Reckitt Benckiser Plc. (RB)

Independent verification audit of RB's marketing practices in the Philippines against RB Policy and Procedures on the Marketing of Breast-Milk Substitutes

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BUREAU VERITAS

Independent verification report by Bureau Veritas

Introduction

Bureau Veritas has been commissioned by Reckitt Benckiser Plc. (RB) to provide an independent verification of RB's Infant and Child Nutrition business in the Philippines ("RB Philippines"), on compliance with the RB Policy and Procedures on the Marketing of Breast-milk Substitutes (BMS) – April 2018 (the "Policy") and the local legislation implementing the WHO Code in the Philippines. In the Philippines, the Government has implemented aspects of the WHO Code through Executive Order No. 51 (EO 51) – "National Code Of Marketing Of Breastmilk Substitutes, Breastmilk Supplements, and related products", and the Administrative Order No. 2006-0012 (AO12) – "Revised Implementing Rules and Regulations of Executive Order no. 51" (collectively, the "Local Code"). In the Philippines, marketing restrictions are applicable for products for infants and young children between 0 and 36 months of age. Collectively, throughout this report, we have used the terminology 'Covered Products' for the products pertaining to this age group.

Scope of Work and Methodology

The audit was conducted in the Philippines in between 1-5 October 2018, using one verifier from Bureau Veritas UK Ltd (Bureau Veritas) and a local verifier from Bureau Veritas Philippines who also acted as a translator (as applicable). The core team of Bureau Veritas has extensive experience of undertaking BMS and WHO Code assessment related work.

During the audit, Bureau Veritas undertook the following activities:

- Visited RB Philippines head-office in Manila, interviewed 16 employees, and conducted a review of their documentation and records relating to BMS marketing practices;
- Interviewed 11 healthcare professionals (HCPs). RB Philippines obtained consent from the HCPs who were interviewed by Bureau Veritas, to abide by the local data privacy regulations;
- Visually assessed compliance with the Policy in 8 healthcare facilities (HCFs) and 60 retail locations including modern trade, pharmacies, and traditional trade. Bureau Veritas independently selected the locations that were visited in different areas in metropolitan Manila.

Any findings identified during the audit 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.

Opportunities for Improvement:

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

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

Non-Conformances:

1. *Statements on informational material for HCPs:*

Bureau Veritas reviewed detailing materials being used by RB Philippines for providing product information to HCPs. As per article 7.2 of the Policy and EO 51 section 8b, the below requirements apply to all materials – whether informational, educational or audio-visual:

(1) the benefits and superiority of breastfeeding; (2) maternal nutrition, and the preparation for and maintenance of breastfeeding; (3) the negative effect on breastfeeding of introducing partial bottle-feeding; (4) the difficulty of reversing the decision not to breastfeed; (5) where needed, the proper use of infant formula, whether manufactured industrially or home prepared; and "For HCP only – not for distribution to general public"

While we noted that the presentations are made using iPads and the materials are not left behind for HCPs, these material do not include the required statements stipulated above.

2. *Communication about support to HCPs*

RB provides support to HCPs for attending third party conferences/symposiums as well as RB initiated scientific events and conferences. The HCPs are invited through an invitation letter to attend these events.

As per Article 7.5 of the Policy:

….The contributions made towards HCPs for attendance at professional conferences and symposia should be communicated to the institution to which HCP is affiliated.

As this requirement is not currently being met, this is noted as a non-conformance.

3. *Product Promotion on e-commerce*

Ten instances of discounting/promoting of Covered Products were identified on an RB e-commerce partner platform. This is a non-conformance to Article 5.3 of the Policy and 6(c) of local code which prohibits any activities at retail level aimed at promoting sales of Covered Products. There was no evidence that the promotion/ discount was done upon request of RB or its distributors.

Opportunities for Improvement (OFI):

1. *HCP speakers engaged for presentations*

RB engages HCPs to present scientific and medical topics at the events and conferences. This is done through formal agreements with HCPs and a pre-agreed honorarium is paid to them. As per Article 6.2 and 6.4 of RB Policy, there are restrictions on using HCPs and HCFs for the promotion of Covered Products. However, these written agreements allow the HCPs to be engaged to deliver presentations which are both product related/promotional as well as scientific in content. Based on the sample presentations reviewed, it was noted that in practice RB is engaging HCPs to present exclusively on scientific topics. RB should remove such provisions from the speaker agreements and align them with actual practice.

2. *Nominal Value utility items for HCPs*

RB provides nominal value unbranded utility items like tape measures, calendars, planners, health record books,

sanitizers etc. Section 21 of AO 12: prohibits gifts of any sort– branded or unbranded, which can act as an inducement. However, it defines "gifts of any sort" as a reward, incentive or inducement. As per this definition, RB does not consider these items as gifts or inducements. However, we recommend RB to obtain clarification and confirmation from regulators on whether this practice is aligned with the requirements of the local regulation.

3. *Product placement in retail stores*

One instance seen of Covered Products being visible through a store window and another instance of Covered Products placed in a curved shelf. It was noted that these placements constituted the regular placement of whole Infant Formula category (including competitors) and were not intended as a special display, because of which this is raised only as an OFI. There is no evidence that these placements were done upon request of RB or its distributors. RB, in collaboration with the industry should inform retailers that Covered Products should be placed in regular shelves in the stores, rather than differently designed shelves or visible through the windows.

4. *Placement of Point-of-sale Material (POSM) in stores*

During retail visits, we identified one instance of promotional "Buy-1-get-1-Free" stickers intended for non-covered products placed close to Covered Products. RB should educate retailers as well as merchandisers to not allow POSM for non-covered products to be placed by Covered Products. Bureau Veritas noted that there was no evidence that the instance identified was done upon request of RB or its distributors.

Areas of good practice:

1. RB Philippines staff had a good awareness of the Local Code and the Policy.
2. During the retail visits, we saw no evidence of any discounts being offered on Covered Products.
3. We saw no evidence of samples of RB Covered Products or branded materials being provided to HCPs.

Exclusions and Limitations

Article 8.1 of RB's Policies and section 2 of RB's Procedures on the Marketing of BMS from the Policy were excluded from our review. Visual inspections of healthcare facilities and retail outlets and external stakeholder interviews were limited to the metropolitan Manila area. Some of the statements made by external stakeholders are anecdotal and evidence may not be available to support their claims. Whilst the audit 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 RB complies with the Policy or local code. Neither the limited verification conducted by Bureau Veritas nor this report 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 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 RB outside those of an independent verification scope and we do not consider there to be a conflict between any other services provided by Bureau Veritas and that of our verification team.

Our team completing the work for RB has extensive knowledge of conducting verification over environmental, social, health, safety and ethical information and systems, and through its combined experience in this field, an excellent understanding of good practices in corporate responsibility, assurance and the WHO Code.

Bureau Veritas UK Ltd

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