



Nestlé S.A.

Independent Assurance of Compliance with the Nestlé Policy and Instructions for Implementation of the WHO International Code of Marketing of Breastmilk Substitutes in Colombia (May 2016)



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 Nutrition's business in Colombia on compliance with the Nestlé Policy and Instructions for Implementation of the WHO International Code of Marketing of Breast-milk Substitutes (herein referred to as 'Nestlé Policy and Instructions') and the local legislation implementing the WHO Code in Colombia. In Colombia, the Government has implemented the WHO Code through the 'Decreto 1397 de 1992' ("Colombian Code"). The Colombian Code is stricter than the Nestlé Policy and Instructions and applies to the producers, distributors and marketers of infant formula milk and complementary foods and to the staff of the agencies conducting or providing services of health, for products intended to replace partially or completely the function of the breast milk in children under two (2) years.

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

Scope of Work and Methodology

The assurance was conducted in Colombia between 2 May and 13 May 2016, using two assurers from Bureau Veritas UK (Bureau Veritas) and a local auditor from Bureau Veritas Colombia who acted as translator as well. The core team has extensive experience of undertaking WHO Code compliance related work.

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

- requested a list of Nestlé Nutrition Colombia employees with responsibilities for the marketing and sale of infant nutrition products in Colombia and details of local healthcare facilities, healthcare professionals, and business partners in the country;
- requested from Nestlé Nutrition Colombia a list of local external stakeholders with an interest in infant nutrition, the protection of breastfeeding, or with responsibility for national compliance monitoring programmes, including healthcare professionals (HCPs), NGOs, medical associations and the Ministry of Health; and
- independently determined a schedule of external stakeholder interviews and visual assessments to take place in Colombia during the audit.

During the assurance Bureau Veritas:

- interviewed 24 employees and conducted a review of Nestlé Nutrition Colombia's documentation and records relating to specific areas of compliance with the Nestlé Policy and Instructions;
- interviewed a total of 25 key external stakeholders (business partners and healthcare professionals). In all meetings with HCPs Nestlé was not disclosed as the client prior to the interview in order to avoid bias during interviews, neither was Nestlé Nutrition Colombia



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informed of who would be interviewed; and

- visited 16 healthcare facilities and 60 retail locations to visually assess compliance with the Nestlé Policy and Instructions. Bureau Veritas independently selected which locations were to be visited.

Where non-compliance is identified with the Nestlé Policy and Instructions, the Colombian Code or the local Nestlé Nutrition Policy and Procedures Manuals relating to specific areas of compliance with the Nestlé Policy and Instructions, these will be categorised as:

Major Non-conformance:

- A frequent or purposeful failure to follow a specified requirement written within the Nestlé Policy and Instructions, the Colombian Code or local Nestlé Nutrition Policy and Procedures Manuals.
- A failure to achieve legal or statutory requirements.
- Multiple minor non-conformances within the same requirement of the Nestlé Policy and Instructions, the Colombian Code or the local Nestlé Nutrition Policy and Procedures Manuals.
- A purposeful failure of the company to correct non-conformances.

Minor Non-conformance:

- Any failure to satisfy a written requirement that is not considered to be a major non-conformance, such as an isolated issue.

Additionally, improvement opportunities are categorised as '**Opportunity for Improvement**' and represent a process/activity/document that, while currently conforming to the Nestlé Policy and Instructions and Colombian Code, could be improved to bring benefits to Nestlé Nutrition Colombia.

During the assurance visit, three minor non-conformances and a number of Opportunities for Improvement were identified. The following is a summary of key findings from interviews, observations and document reviews undertaken.

Third Party Contracts

Bureau Veritas reviewed contracts for the third parties engaged by Nestlé Nutrition Colombia. Nestlé Nutrition Colombia sends a letter attached to the contractual documents to the third party companies specifying the requirements to be met with regards to the marketing of breast milk substitutes. The letter does not include reference to the requirements of article 8.1 of the Nestlé Policy and instructions which refer to ensuring no bonuses or incentives are to be paid based on the sales volumes of covered products. While recognizing that evidence of payment of bonuses or incentives based on the sales volumes of covered products to third party companies' staff was not found, it is recommended that a revised version of that letter includes reference to article 8.1 of the Nestlé Policy and Instructions and any other article applicable to agencies and primary distributors engaged in the sales and/or marketing of the products covered by Nestlé Policy and Instructions and Colombian Code. This instance has been raised as an opportunity for improvement.



Covered products under Nestlé Nutrition Colombia Policy and Procedures Manuals

Nestlé Nutrition Colombia's Policy manual has Appendix A which refers to the products which are included in the scope of the Nestlé policy and instructions and/or Colombian code.

It was found that two of the Nestlé's specialty products – Alfare and Althera - which come under the scope of the Colombian Code, are not included in the products list in the appendix described above. It is recommended that Nestlé Nutrition Colombia reviews the Appendix A in the local policy manual and updates it to include all the current products which are covered under the scope of the Colombian Code. This has been raised as an Opportunity for improvement.

Retail and Health care facilities

- Bureau Veritas visited 16 healthcare facilities in Bogota and Cartagena and interviewed 21 healthcare professionals.
- Visited 60 Retail Outlets including modern trade / pharmacies / traditional trade
 - o No promotion materials related to covered infant formula products were seen in the market place
 - o No samples of products covered by the scope of the Nestlé Policy and Instructions were observed on display in the healthcare facility.
 - o No healthcare facility reported to have received donations of medical equipment from Nestlé Nutrition Colombia and no equipment was observed in the healthcare facilities.
 - o There were no allegations of Nestlé Nutrition Colombia having direct contact with mothers.

Promotion in Retail

There was one instance where Nestogeno tins were placed over an aisle runner titled 'Super Offers'. The runner referred to the cosmetic products below the shelf rather than the infant formula products above the shelf. It is recommended that Nestlé Nutrition Colombia educate their customers - retailers and pharmacies - not to put any offers' banners or aisle runners adjacent to Infant formula products, which attract consumers' attention. This instance has been raised as an Opportunity for Improvement.

Placing of Nestlé Infant Formula – Window display

There was one instance where a special display (window display) of Infant Formula covered products – Nan Pro 1 and Nestogeno – was observed at a retailer. There is no evidence that this display was done under the influence of Nestlé Nutrition Colombia. Therefore, this is classified as a minor non-conformance with Art. 5.3 of the Nestlé Policy and Instructions as it was considered an isolated case.

Nestlé Nutrition Colombia should educate the retailer on this matter based on compliance with the Nestlé Policy and instructions and Colombian Code.

Placing of Nestlé Infant Formula – End of Gondola

There was one instance where Infant Formula covered products – Nan Pro 1 and Nan Pro 2 - were observed to be placed at a special display (gondola end display) at a retailer. There is no evidence that this display was done under the influence of Nestlé Nutrition Colombia. Therefore, this is classified as a minor non-conformance with Art. 5.3 of the Nestlé Policy and Instructions as it was considered an isolated case.

Nestlé Nutrition Colombia should educate the retailer on this matter based on compliance with the Nestlé



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Policy and instructions and Colombian Code.

Discounts on the Covered products by retailer

There was one instance observed where a retail store offered discounted prices (on a specific day of the week) for Infant Formula products.

Since the discount scheme is not run by Nestlé Nutrition Colombia directly and is an isolated case, this was classified as a minor non-conformance with Art. 5.3 of the Nestlé Policy and Instructions. Nestlé Nutrition Colombia should educate the retailer on this matter in a way that the discount schemes applicable at the outlets should not include covered infant formula products.

Bureau Veritas opinion

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

- Three minor non-conformances with the Nestlé Policy and Instructions were identified during the audit;
- A number of opportunities for improvement were identified.

Bureau Veritas next recommendations

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

- take immediate action to address all non-conformances identified;
- take immediate action to address improvement opportunities that could otherwise lead to potential non-compliance with its own Policy and Procedures and the Colombian Code;
- update its internal policy and procedures documents to ensure that they accurately reflect the observations and recommendations made in the Management Report.

Limitations

Visual inspections of healthcare facilities and retail outlets and external stakeholder interviews were limited to the cities of Bogotá and Cartagena.

This limited assurance is not intended to provide a definitive opinion as to whether or not Nestlé Nutrition Colombia complies with the Nestlé Policy and Instructions. Neither the limited assurance conducted by Bureau Veritas nor this statement constitutes a guarantee or assurance by Bureau Veritas that infringements against the Nestlé Policy and Instructions 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



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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 members do 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 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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