

Independent assessment report of Reckitt Benckiser Plc's ('RB') marketing practices in Indonesia against RB's Policy and Procedures on the Marketing of Breast-Milk Substitutes ('BMS')



Introduction

Bureau Veritas UK Limited ('Bureau Veritas UK') has been engaged by Reckitt Benckiser Plc. ('RB') to provide an independent assessment of alignment of its business in Indonesia, operating as PT Reckitt Benckiser Indonesia ("RB Indonesia"), with the RB Policy and Procedures on the Marketing of Breast-milk Substitutes (BMS) – April 2018 (the "Policy") and the applicable local regulations implementing the WHO Code in Indonesia (the "Local Code").

Products covered by the Policy and Local Code are BMS intended for infants aged between 0-12 months including both Routine and Speciality formulas ('Covered Products').

Scope of Work and Methodology

The assessment activities were conducted over five days during the period 19th October and 2nd November 2020 with one auditor from Bureau Veritas UK undertaking activities remotely and one auditor from Bureau Veritas Indonesia undertaking activities in-country (the assessment team).

During the audit, Bureau Veritas undertook the following activities:

- Interviews using video conferencing applications with RB Indonesia personnel responsible for BMS sales, marketing, or compliance;
- Reviewed requested documentation and records relating to BMS marketing practices on a sample basis via file-sharing and screen-sharing applications. Topics covered included:
 - local procedures and alignment with the Policy and other reference documents;
 - compliance monitoring, consumer and medical marketing materials and events, labels, internal and regulatory approvals, etc.;
- Review of online media in Indonesia, local e-commerce sites selling Covered Products, and social media webpages managed by the RB Indonesia;
- Visual assessment of 60 retail locations selling Covered Products in Jakarta, including pharmacies, supermarkets, hypermarkets, local stores and baby stores; and
- An anonymous Whatsapp chat with RB Indonesia EnfaClub A+ Careline.

Any findings identified during the verification have been categorised as per the following:

Non-conformance:

- Any failure to follow a written requirement specified within the Policy
- A failure to achieve local legal or statutory requirements as per our interpretation
- A purposeful failure of the company to correct non-conformances

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Opportunity for improvement ('OFI'):

- A process/activity/document that, while currently conforming to the Policy and local directives, could be improved to further strengthen the RB's practices.

The following is a summary of key findings which includes non-conformances and opportunities for improvement.

Non-conformances:

1. Statements on informational material for HCPs:

Bureau Veritas reviewed detailing materials being used by RB Indonesia for providing product information to HCPs. As per Article 7.2 of the Policy, the below requirements apply to all materials – whether informational, educational or audio-visual:

(1) the benefits and superiority of breastfeeding; (2) maternal nutrition, and the preparation for and maintenance of breastfeeding; (3) the negative effect on breastfeeding of introducing partial bottle-feeding; (4) the difficulty of reversing the decision not to breastfeed; (5) where needed, the proper use of infant formula, whether manufactured industrially or home prepared; and “For HCP only – not for distribution to general public”

None of the materials reviewed during the audit included the required statements stipulated above except the statement “For HCP only”, and one particular material contained one more statement “Breastfeeding is best”.

2. Contract with third parties

The RB Procedures, Article 1 as contained in the Policy states that: “In all written agreements with authorised third parties performing marketing activities on behalf of and under the direction of RB (which includes for example, but is not limited to, Distributor Agents), we include clauses in our written agreement that address compliance with local laws and regulations implementing the WHO Code and compliance with our BMS Marketing Policy”.

During the review, Bureau Veritas noted that the agreements with third party agencies who act under the direction of RB, such as marketing and medical agencies do not include clauses on compliance with the Policy or the WHO Code. The offline retailers and online retailers who may or may not act under the direction of RB should also be communicated the requirements of the Policy and the WHO Code, as the respective agreements do not address this either.

3. Articles leading to Covered Products promotion

As per Article 6.8 of the Policy: Materials and/or practice related items donated to HCE, in addition to those referred to in Article 4.3, may bear the company name and/or logo but may not include any Covered Product brand name or logo. Article 5.4: Gifts or articles or utensils promoting the use of Covered Products or bottle feeding are not distributed to pregnant women or mothers of infants.

RB Indonesia has a Gentle Care range of products with different trade names - Enfamil 1 Gentle Care and Enfamil 2 Gentle Care which are Covered Products, and Enfagrow Gentle Care which is not a Covered Product. One of the reviewed small gifts provided to HCPs displayed the Gentle Care logo along with the mascot from the Covered

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Products range. Two of the consumer gifts provided with the non-covered range included "Gentle Care" branding on them. These consist of promotion of the Gentle Care range which amounts to promotion of Covered Products.

4. Covered Product branded material for HCPs

As per Article 7.2 of the Policy: In their contact with HCPs, RB marketing personnel ensure that only factual, objective and scientific information related to Covered Products is provided.

One of the reviewed materials included a greeting card that was used for HCPs for festival greetings by RB Indonesia. This greeting card included Enfamil A+ logo which is a Covered Product along with the message "Only for HCPs". Having Covered Products branding on this material is not aligned to the above quoted Article, since this is not educational material.

5. Usage of Generic name ENFA A+ on social media

Bureau Veritas reviewed RB Indonesia's various social media platforms like YouTube, Facebook, Instagram, Enfamama mother club website. As per Article 5.1 of the Policy: RB does not engage in advertising or any form of promotion of Covered Products directly to the general public.

There were a number of posts, videos and pictures seen on social media which use Enfa A+ in communication and marketing. Even though this name does not relate to a specific product range, this is seen encompassing Covered Products along with other brands that it represents.

6. Covered Products Placement in retail stores

During retail visits, Bureau Veritas identified six instances where Covered Products have been placed in special displays. The Policy Article 5.3 states that 'RB does not use point-of-sale advertising, sampling or any other promotional devices to induce sales of Covered Products directly to the consumer, at retail level'.

Bureau Veritas noted that for four out of these six instances, there is no evidence to suggest that this placement was done on specific instructions from RB Indonesia as these displays constituted the whole category (products for 0-12 age range, including competitors) and one of these four was done for security purposes.

7. Product promotion via online sales platforms

RB is under commercial agreement with many online e-commerce platforms for sales of the BMS products in Indonesia. There were 50 instances seen across eight of these platforms where Covered Products were being promoted either through discounts, cashback schemes or promotional language. Some of these were seen on RB official stores on these websites, while others on the partners' official stores, independent sellers and related to platform specific loyalty schemes (not directly linked to RB). Article 5.3 states that 'RB does not use point-of-sale advertising, sampling or any other promotional devices to induce sales of Covered Products directly to the consumer, at retail level'. This is also a requirement of the Local Code.

Opportunities for improvement:

1. Small Value gifts for HCPs

RB Indonesia provides certain unbranded and some company branded small value gifts to HCPs like stethoscopes, USB sticks, pens, laptop bags, pouches, health record books etc. Decree of Minister of Health no.

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39 year 2013 on Infant Formula Milk and Other Infant Products Article 25, prohibits gifts and/or assistance from Infant Formula manufacturers to the HCPs that can inhibit Exclusive Breastfeeding Program.

However, RB Indonesia does not consider these small value gifts as items that can inhibit breastfeeding program. We recommend RB to obtain clarification and confirmation from regulators on whether this practice is aligned with the requirements of the Local Code.

2. Hospital availability and listing fee:

RB Indonesia has their products available at a number of hospitals/hospital pharmacies in the country through Memorandum of Understandings (MoUs). RB Indonesia pays a fee to the hospitals in the form of a listing fee or hospital availability fee to have their products available in these hospitals. As explained by RB, this is done as part of the proposal to the hospitals and is a requirement of the bidding process from the hospitals' side for all the BMS manufacturers, which is communicated verbally to them.

It is recommended that RB should request the hospitals to provide this requirement of paying a fee, in written format which could be either in the form of letter or in a tender/bid document.

3. Acknowledgements of HCP Sponsorships:

RB Indonesia sponsors a number of HCPs for various events and symposiums as well as engages them as speakers for some of these events. RB maintains comprehensive documentation related to this and also does the required reporting to the Regulators. It is recommended that the acknowledgements and agreements with the HCPs are updated to include clauses to avoid any perception of linkage of sponsorship to advocacy.

There were a number of areas identified where the compliant practices are well managed, and these instances have been summarised in an internal report to RB Indonesia.

Limitations and exclusions

2020 – Amended Assessment Approach

Due to the COVID-19 pandemic outbreak and associated travel restrictions, the delivery approach in 2020 was amended as the Bureau Veritas UK team leading this assessment was unable to travel to Indonesia and the RB offices were closed making face-to-face interviews with management/employees not feasible.

Bureau Veritas Indonesia coordinated and conducted visits to retail outlets to visually assess alignment with the Policy. Interviews with the RB Indonesia personnel and review of relevant documentation were conducted remotely via video conferencing and electronic file-sharing. Visits to Health care facilities as well as interviews with Health Care Professionals (HCPs) could not be conducted due to the health risks associated because of the pandemic. HCPs could not be contacted remotely either, as RB Indonesia was unable to share contact details of HCPs because of the local data privacy regulations. A detailed methodology of the assessment conducted is provided in the Scope of Work and Methodology section of this statement.

The amended delivery approach in 2020 has a number of limitations, such as:

- It is not possible to conduct visual assessments of Health Care Facilities without visiting and inspecting the practitioner areas of those facilities; and

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- Document review and interviews with stakeholders may not provide the same level of detail or information when conducted remotely.

These are in addition to the limitations of conducting this type of engagement where travel to the country of assessment is possible.

The following select elements of RB's Policy and Procedures were excluded from our review at the request of RB: Article 8.1 on Bonuses and sales incentives; Section 2 on Training and Communications for own employees and distributors involved in marketing and sales of BMS.

Additionally, visual inspections of retail outlets were limited to the city of Jakarta.

Whilst our methodology is designed to provide an objective independent assessment, it remains that some of the statements made by stakeholders are anecdotal and evidence may not be available to support their claims. For this reason, the telephone HCP survey conducted was not used to raise findings in this report.

This statement is not intended to provide a definitive opinion as to whether or not RB Indonesia complies with the BMS Policy. Neither the assessment conducted by Bureau Veritas nor this statement constitutes a guarantee or assurance by Bureau Veritas that infringements against the BMS Policy and local legislation have not taken place.

It is also not within Bureau Veritas' scope of work to provide an opinion or assessment over the appropriateness of the BMS Policy.

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 190 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.

Our verification team members do not have any involvement in any other projects with RB outside those of an independent assessment 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.

The core team of Bureau Veritas UK has extensive experience of undertaking WHO Code assessment related work. Our team completing the work for RB has extensive knowledge of conducting assurance over environmental,

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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.



Bureau Veritas UK Ltd

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