



# RESPONSIBLE MARKETING OF BREAST-MILK SUBSTITUTES

2020 Report

# RECKITT'S COMMITMENT

**The right nutrition, particularly during the first 1000 days of life - the period from conception up to two years of age, is crucial, providing building blocks for brain development and contributing to life-long health and well-being.**

We recognise that for infants, breastmilk is the best source of nutrition and that's why we are committed to supporting and promoting the recommendations of the World Health Organisation ("WHO") for exclusive breastfeeding in the first six months, and the introduction of safe, age-appropriate, nutritious complementary foods thereafter. We advocate continued breast-feeding up to two years of age and beyond.

The WHO has confirmed that infant formula is the only suitable alternative when breastfeeding is not possible or a mother chooses not to breastfeed. We have a key responsibility to market our Breast Milk Substitutes ("BMS") ethically and responsibly at all times, supporting a mother's choice to continue to breastfeed her infant for as long as she chooses.

We acknowledge the importance of the International Code of Marketing of Breast Milk Substitutes issued in

1981 (commonly referred to as "the WHO Code of 1981") and subsequent relevant World Health Assembly ("WHA") resolutions as implemented by governments.

It has been more than three years since Reckitt introduced its first comprehensive Policy and Procedures on the Marketing of Breast Milk Substitutes ("BMS Marketing Policy"). This Policy establishes our mandatory marketing practices on BMS, supporting the aims and principles of the WHO Code of 1981. We updated the BMS Marketing Policy in November 2020.

We have a duty to promote and advocate responsible marketing practices across our value chain, ensuring we are not undermining a mother's choice, monitoring our practices, and that parents/caregivers have access to the right information to make informed choices regarding the best feeding options for them and their infants.

# MONITORING, REPORTING AND TRANSPARENCY

**We are committed to responsible marketing of our infant and child nutrition (IFCN) portfolio, monitoring and reporting regularly on our progress.**

All reports of alleged non-compliance versus the BMS Marketing Policy and/or local legislation are taken very seriously. We register, investigate and respond to every report of alleged non-compliance, irrespective of who has reported the complaint or how that complaint was submitted.

As in previous years, we have captured all alleged non-compliances reported by external parties - NGOs, industry associations, BMS manufacturers and other individuals, to our local business units. Allegations of non-compliance can be reported in a variety of ways, including email, Reckitt websites, industry associations and Reckitt's [Speak-Up Line](#).

It is imperative that evidence and documentation is provided to support all allegations of non-

compliance including names/locations, dates and pictures. This evidence is paramount to ascertain the validity of the complaint and to take or determine any corrective actions necessary.

We review the facts and supporting materials for each report and investigate promptly to determine if the report represents a non-compliance versus the BMS Marketing Policy and/or applicable legislation in the jurisdiction where the reported event occurred.

This is our third report, and covers substantiated instances of non-compliance for the period 1 January to 31 December 2020, and the resulting corrective actions implemented.



# 1 JANUARY TO 31 DECEMBER 2020: OVERVIEW



**In 2020, we received 128 complaints of alleged non-compliance with the BMS Marketing Policy and/or applicable local legislation. These were from six different countries, spanning two continents - Asia and Latin America. Of the 128 complaints of alleged non-compliances, 114 were substantiated:**

	2019	2020
Total alleged non-compliance reports received	101	128
Allegations not substantiated	24	10
Out of scope	--	4
Substantiated allegations of non-compliance	77	114

We have provided further information, analysis and corrective actions below in relation to the *substantiated allegations of non-compliance only*.

Of the 114 substantiated allegations, 84 (2019: 49) occurred in China\* and all were on pricing & promotion in retailers. Whilst we continue to communicate and raise further awareness, it is extremely difficult to control local practices.

\* Effective 9 September 2021, we announced the sale of our Infant and Child Nutrition business in China, Taiwan and Hong Kong to Primavera Capital Group

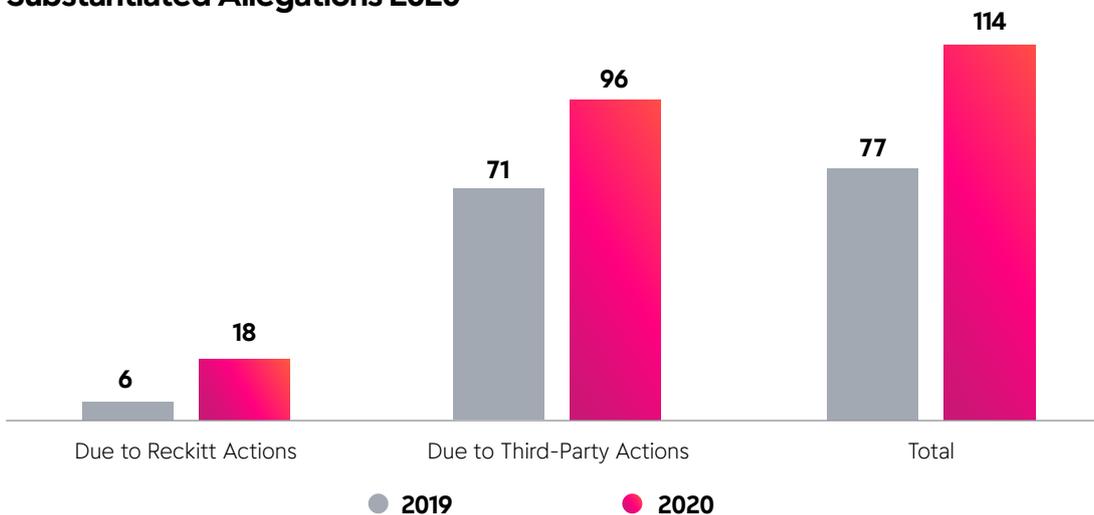
# ANALYSIS OF SUBSTANTIATED ALLEGATIONS 2020 VS. 2019

The substantiated allegations of non-compliance are reviewed and then classified dependent on who was responsible for the non-compliance. There are two possibilities:

1. Attributed to actions by employees of Reckitt, or
2. Attributed to actions by third-parties (for example retailers). These third-parties are independent and external to Reckitt and our ability to influence their practices is limited.

Please see an analysis below of the substantiated allegations of non-compliance:

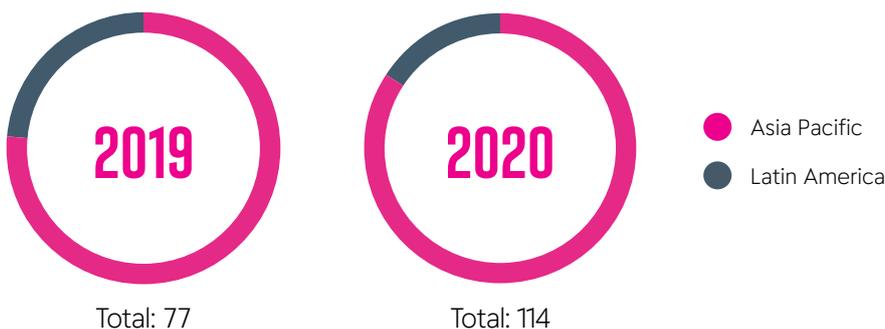
## Substantiated Allegations 2020



We found no evidence of systematic violation of our BMS Marketing Policy and/or local regulations. Further details are provided below by region, category and corrective actions.

## Total Substantiated Allegations of Non-compliance: Regional Analysis:

We have analysed the total substantiated non-compliances by region, and in both 2020 and 2019, Asia Pacific accounts for the majority of the substantiated reports. In 2020 we had reports from six different countries (2019: five countries):



# CATEGORISATION OF SUBSTANTIATED ALLEGATIONS OF NON-COMPLIANCE:

Below we have categorised the substantiated allegations of non-compliance according to the type of entity and/or what material/information were involved.

## Substantiated Allegations of non-compliance due to Reckitt Actions: By Category:



There has been a marked increase in the substantiated allegations due to Reckitt actions. This is primarily pricing activities in Reckitt e-commerce stores, created erroneously by third-party employees working on our behalf.

## Substantiated Allegations of Non-compliance due to Third-Party Actions: By Category:



Whilst the activities of the third-parties are not under our control, we do believe it's important to report on the non-compliances. The increase 2020 vs. 2019, is driven by a greater vigilance of our peers and other stakeholders to report on the third-party activities, a positive illustration of better self-regulation. The increased instances of non-compliance are due to market consolidation – many retailers act independently and more aggressively in order to retain market share.

As was the case in 2019, the largest single category of substantiated allegations, on activities by both Reckitt and third-parties, occurred in pricing and promotion in retail. In 2020 this accounted for 103 of the total (Reckitt and third-party) or 90% (2019: 70, 91%).

# CORRECTIVE ACTIONS



The root cause of many of the non-compliances appears to be lack of awareness and understanding of the rules. We recognise we need to improve our communication efforts to all, and have undertaken the following corrective actions:

1. Retailer identified non-compliances: communicated with the retailer requesting that the discounting/promotional activity be discontinued, non-compliant materials were removed immediately, and Reckitt reminded retailers of their obligations (with the BMS Marketing Policy and/or relevant local laws and industry self-regulatory obligations). Ensured the promotional activity was not reimbursed by Reckitt
2. Raised awareness internally with the respective commercial teams, including undertaking additional training and reinforcing the prohibition of discounting/promotional activities/special displays on Covered Products. This included the deployment of Do's and Don'ts to the Reckitt commercial teams
3. Updated and removed non-compliant materials/messages/communications from internet/social media/health clinics
4. Reviewed and updated internal approval processes.

# NEXT STEPS

We will continue to communicate, raise further awareness and be more diligent in our own monitoring processes, particularly regarding third-party activities. We are working hard on this. Third-party activities are difficult to control due to the magnitude of players and the geographic spread of activities. As a key player in the industry we must continue to set high standards and educate others on the importance of ethical and responsible marketing practices.

Over the next 12 to 18 months, we will look to implement a comprehensive monitoring and stakeholder engagement plan, which includes:

- Further training to all Reckitt sales employees reinforcing key articles of the BMS Policy
- Developing additional guidelines/handbook to be deployed by Reckitt employees during meetings with third-party retailers
- Continue to review third-party medical/marketing contracts to include relevant provisions regarding non-compliance
- Continued training and communications to all contracted retailers, re-emphasising the prohibition of promotional/discounting activity on Covered Products
- Rolling out an internal monitoring framework, including regular review and monitoring of third-party marketing activities
- Continued advocacy and lobbying activities with both governments and local industry associations to implement and enforce regulations in relation to retailing practices, and to help create a level playing field.

## CONCLUSION

As always, we encourage all stakeholders including consumers to report any instances of alleged non-compliance with our BMS Marketing Policy and/or local regulations. This type of monitoring is key for Reckitt to continue to improve our BMS marketing practices.

We will continue to demonstrate transparency and accountability, working closely with industry groups, trade associations, business partners and other key stakeholders in all countries where we market IFCN products.

We remain committed to raising awareness and to ensuring that all are held accountable to the same high level of responsibility and to report annually on our progress.