



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 Cambodia (October 2017)

Move Forward with Confidence



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 Cambodia 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 the 'Nestlé Policy and Instructions') in the Cambodian market. In Cambodia, the Government has implemented the WHO Code through the local regulation Sub Decree 133 on Marketing of Products for Infant and Young Child Feeding (2005), hereafter referred to as the "Local Code".

Nestlé has a representative office of Nestlé Thailand situated in Phnom Penh, Cambodia and conducts its activities in Cambodia through a local third party agency (Idea Factory). For ease of reference, Nestlé in Cambodia under Nestlé Thailand management will be referred to as "Nestlé Cambodia" in this Report.

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 Cambodia (including meetings at Nestlé Thailand with the management team) between the 2nd and 13th of October 2017, using two assurers from Bureau Veritas UK Ltd (Bureau Veritas) and a local assessor from Cambodia who acted as translator as well. The core team of Bureau Veritas has extensive experience of undertaking WHO Code compliance and related work.

During the assurance, Bureau Veritas:

- Interviewed 17 employees and conducted a review of Nestlé Cambodia's key documentation and records relating to compliance with the Nestlé Policy & Instructions.
- Interviewed 29 external stakeholders (business partners, healthcare professionals (HCPs), and NGOs)
- Conducted 25 interviews with HCPs, two of which were working with NGOs. 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 Cambodia informed of who would be interviewed; and
- Visually assessed compliance with the Nestlé Policy & Instructions in 11 healthcare facilities and 73 retail locations. Bureau Veritas independently selected all retail locations and healthcare facilities visited. Bureau Veritas independently selected the locations that were visited.

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

Non-conformance:

- A frequent or purposeful failure to follow specified requirement written within the Nestlé Policy & Instructions or the Local Policy and Procedures Manuals for Cambodia;
- A failure to achieve legal or statutory requirements as per the Local Code;



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

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 Cambodia's practices.

The following is a summary of key findings which includes non-conformances and Opportunities for Improvement from the assurance visit.

Non-Conformances

Request for Sponsorship from HCPs

As per article 7.5 of the Nestlé Policy and Instructions, requests for support to scientific activities for health care professionals such as congresses, scholarships, study tours, etc. must be confirmed in written form by a responsible officer of the association/ institution or by the health professional concerned. Nestlé Cambodia hosts scientific events and seminars with due approval from the Ministry of Health as is required as per the local code. However, there was no evidence of a written request from the HCP or the institution for the sponsorship provided to the HCP for their participation in Nestlé Cambodia's hosted events.

Placing of Infant Formula products in retail stores

During retail visits, there were two instances of a special display (gondola end and window display) of Nestlé Infant formula products and one promotion sticker on the Nestlé Infant Formula shelf (by retail store) 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 the request of Nestlé Cambodia or its distributors.

Opportunities for Improvement

Inclusion of required statements in educational and information material

As per article 6(1)(D) of local code, the education and information materials used should have a statement regarding the negative effects of the introduction of partial bottle feeding, along with other statements. Bureau Veritas noted that this statement is missing from the materials currently used by Nestlé Cambodia. This is raised as an Opportunity for Improvement, since all the materials are approved by Ministry of Health and are individually reviewed and commented by them before approval. Bureau Veritas recommends revising the materials and including all the statements as per the local code and to seek fresh approval, despite the fact that current material is already approved by the Ministry.

Third Party Contracts

It was noted that the contract with the third party agency (Idea factory) has not been signed yet and is still under negotiation. Also, a copy of the Local Code is not currently attached to the existing contracts with third parties. Nestlé Cambodia should execute the contracts along with inclusion of Local code before commencing work with any third parties.

Consumer services Scripts

The consumer care function in Cambodia uses a FAQ document to answer questions from callers. The FAQ document is provided by Nestlé Thailand and is not currently customised to the Cambodian regulatory context and is not translated to Khmer. Nestlé Cambodia should look at developing a standard script aligned to Cambodian market to attend to consumer calls as is the best practice observed in other markets.

Bureau Veritas conclusion

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

- Two Non-Conformances with the Nestlé Policy and Instructions were identified during the audit;
- Three Opportunities for Improvement were identified.

Bureau Veritas recommendations

Detailed findings and recommendations from our assurance activities have been provided to Nestlé and Nestlé Cambodia as part of an internal Management Report. As a priority, Bureau Veritas suggests that Nestlé Cambodia 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 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 Phnom Penh, Takmao, and Kandal Province and to the period of visit.

This limited assurance is not intended to provide a definitive opinion as to whether or not Nestlé Cambodia 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.



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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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