



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 Turkey (July - August 2017)

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**BUREAU
VERITAS**

Independent Assurance Statement by Bureau Veritas

Introduction

Bureau Veritas has been commissioned by Nestlé S.A. (Nestlé) to provide independent assurance of Nestlé Nutrition's business in Turkey (Nestlé Turkey) 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 Turkey. In Turkey, the Government has implemented aspects of the WHO Code through the local regulation, Türk Gıda Kodeksi Bebek Formülleri Tebliği (No: 2014/31), Gazette Issue: 29089.

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

Scope of Work and Methodology

The assurance was conducted in Turkey between the 31st July and 11th August 2017, using two assurers from Bureau Veritas UK Ltd (Bureau Veritas) and a local assessor from Bureau Veritas Turkey who also acted as a translator. The core team of Bureau Veritas has extensive experience of undertaking WHO Code compliance and related work.

During the assurance, Bureau Veritas:

- Interviewed 26 employees and conducted a review of Nestlé Turkey's documentation and records relating to specific areas of compliance with the Nestlé Policy and Instructions;
- Interviewed a total of 55 external stakeholders (business partners, healthcare professionals (HCPs), and medical associations).
- A total of 46 interviews were conducted with HCPs out of which 17 were organised independently and anonymously by Bureau Veritas. Bureau Veritas received assistance from Nestlé Turkey to help organise 29 of the interviews with HCPs in order to meet a representative sample of HCPs in the country. In the 17 HCP interviews that were independently arranged, Nestlé was not disclosed as the client prior to the interview in order to avoid bias during interviews, nor was Nestlé Turkey informed of who would be interviewed.
- Visually assessed compliance with the Nestlé Policy and Instructions in 20 healthcare facilities and 89 retail locations including modern trade, pharmacies, and traditional trade. Bureau Veritas independently selected the locations that were visited.

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

Non-conformance:

- Any failure to follow a specified requirement written within the Nestlé Policy and Instructions, or local Nestlé Turkey Policy and Procedures Manuals.
- A failure to achieve local legal or statutory requirements.



- A purposeful failure of the company to correct non-conformances.

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 local directives, could be improved to further strengthen Nestlé Turkey's practices.

The following is a summary of key findings which includes non-conformances, Opportunities for improvement, observations from visit to retail and healthcare facilities.

Non-Conformances

Approval for donation of material and equipment

Nestlé Turkey donates unbranded equipment to healthcare facilities and this includes baby weight scales, integrated height and weight digital scales, books, stethoscopes and breast pumps. The local regulation, (Article 15 clause b) states that the donation of equipment or materials can only be made on request of the relevant units and in accordance with the written consent or instructions of the Ministry of Health when necessary. While this equipment was donated upon the written requests from health care facilities, there was no written consent available from Ministry of Health for these donations. Nestlé Turkey, however does not agree with this finding as they infer that the clause above applies to donation of equipment meant for training purposes (i.e. informational or educational equipment or materials) only and is not applicable to their case as the equipment donated by them are intended for professional use by health workers and institutions. Nestlé Turkey has indicated that they would engage with Ministry of Health on this topic.

Placing of Infant Formula products in retail stores

During retail visits, there were seven instances identified of special display (gondola ends/end of aisle) of Nestlé Infant formula products observed by Bureau Veritas. This represents a non-conformance to Article 5.3 of the Nestlé Policy and Instructions. However, there was no evidence that these displays were done upon request of Nestlé Turkey or its distributors.

Online products

One instance was identified where an e-commerce partner to Nestlé Turkey had Nestlé infant formula products being shown on promotion/ discount through the use of a 'slashed' out higher price. Even though the actual sale price was not discounted, this may constitute an inducement or an incentive for the consumer to buy the infant formula and is a non-conformance to Article 5.3 of the Nestlé Policy & Instructions. However, there was no evidence that the promotion/ discount was done upon request of Nestlé Turkey or its distributors.

Statements included in information material and traceability of medical detailing materials

It was noted that prescription pads for Nestlé infant formula products used by HCPs (for prescription of products to mothers) and medical detailing materials did not include all of the statements required under Article 4.2 of Nestlé Policy and Instructions. The missing statements are (c) regarding the negative effect on breast-feeding of introducing partial bottle-feeding, and (d) the difficulty of reversing the decision not to breast-feed. In



addition, Article 7.2 of Nestlé Policy and Instructions states that medical detailing materials “should conspicuously mention that they are destined for health workers only and bear a date and a print-code for traceability purposes”. Whilst the medical detailing materials used by the medical delegates are only used in electronic format and are not printed or left behind, medical e-detailing materials did not fulfil all of the above requirements.

Training Records

Nestlé Turkey conducts regular training through various channels for its employees and distributor personnel. However, records of all training that is delivered periodically are not consistently maintained due to various reasons which include system limitations as well. Absence of complete and up to date refresher training records represents a non-conformance against the Training procedures under internal procedure manual.

Opportunities for Improvement

Third Party Contracts

Some of the contracts reviewed with third parties, including distributors and key customers, do not include the WHO Code compliance clauses and do not have the WHO Code document as an attachment. Nestlé Turkey should append the WHO code to the third party contracts. Nestlé Turkey should also establish whether the contractual requirements in the local procedure require adjustment in order to align with local anti-trust legislation.

Code compliance meetings and violations reporting

Code compliance meetings have not been periodically held in recent years. In addition, code violations are not being reported as per the established internal procedure and templates. Nestlé Turkey should ensure its code compliance meetings are held at the frequency stipulated in its procedures. Nestlé Turkey should also remind all personnel involved in the marketing and sale of Nestlé infant formula products that any violations, whether Nestlé’s own or by competitors, should be reported following the established internal procedure and the associated documentation should be maintained.

Retail and Health care facilities

The following general observations were made concerning Nestlé’s interaction with the healthcare system and at retail locations in Turkey:

- No promotion materials related to covered infant formula products were seen in the market place;
- No samples of products covered by the scope of the Nestlé Policy & Instructions were observed in any of the visited healthcare facilities;
- No marketing materials, posters, pamphlets or brochures were observed at any of the facilities visited;
- We were not made aware of any allegations of Nestlé Turkey having direct contact with mothers.

Bureau Veritas conclusion

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

- Five non-conformances with the Nestlé Policy and Instructions or local Policy and Procedures Manuals were identified during the audit;
- Two opportunities for improvement were identified.

Bureau Veritas recommendations

Detailed findings and recommendations from our assurance activities have been provided to Nestlé and Nestlé Turkey as part of an internal Management Report. As a priority, Bureau Veritas suggests that Nestlé Turkey 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 Local Policy and Procedures and the local directives;
- 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 Istanbul and Ankara.

This limited assurance is not intended to provide a definitive opinion as to whether or not Nestlé Turkey 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 infringement against the Nestlé Policy and Instructions and local legislation 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.

