



Reckitt Response and Corrective Action Plan on the 2022 Bureau Veritas Assessments

20 March 2023



Background

Reckitt introduced its first BMS Policy in April 2018, and it applies to all employees and authorised third parties acting under the direction of Reckitt, in the marketing of Covered Products¹ in Higher-Risk countries². In addition, it outlines a number of key commitments:

1. To support and promote the recommendations of the World Health Organisation (WHO) for exclusive breastfeeding in the first six months of life and continued breastfeeding for up to two years of age and beyond. We also advocate the introduction of safe, nutritious and age-appropriate complementary foods from six months of age.
2. Acknowledges the importance and supports the aims and principles of the 1981 International Code of Marketing of Breast-Milk Substitutes – hereinafter referred to as the ‘WHO Code of 1981’.
3. To adhere to all national laws and/or regulations implementing the WHO Code of 1981 and subsequent relevant World Health Assembly (WHA) resolutions.
4. To market our portfolio of infant and child nutrition (IFCN) products ethically and responsibly at all times.



Monitoring and Reporting

Reckitt as part of good governance, has a responsibility for monitoring its marketing practices on products covered by the scope of the BMS Policy (Covered Products) and/or those falling under the scope of local legislation. We have clearly outlined a number of monitoring activities that we deploy across our IFCN businesses, one of which is the commitment to undertake external, independent assessments in Higher-Risk countries each year.

In 2018, Reckitt Benckiser Group plc (Reckitt) engaged Bureau Veritas UK Ltd³ (Bureau Veritas), to undertake independent assessments of compliance to Reckitt's “Policy and Procedures on the Marketing of Breast-Milk Substitutes (BMS)” ([BMS Policy](#)) and national laws and regulations for implementing the WHO Code of 1981.

Undertaking independent assessment provides evidence both internally and externally that Reckitt continues to uphold its commitment to protect, heal and nurture, making access to the highest quality nutrition, a right and not a privilege.

¹ Please refer to Article 2 of the [BMS Policy](#) for a definition of Covered Products

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

³ [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.

Independent Assessments

To date, Bureau Veritas have undertaken nine independent assessments: 2018: Philippines, 2019: Mexico and Malaysia, 2020: Brazil and Indonesia, 2021: Thailand and Colombia, 2022: Vietnam and Peru. All Bureau Veritas assessments conducted to date are available on [Reckitt.com](https://www.Reckitt.com). We have also responded and prepared corrective action plans for the assessments conducted in 2018, 2019, 2020, and 2021 which are also publicly available.

This report covers our response and corrective actions for the assessments conducted in 2022- namely Vietnam and Peru, and summarised below is the Scope of Work, Areas of Good Practice, Assessment Findings and Reporting, for both countries. The underlying Bureau Veritas reports are available here for [Vietnam](#) and [Peru](#).

Scope of Work

Similar to earlier years, and in agreement with Reckitt, Bureau Veritas adopted a hybrid model to conduct their verifications: local staff conducted the retailer/HCE reviews and HCP interviews. Interviews with local management/teams and review of company documentation were conducted remotely by the central team.

The Bureau Veritas scope of work extended to:

1. Interviewing the local management team.
2. Reviewed key documentation, processes and records relating to sales, marketing and compliance activities for in-scope products. This included training records and distributor contract compliance provisions.
3. Healthcare Professionals (HCP's) surveys by telephone (where possible).
4. Visually assessed compliance in a sample of physical retail outlets, including traditional trade, pharmacies, modern trade (supermarkets, hypermarkets) and baby centres/stores. Virtual trade outlets and platforms (ecommerce sites) were also assessed for a selection of websites.
5. Anonymous contacts with the customer relationship management (CRM) teams via company carelines and social media enquiries (where relevant).

Well-Managed Practices and Positive Observations:

The independent assessments identified the following areas of good practice:

1. A third-party consultant has been engaged to identify and remove any online promotions of Covered Products (Vietnam). This is a proactive approach to manage an area that is difficult to control. The processes were found to be well documented, including a thorough follow-up and close-out of where issues were identified
2. Training records were well organised and up to date, including those for the distributor, which are maintained by Reckitt (Vietnam and Peru)
3. There was a clear document trail and approvals were available for all marketing materials and labels sampled, including those that preceded the currently used system (Peru)
4. Interviewees were cooperative and responsive to follow up queries and requests, with a good level of supporting evidence readily available.

Assessment Findings

Bureau Veritas classify findings as either a non-conformity or an opportunity for improvement. We have separated the findings into two distinct categories, linked to our ability to influence or control the actions of the organisation/individual undertaking those actions:

- Findings as a result of **Reckitt Actions**: this includes all Reckitt subsidiaries, joint ventures (over which Reckitt has operational control), employees, contractors and authorised third parties acting under the direct control of Reckitt - which can include distributors, distributor agents, and other third parties (with whom we do have a contractual/operational relationship).
- Findings as a result of **Third Party Actions**: this includes all third parties with whom we do not have a contractual relationship, and hence our ability to dictate or influence their marketing practices is limited or not possible. Typically, this includes most third-party commercial relationships, i.e. retailers (modern, traditional trade and ecommerce).

Noted below is an overview of the findings from the 2022 assessments (further detail is provided in the underlying Bureau Veritas assessment reports):

Observation	Vietnam	Peru
As a result of Reckitt Actions		
Non-Conformities	5	4
Opportunities for improvement	3	3
As a result of Third-Party Actions		
Non-conformities	47	3
Opportunities for improvement	1	1

Similar to the response and corrective action plan for both the 2020 and 2021 assessments, we have counted the number of non-conformities and opportunities for improvement based on the number of instances or locations where the non-conformity/opportunity for improvement occurred. Prior to 2020, we reported on the type of observation only and not the frequency of occurrence. We believe the method of reporting for 2022 is clearer and correlates more accurately to the underlying Bureau Veritas report.

Reporting:

Bureau Veritas have provided the detailed findings to the local business units, which have been discussed with the management teams, and corrective action plans developed. The findings and corrective action plans have been further shared and reviewed with the respective regional management teams. The Infant and Child Nutrition (IFCN) Steering Committee has approved this report.



Conclusion:

Whilst we might not agree with all the Bureau Veritas findings, we appreciate the objectivity provided, which highlights a different perspective on how our marketing practices could be interpreted by others. The assessments are an important part of Reckitt's independent monitoring processes, and have highlighted areas where we can not only further improve our internal processes and external marketing practices, but also continue to raise awareness with others - particularly traditional and e-commerce retailers.

Third-party non-compliances remain a difficult area to control. In Vietnam specifically, a large percentage of the non-compliances are from independent resellers, where Reckitt has no direct or indirect influence. We have recently deployed a newly developed internal compliance monitoring system, whereby we communicate directly with the ecommerce platforms and request them to remove these non-compliances. Whilst this is 'after the fact', it does raise the awareness, and we hope that over time, the number of non-compliant listings from independent third parties will decrease.

We are in the process of implementing the corrective actions identified in Appendix 1 and 2 and expect all corrective actions to be completed by June 2023.

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

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

Appendix 1: Reckitt's Response and Corrective Actions - Vietnam Assessment

Observation						
Title	Description Non-Conformities	Description Opportunities for Improvement	Response	Corrective Actions	Timeline to Address 2023	
Contact with the General Public and Mothers	Contact was considered promotional in nature (3 findings).	Communication perceived as an opportunity to market Covered Products (1 finding).	We do not agree with two of the non-conformities and the one opportunity for improvement.	Review call dialogue to ensure correct references to role of the HCP (one finding).	Completed	
Information and Education	Materials did not explicitly include mandatory statements on breastfeeding (1 finding).		We believe appropriate statements were included, but recognise they could be more explicit.	Update communication materials to ensure mandatory statements regarding breastfeeding are included in the main message.	Completed	
Third-Party Contracts and Compliance Provisions		Compliance provisions and requirement for annual certification of compliance are missing from some third-party contracts (2 findings).	We agree with the observations.	Update third-party contracts to include relevant and appropriate compliance and certification provisions.	Propose updates during 2023	
Price Promotion to the general public	<u>Finding due to action of Third Party:</u> Price promotions were offered in ecommerce sites (47 findings across three ecommerce sites).		We agree with price promotion observations. The activity was undertaken by independent re-sellers.	Communicate with the parties, reiterating local legislation.	Completed.	
	Specific product imagery can be linked to that of Covered Products (1 finding).		The product imagery is a generic one and on a stand-alone basis would not be associated with a Covered Product. We do not agree with the finding.	No corrective actions required.	N/A	
Interactions at HCEs		<u>Finding due to action of Third Party:</u> Reckitt personnel attend pre-natal classes at medical facilities (1 finding).	The medical facilities request Reckitt personnel to attend the sessions, and hence this finding should not be attributable to Reckitt.	No corrective actions required.	N/A	

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

Observation				
Non-Conformities	Description	Response	Corrective Actions	Timeline to Address 2023
Distributor Contracts	Relevant certification provisions are missing from distributor contracts (3 findings).	We agree with the observations.	Update contracts to include appropriate certification provisions.	Propose updates during 2023
Distribution of Samples/PPE	Distribution of Covered Products go beyond what is outlined in the BMS Policy (1 finding).	We agree with the observation.	Revise our practices, to ensure we are in-line with the BMS Policy.	Initiate in Q1
Price promotion to the general public	<u>Finding due to action of Third Party:</u> Price promotions were offered in ecommerce sites (3 findings).	We agree with the observations. The activity was undertaken by third-party ecommerce retailer.	Communicated with the relevant parties reiterating local legislation. Requested removal of price-promotions.	Completed
Opportunities for Improvement	Description	Response	Corrective Actions	Timeline to Address 2023
HCP sponsorship	<u>Finding due to action of Third Party:</u> Could not demonstrate that HCPs inform affiliated institutes of sponsorship (1 finding).	Our contractual communication already clearly note that 'such contributions should be communicated to the institute to which the HCP is affiliated'.	None required.	N/A
	Covered Products are sold to HCEs where an HCP could be affiliated to (1 finding)	We understand the observation, but do not believe there is risk.	None required.	N/A
Promotion to the General Public	Children used in promotional materials appear younger than 24 months of age (2 findings).	We understand the observation.	Review all promotional materials and ensure that all imagery matches with intended age.	Q1