



Nestlé SA

**Independent Assurance of Compliance with the WHO
International Code of Marketing of Breastmilk Substitutes
In Vietnam (July 2012)**



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 Vietnam's compliance with the World Health Organisation (WHO) International Code of Marketing of Breast Milk Substitutes (1981) and subsequent World Health Assembly (WHA) resolutions as defined by the FTSE4Good inclusion criteria for the Marketing of Breastmilk Substitutes¹ (herein referred to as the WHO Code) and Decree on the trading in and use of nutritious products for infants (herein referred to as Decree 21) in Vietnam. This follows similar work previously conducted by Bureau Veritas for Nestlé SA in other global operations.

Scope of Work and Methodology

The assurance was conducted in Vietnam between 25 June and 6 July 2012 by two assessors from Bureau Veritas UK Limited, supported by Bureau Veritas Vietnam. The team has extensive experience of undertaking WHO Code compliance related work.

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

- completed a gap analysis of the WHO Code and Decree 21 to consider where the scope of Decree 21 differed from the WHO Code;
- requested a list of Nestlé Nutrition employees with responsibilities for the sale of infant nutrition products in Vietnam and details of local healthcare facilities, healthcare professionals, and distributors in the country;
- identified other external stakeholders and local NGOs concerned with the protection, promotion and support of breastfeeding in Vietnam; and
- independently determined a schedule of external stakeholder interviews and visual assessments to take place in Vietnam between 25 June and 6 July 2012.

During the assurance Bureau Veritas:

- selected 18 Nestlé employees for interview and review of their associated records, as part of its evaluation of Nestlé internal processes for managing compliance with the WHO Code in Vietnam;
- undertook 35 interviews with a comprehensive range of key external stakeholders including multilateral organisations, NGOs, distributors and healthcare professionals. In all but three of the meetings Nestlé was not disclosed as the client prior to the interview in order to avoid bias during interviews, neither was Nestlé Vietnam informed in advance of who would be interviewed;
- selected and visited 8 healthcare facilities and 86 retail locations to visually assess compliance with the WHO Code, with particular reference to articles relating to the promotion of designated products and interactions with the general public and the healthcare system.

¹ FTSE4Good Inclusion Criteria for the Marketing of Breastmilk Substitutes explicitly prohibits promotion of complementary foods for infants under 6 months, and the promotion and advertisement of infant formula and follow-on formula products for infants under the age of 12 months in high risk countries.

The following is a summary of findings from interviews and document review undertaken with a range of key stakeholders.

Nestlé Vietnam

All employees interviewed demonstrated a thorough understanding of the WHO Code and Decree 21, and the requirements it places upon their roles and responsibilities. Bureau Veritas is satisfied that the internal Policy and Procedures Manual has been effectively implemented across Nestlé Vietnam, and that employees are operating in line with Nestlé SA's overall global approach to the management of WHO Code compliance. Nestlé Vietnam's commitment to WHO Code compliance has been strengthened by the recent implementation of an internal whistleblowing line, and its collaboration with other infant formula manufacturers as part of the Nutritional Foods Group to develop and implement the Industry Code of Marketing Practice and Rules of Self-Regulation. During the audit, it was identified that two issues of the Nestlé Vietnam's consumer relations magazine contained advertisements for its growing up milk GAU 123, which did not include the statement '*Breastmilk is the best food for the health and all sided growth [SIC] of infants*', as required by Article 6 of Decree 21.

Distributor

The distributor interviewed demonstrated a good understanding of the WHO Code and Decree 21, and the requirements it places upon their role and responsibilities.

Government

Despite best efforts, Bureau Veritas was unable to obtain a meeting with any government authorities with responsibilities pertaining to infant nutrition and the marketing of breastmilk substitutes in Vietnam.

Multilateral organisations/NGOs

Bureau Veritas met with 9 senior representatives across 7 external stakeholder groups with an interest in infant nutrition and the marketing of breastmilk substitutes in Vietnam. There were no allegations or evidence presented by any of the organisation to indicate that Nestlé Vietnam has violated the WHO Code and Decree 21. Nestlé Vietnam was noted by two organisations for its continued efforts to promote breastfeeding.

Healthcare facilities and professionals

Evidence gathered through interviews with healthcare professional and observations made by Bureau Veritas in healthcare facilities indicates that Nestlé Vietnam is operating in compliance with the clauses of WHO Code and Decree 21 concerned with the activities of infant formula companies in healthcare facilities and their interaction with healthcare professionals.

Retail

During the audit, Bureau Veritas observed the following six violations concerning Nestlé products in retail outlets visited, however all violations observed were initiated third parties such as retailers:

1) A shop front vinyl artwork containing an image of Nestlé NIDAL natea 1 infant formula, a product which is not available in the Vietnam was observed in the retail outlet visited. The retailer was not a customer of Nestlé Vietnam, and there were no Nestlé products available to purchase. This artwork developed by the retailer using images obtained from the internet represents a violation of Article 5.3 of the WHO Code, which prohibits the use of point of sale advertising of products within the scope of the WHO Code.

2) A special window display which contained Nestlé's infant formula NAN HA was observed in the retail outlet visited. Although the special display of products was initiated by the retailer, this represents a violation of Article 5.3 of the WHO Code which prohibits the use of special displays to advertise or promote to the general public products within the scope of the WHO Code.

3) NAN Pro 1 was observed to be on sale at one branch of a chain supermarket at three different prices. Through discussions with the retailer, Bureau Veritas determined that lower prices are available to loyalty card holders. NAN Pro 1 was the only infant formula on sale that had a price tag with the three tiers of pricing. This discount represents a violation of article 5.3 of the WHO Code which prohibits the use of any promotional devices to induce sales directly to the consumer at the retail level.

4) Gerber Oatmeal cereal was observed on sale in one retail outlet visited carrying a Vietnamese sticker which had been attached by an importer stating that product is suitable for infants from 4 months. This labelling represents a violation of Resolution 54.2 of the World Health Assembly which recommends the introduction of complementary food after 6 months.

5) Gerber Good Start Formula was observed on sale in one retail outlet visited which has been imported into Vietnam independently of Nestlé which did not meet the labelling requirements specified by Article 9 of Decree 21.

6) Nestlé NIDAL Pelegron 1 and 2 formula was observed on sale in one retail outlet visited which has been imported into Vietnam independently of Nestlé which did not meet the labelling requirements specified by Article 9 of Decree 21.

Bureau Veritas opinion

From our assurance activities, evidence or observations, it is Bureau Veritas opinion that:

- No significant evidence came to our attention to indicate that Nestlé Vietnam is systematically or intentionally operating in contravention of the WHO Code or Decree 21 in Vietnam.
- The six violations observed in the trade concerning Nestlé products were not initiated by Nestlé Vietnam but by third parties such as retailers.
- Nestlé Vietnam's collaboration with other infant formula manufacturers to develop the industry code of marketing for infant formula and rules of self-regulation is a positive development.

Bureau Veritas recommendations

Detailed findings and recommendations from our assurance activities have been provided to Nestlé S.A. as part of an internal Management Report. As a priority, Bureau Veritas suggests that Nestlé S.A. should ensure that:

- Nestlé Vietnam implements the recommendations made in the Internal Management Report concerning the application and adherence to the WHO Code;
- Nestlé Vietnam reviews its procedures relating to monitoring and reporting WHO Code violations in the trade to ensure that Nestlé Vietnam is not exposed to any unnecessary risk as a result of the action of third parties.

Limitations

Due to time constraints, visual inspections of healthcare facilities and retail outlets and external stakeholder interviews were limited to the cities of Ho Chi Minh City, Hanoi, Hai Phong and Halong City.

This limited assurance is not intended to provide a definitive opinion as to whether or not Nestlé Vietnam complies with the WHO Code in Vietnam. Consequently, neither the limited assurance conducted by Bureau Veritas nor this statement constitutes a guarantee or assurance by Bureau Veritas that infringements against the WHO Code have not taken place.

Statement of independence, impartiality and competence

Bureau Veritas is an independent professional services company that specialises in quality, health, safety, social and environmental management advice and compliance with 180 years of history in providing independent assurance services. Bureau Veritas has implemented a Code of Ethics across the organisation 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. This assurance assignment did not raise any conflicts of interest.



Bureau Veritas UK Ltd

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