

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Limitations

2020 – 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 Cambodia.

The in-country auditor coordinated and conducted visits to retail outlets to visually assess alignment with the Policy in Phnom Penh. Interviews with the CBU 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 Health Care Organisations (HCOs) 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 city of Phnom Penh. 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 CBU complies with the BMS Policy. Neither the assessment conducted by Bureau Veritas nor this statement constitutes a guarantee or assurance by Bureau Veritas that infringements against the BMS 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 BMS 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 verification team members do not have any involvement in any other projects with Danone 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 assurance team.

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The core team of Bureau Veritas UK has extensive experience of undertaking WHO Code assessment related work. Our team completing the work for Danone 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.



Bureau Veritas UK Ltd

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