



Reckitt Benckiser Group plc (Reckitt) has engaged Bureau Veritas UK Ltd¹ (Bureau Veritas) to undertake independent assessment of compliance to Reckitt's "Policy and Procedures on the Marketing of Breast-Milk Substitutes (BMS)" ([the Policy](#)). In 2020, Bureau Veritas performed the verifications in Brazil in September and Indonesia in October.

Reckitt's Policy and Procedures on the Marketing of Breast-Milk Substitutes (BMS) applies to all employees and authorised third parties acting under the direction of Reckitt. In the Policy, Reckitt acknowledges the importance and supports the aims and principles of the 1981 International Code of Marketing of Breast-Milk Substitutes – commonly referred to as the 'WHO Code'. The Policy outlines Reckitt's commitment to market its BMS products ethically and responsibly at all times.

Independent of any measures taken by local governments to implement the WHO Code, Reckitt as part of good governance, has a responsibility for monitoring its marketing practices on products covered by the scope of the Policy and/or local legislation. We have clearly outlined a number of monitoring activities that we deploy across our BMS businesses, one of which is the commitment to undertake external, independent assessments in Higher-Risk countries².

Particularly in 2020 and during the global pandemic, independent assessment is even more important, providing evidence both internal and external, that Reckitt continues to uphold its commitment to protect, heal and nurture, making access to the highest quality hygiene, wellness and nourishment, a right and not a privilege.

Part of that commitment is to publish the resulting verification reports, as well as the response and corrective action plan. Summarised below is the Scope of Work, Findings, Reporting, Response and Corrective Actions, for both the Brazilian and Indonesian Bureau Veritas verifications.

Scope of Work

Bureau Veritas's scope of work is primarily externally focussed. Due to the COVID-19 pandemic and travel restrictions, a change in the method of audit delivery was agreed, with local Bureau Veritas staff conducting the marketplace assessments and interviews with local management being conducted remotely by the Bureau Veritas central team. The scope of work extended to:

¹ [Bureau Veritas](#) is an independent professional services company that specialises in compliance and has more than 190 years of history in providing independent assurance services.

² Refer to Annex 1 of the [BMS Policy](#) for a listing of countries considered Higher-Risk



1. Interviewed local management and reviewed key documentation and records relating to BMS sales, marketing and compliance
2. Independently surveyed Healthcare Professionals (HCP's) (Brazil only)
3. Visually assessed compliance in Healthcare Facilities (HCFs) both private and public (Brazil only)
4. Visually assessed compliance in retail outlets, including modern trade (ecommerce), pharmacies, traditional trade (supermarkets), hypermarkets and baby centres/stores
5. Anonymous calls/Whatsapp chat to the company carelines.

Assessment Findings

Bureau Veritas classify findings as either a non-conformity or an Opportunity for Improvement. Noted below is an overview of the findings, analysed as those attributable to Reckitt actions and those attributable to actions of third party (i.e. retailers), of which Reckitt has limited or no influence over:

Observation	Brazil	Indonesia
Non-Conformities:		
Attributable to Reckitt Actions	2	5
Attributable to Third Party Actions	14	56
<i>Total Non-Conformities</i>	<i>16</i>	<i>61</i>
Opportunities for Improvement:		
Attributable to Reckitt Actions	3	3
Attributable to Third Party Actions	-	-
<i>Total Opportunities for Improvement</i>	<i>3</i>	<i>3</i>

For the 2020 audits, we have counted the number of non-conformities and opportunities for improvement slightly differently versus the reporting in 2019 and 2018. For 2020, we have included the number of locations where the non-conformity/opportunity for improvement occurred versus previous years where we reported on the type of observation only. For example, in the 2019 reports, if there was the same price promotion across different e-commerce platforms, this was reported as one non-conformity, whereas for 2020, we are including the number of e-commerce platforms that this non-conformity has occurred. We believe the method of reporting for 2020 is clearer and correlates more accurately to the Bureau Veritas report.



Appendix 1: Summarises Reckitt's response and corrective actions to the non-conformances and opportunities for improvement identified for the Brazilian assessment.

Appendix 2: Summarises Reckitt's response and corrective actions to the non-conformances and opportunities for improvement identified for the Indonesian assessment.

Reporting

Bureau Veritas have provided the detailed findings to the local business units, which have been discussed with the management team, and a corrective action plan developed. The findings and corrective action plan have been further shared and reviewed with the respective regional management teams before issuance of the final reports with ultimate approval given by the IFCN Steering Committee.

Conclusion

The Bureau Veritas assessment's are an important part of Reckitt's independent monitoring processes. We appreciate the objectivity provided, and their work has highlighted areas where we can further improve our internal processes and also continue to raise awareness with others - particularly traditional and e-commerce retailers. Third party non-compliances represent more than 80% of the total findings from the two verifications in 2020 and remains a difficult area to control.

We are in the process of implementing the corrective actions identified in Appendix 1 and 2 and expect all follow up work to be completed by the end of June 2021.



Appendix 1: Reckitt's Response and Corrective Actions – Brazil Assessment.

Observation				
Non-Conformity	Description	Response	Corrective Actions	Timeline 2021
HCP Informational Materials	HCP materials were not clearly labelled 'For HCP only - not for distribution to the general public'	These are electronic materials. Whilst the statement was included, legibility could be improved.	Updated materials to increase font size and move the mandatory statement to the first page.	Completed
Retailing Practices	Specific SKU (multipack) construed as price promotion	The multipack SKU is not normally offered alongside the single container - and therefore does not represent a price promotion - but a permanently lower price, which is permitted according to the BMS Policy.	Ensure Reckitt commercial teams aware that multipack SKU only to be available in designated retail outlet (not alongside single containers).	Q1
Retailing Displays	Covered Products placed in prominent positions - store window and adjacent to cashier in 2 retail outlets	We understand the observation.	Raise awareness with Reckitt's commercial teams on how product placement will be interpreted. Discussed with relevant retailers.	Completed
Price Promotion	Price promotions offered in 5 traditional retailers and 3 ecommerce sites.	The activity was undertaken by third-party retailers.	Communicated with retailer, updated Reckitt sales team on observation. Additional guidance materials for retailers to be prepared.	Q1
Opportunity for Improvement	Description	Response	Corrective Actions	Timeline 2021
Compliance Monitoring Processes	No formal process for tracking the closure of allegations of non-compliance.	We agree with the observation.	Update Global Speak-Up! SOP to include formal closure practices. Ensure all materials/ communications on allegations of non-compliance are filed centrally.	Q1 Ongoing
Distribution of Product for Professional Evaluation (PPE)	HCP request and evidence of receipt of PPE not available in electronic records system.	We agree with the observation.	Electronic records system to be updated.	Completed
Third Party Communications	Reckitt should consider communications and training to raise awareness of the BMS Policy and local Code	We agree with the observation.	Reinforce communications on the BMS Policy and local Code to retailers and key third party agencies Incorporate compliance clauses into relevant third party contracts.	Q1 Q2



Appendix 2: Reckitt's Response and Corrective Actions - Indonesia Assessment.

Observation				
Non-Conformity	Description	Response	Corrective Actions	Timeline 2021
HCP Informational Materials	HCP materials did not include all mandatory statements	We agree with the observation.	Update materials and internal processes to incorporate requirements	Q1
Third Party Contractual Terms	Third party agency contracts do not include compliance provisions	We agree that we need to raise awareness.	Reinforce communications with third party agencies and retailers.	Q2
Branded Items to HCPs	Items are branded with logo's/wording that could be associated with Covered Products	We understand the observation.	Update the wording/logo usage to avoid confusion.	Q2
Social Media communications	Messaging seen as encompassing Covered Products	We understand the observation.	Review social media platforms to ensure correct naming protocol in place.	Q1
Retailing Displays	Covered Products placed in special displays, or near cashier in 6 retail outlets	We understand the observation. Some retailers place Reckitt's product under additional security (against theft) and we therefore do not agree with the categorisation as a special display.	Raise awareness with Reckitt commercial teams on how product placement can be interpreted.	Q1
Price Promotion	50 price promotions offered in 8 ecommerce sites.	The activity was undertaken by third-party retailers. Some of the findings relate to cash-back schemes, which apply to all products purchased, including Covered Products. There is not a mechanism to exclude Covered Products, and we do not agree that this is a price promotion.	Communications with third party retailer, updated Reckitt commercial team on observation. Implement Reckitt monitoring system to identify activity and implement corrective actions on a timely basis.	Q2
Opportunity for Improvement	Description	Response	Corrective Actions	Timeline 2021
Small value gifts to HCP's	Non Covered Product branded gifts provided to HCPs	We understand the observation.	Obtain external regulator clarification that gifts are not inhibiting breastfeeding programmes.	Q1
Product availability fee in HCE's	HCE should provide additional documentation to support the proposal process	There are appropriate local processes in place.	None required	N/A
HCP sponsorship	HCP agreements should include specific advocacy exclusions.	We agree with the observation.	Reckitt template to be updated to include appropriate wording.	Q1