



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 Russia (November 2014)**



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 Infant Nutrition's business in Russia 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'). In Russia there is no such legislation in place covering the key aspects of the WHO Code; however there are elements of some legislation which are related, including the EURASIAN ECONOMIC COMMUNITY, Customs Union Commission, RESOLUTION May 28, 2010 N 299 (legislation concerning the age of introduction of weaning foods). 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 Russia between 10 and 21 November 2014, using two assurers from Bureau Veritas UK (Bureau Veritas), translational support from Bureau Veritas Russia and three professional Russian translators. The core team has extensive experience of undertaking WHO Code compliance related work.

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

- requested a list of Nestlé Infant Nutrition Russia employees with responsibilities for the marketing and sale of infant nutrition products in Russia and details of local healthcare facilities, healthcare professionals, and business partners in the country;
- requested from Nestlé Infant Nutrition Russia 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 Russia during the audit.

During the assurance Bureau Veritas:

- interviewed 32 employees and conducted a review of Nestlé Infant Nutrition Russia's documentation and records relating to specific areas of compliance with the Nestlé Policy and Instructions;
- interviewed a total of 23 key external stakeholders (business partners and HCPs). 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 Infant Nutrition Russia informed of who would be interviewed; and
- visited 11 healthcare facilities and 54 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 has been identified with the Nestlé Policy and Instructions, the local legislation or the local Nestlé Policy and Procedures Manual, these have been categorized as:

Major Non-conformance:

- A frequent or purposeful failure to follow specified requirement written within the Nestlé Policy and Instructions, the local Code (if any) or local Nestlé 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 local Code or the local Nestlé 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.

A total of seven non-conformances were identified during the audit. The following is a summary of key findings from interviews, observations and document reviews undertaken with a range of key stakeholders.

Nestlé Nutrition Russia - Nestlé Policy and Instructions

The following three major non-conformances with the Nestlé Policy and Instructions were identified during the audit of the head office in Russia:

- The public Nestlébaby.ru site contains information promoting ingredients and compounds which are present in Nestlé infant formulas. It also brings comparisons of infant formulas with breastmilk, in a way which may be considered as idealising infant formula consumption. This observation represents a **major non-conformance** as it could be interpreted as promoting IF to mothers contrary to Article 5.1 of the Nestlé Policy and Instructions which mandates that infant formulas must not be advertised or promoted directly to mothers or the general public through public media.
- The labels of products within one of the Nestlé Nutrition infant formula ranges were observed to contain comparison of the proteins contained in the infant formula versus those contained in breast-milk. This communication may be considered as an idealisation of the product and represents a **major non-conformance** with Article 9.2 of the Nestlé Policy and Instructions which mandates: 'Neither the container nor the label should have pictures of infants, nor should they have other pictures or text which may idealise the use of infant formula'.
- Two Paediatricians are contracted by Nestlé Nutrition Russia to respond to consumer contacts (complaints and queries) about infant nutrition products on the consumer site. The information provided was seen to go beyond what is being asked by the consumer and may be considered as a promotion of breast-milk substitutes. This represents a **major non-conformance** with Article 5.1 of the Nestlé Policy and Instructions which states: '*infant formulas must not be advertised or promoted directly to mothers or the general public ... by personal contact between company representatives and the public*'.

Nestlé Nutrition Russia Policy and Procedures Manual

During the head office audit, Bureau Veritas raised one **minor non-conformance** concerning the application of the local WHO Code Management System procedures; however, this does not constitute a non-conformance with the Nestlé Policy and Instructions:

- The Nestlé Nutrition Russia Policy and Procedures Manuals were last updated in 2012, while Nestlé Nutrition Russia defines that they must be updated annually. Six of the procedures are not currently being met as processes have changed since 2012 and the procedures manual has not been updated to reflect current practice.

Business partners of Nestlé Nutrition Russia

Bureau Veritas interviewed one distribution partner of Nestlé Nutrition Russia, and two marketing agencies. The representatives of the distributor and the marketing agencies demonstrated sound knowledge of the Nestlé Policy and Instructions and an understanding of the requirements according to their business activities. Nestlé Nutrition Russia's business partners were considered to be operating in line with the requirements of the Nestlé Policy and Instructions and no incidents of non-compliance were identified.

Government and Non-Governmental organisations

Bureau Veritas made approaches to Government representatives and representatives of Non-Governmental Organisations during the audit. However, none of these entities were available for discussion due to time/other constraints.

Healthcare facilities and professionals

Bureau Veritas visited 11 healthcare facilities in Moscow, St Petersburg and Samara and interviewed 17 healthcare professionals. The following general observations were made concerning Nestlé Nutrition Russia's interaction with the healthcare system:

- No samples of products covered by the scope of the Nestlé Policy and Instructions were observed on display in the healthcare facility.
- No healthcare facility reported to have received donations of medical equipment from Nestlé Nutrition Russia and no equipment was observed in the healthcare facilities.
- No healthcare facility reported any instance of Nestlé Nutrition Russia having or requesting direct contact with mothers.

Of the 17 healthcare professionals who were interviewed, eight reported to have received samples of Nestlé infant formula. Six of these reported to have received multiple tins from Nestlé Nutrition Russia's medical representatives during the year exceeding the number of samples permitted by Article 7.4 of the Nestlé Policy and Instructions (1 or 2 tins per sampling event for the purpose of professional evaluation only in the following instances: to introduce a new infant formula product; to introduce a new formulation of an existing product; to introduce the Nestlé infant formula range to a newly qualified health professional). Bureau Veritas reviewed evidence at the Nestlé Nutrition

Russia's regional offices of Samara and St Petersburg, and the claims made by healthcare professionals could not be substantiated.

One of the five non-conformances with the Nestlé Policy and Instructions attributable to Nestlé was identified during the assessment of Nestlé Nutrition Russia's interaction with healthcare facilities and professionals:

- A Nestlé allergy booklet intended for distribution to the general public by HCPs was observed in the waiting room of a healthcare facility in Samara. Such booklet contains information about company's branded ingredients that are present in its infant formulas. This observation represents a **minor non-conformance** as it could be interpreted as promoting infant formula to mothers contrary to article 5.1 of the Nestlé Policy and Instructions which states that: '*General information on infant feeding and baby care (...) may not feature INFANT FORMULA brands and may not be used as advertising or promotion aimed at the general public*'.

Retail

In order to assess Nestlé Nutrition Russia's compliance in the marketplace, Bureau Veritas visited 54 retailers in Moscow, St Petersburg and Samara. A sample of outlets covering the following key channels were visited - modern trade, traditional trade and baby stores.

Two minor non-conformances with the Nestlé Policy and Instructions were identified during the assessment:

- A Nestlé branded sticker containing the slogan '*Nestlé, more than 145 years of expertise and quality for the most important moments*' was observed at the infant formula shelf in a retail outlet in Samara. This sticker may be deemed as promotional and such observation represents a **minor non-conformance** with Article 5.3 of the Nestlé Policy and Instructions which prohibits any promotional activities at the retail level.
- Nestlé Infant formula was observed at the end of an aisle in a baby store in Moscow. It was a secondary display of products within the baby milks and foods section and separate from the main infant formula aisle. This end of aisle display is considered to be a **minor non-conformance** with Article 5.3 of the Nestlé Policy and Instructions which prohibits any special display of products covered by the Nestlé Policy and Instructions. Evidence indicates that this practice is attributable to the retailer.

Bureau Veritas opinion

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

- Three major and two minor non-conformances with the Nestlé Policy and Instructions were identified during the audit which are attributable to the activities of Nestlé Nutrition Russia.
- One minor non-conformance with the Nestlé Policy and Instructions was identified during the audit which is attributable to the activities of third-parties.
- One minor non-conformance concerning the application of the Nestlé Nutrition Russia WHO Code Management System procedures was identified; however this does not constitute non-conformance with the Nestlé Policy and Instructions implementation.

Bureau Veritas recommendations

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

- Take immediate action to correct the non-conformances attributable to Nestlé Nutrition Russia identified in the management system review, conduct an investigation into the root cause of issues and implement appropriate corrective actions.
- Update its internal policy and procedures documents to ensure that they accurately reflect the observations and recommendations made in the Internal Management Report.

Limitations

Visual inspections of healthcare facilities and retail outlets and external stakeholder interviews were limited to the cities of Moscow, St Petersburg and Samara in Russia.

This limited assurance is not intended to provide a definitive opinion as to whether or not Nestlé Nutrition Russia 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 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. The work has been led and reviewed by lead assurers.



Bureau Veritas UK Ltd

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