



Response and Corrective Action Plan on the 2023 Bureau Veritas Assessments

8 November 2024



Background

Reckitt introduced its first Breast-Milk Substitutes (BMS) Marketing 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 “Policy and Procedures on the Marketing of Breast-Milk Substitutes (BMS)” ([BMS Policy](#)), referred to as 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) first engaged Bureau Veritas UK Ltd³ (Bureau Veritas), to undertake independent assessments of compliance with the 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

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 eleven independent assessments on Reckitt's BMS marketing practices: 2018: Philippines, 2019: Mexico and Malaysia, 2020: Brazil and Indonesia, 2021: Thailand and Colombia, 2022: Vietnam and Peru, 2023: Philippines and Dominican Republic. All Bureau Veritas assessments conducted to date are available on [Reckitt.com](https://www.Reckitt.com). We have also responded to the findings, and prepared corrective action plans for the assessments conducted in 2018, 2019, 2020, 2021 and 2022 which are also publicly available.

This report covers our response and corrective actions for the assessments conducted in 2023 - namely The Philippines and Dominican Republic and summarised below is the Scope of Work, Areas of Good Practice, Assessment Findings and Corrective Actions, for both countries. The underlying Bureau Veritas assurance statements conducted in 2023 are [available here](#).

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/Health Care Entity (HCE) reviews and Health Care Professionals (HCPs) 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 management teams and local staff.
2. Reviewing key documentation, processes and records relating to compliance with the BMS Policy, Local Codes and regulations for in-scope products. This includes training records and distributor contract compliance provisions.
3. Visually assessed compliance in a number of retail outlets including traditional trade, pharmacies, supermarkets, hypermarkets, baby centres, virtual trade outlets/e-commerce platforms. Bureau Veritas independently selected the locations to be visited.
4. Where feasible, conducted telephone surveys of HCPs.
5. Anonymous contacts with the Customer Relationship Management (CRM) teams/carelines. Reviewed sample posts from CRM website and social media pages.
6. Inspected HCEs, both public and private. Bureau Veritas independently selected the locations to be visited.

Well-Managed Practices and Positive Observations

The assessments identified the following areas of good practice:

1. In the Philippines, an application has been developed to report non-compliant marketing practices at the retail level. In addition, a third-party agency has been engaged to proactively manage the ecommerce/online promotional activity, and to request the removal of non-compliant activity. The processes employed were found to be well documented, including a thorough follow-up and close-out of, where issues were identified.
2. During the Philippines visits to physical retail stores, there was no evidence found of discounts or special displays of Reckitt Covered Products.
3. For the customer helpline calls, the responses from the operatives were very clear, specifically, reiterating that the operatives were not able to recommend Covered Products and for the caller to contact their HCP for further information/recommendations.
4. The local and regional teams were well prepared for the meetings, and supporting documentation was comprehensive and readily available, both during and after the audit interview sessions.

Assessment Findings

Bureau Veritas classify findings as either a non-conformance 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 if not impossible. Typically, this includes most third-party commercial relationships, i.e. retailers (modern, traditional trade and ecommerce), Health Care Entities (HCEs) and Health Care Professionals (HCPs).

Noted below is an overview of the findings from the 2023 assessments (further detail on each of the findings is provided in the underlying Bureau Veritas assessment reports):

Findings Reported	Philippines	Dominican Republic
As a result of Reckitt Actions		
Non-Conformance	5	6
Opportunities for improvement	6	3
As a result of Third-Party Actions		
Non-conformance	9	2
Opportunities for improvement	1	

Similar to the response and corrective action plan published in earlier years , 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. We believe this method of reporting is clearer and correlates more accurately to the underlying Bureau Veritas report.

Worthy to note, is that in the Dominican Republic, Bureau Veritas reviewed 51 traditional retail and 6 e-commerce locations, and only two non-conformities were identified - both attributable to third parties. In the Philippines, 42 traditional retail and 12 e-commerce locations were inspected. The 9 third-party non-conformities were all attributable to one reseller platform.

None of the findings reported are serious or cause major concern. For those that we agree with, the corrective actions are all actionable within a reasonable time frame, and these are outlined in Appendix 1 and 2.

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 local and regional management teams. The Infant and Child Nutrition (IFCN) Steering Committee has approved this report.



Conclusion

Whilst we might not agree with all of the Bureau Veritas findings, we appreciate the objectivity provided, which brings an external 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. However, the actions taken in ASEAN (see point 1 above under **Well Managed Practices**), are resulting in a reduction in the number of third-party non-compliances. Whilst the programmes being undertaken are 'after the fact', it does help raise awareness, and we are confident that the number of non-compliant listings from independent third parties will continue to decline.

The status of implementation of corrective actions are outlined in Appendix 1 and 2.

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

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

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

FINDINGS				
Non-Conformities	Description	Response	Corrective Actions	Timeline to address 2024
Price Promotion to the general public	<u>Finding attributable to Third Party:</u> Price promotions were identified on one ecommerce site (9 findings).	The activity was undertaken by independent re-sellers, which is difficult to control.	Communicate with the parties, reiterating local legislation. Extend current external monitoring programme to capture all actors.	Completed.
	Retail display materials used a brand name associated with Covered Products (2 findings).	Partially agree as majority of materials clearly note applicable stages.	Remove non-conformant materials and ensure marketing material approval processes cover all materials. Reiterate need to have product stages clearly noted.	Completed.
Supply of Covered Products to HCPs	Covered Products are provided to HCPs.	We do not agree with the finding.	None required.	N/A.
Information Materials	Some materials did not include all mandatory statements as required by the BMS Policy and/or Local Code (2 findings).	We agree with the finding.	Reinforce statement inclusion as part of internal approval processes.	Completed.
Opportunities for Improvement	Description	Response	Corrective Actions	Timeline to address 2024
Training	Training is not provided to third party agencies.	We agree with the finding.	Training programmes on Local Code and BMS Policy to be extended to include all third-party agencies.	Completed.
Interactions with HCPs	<u>Finding attributable to Third Party:</u> There is a discrepancy as to what is allowed per the Local Codes (1 finding).	The finding is attributable to a third-party.	None required.	N/A.
	Utility items supplied to HCPs could be seen as an incentive/inducement (4 findings).	We do not agree with the finding.	None required.	N/A.
Supply of Covered Products to HCPs	Covered Products supplied to HCPs could be perceived as either an inducement or promotional activity.	We do not agree with the finding.	None required.	N/A.

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

FINDINGS				
Non-Conformities	Description	Response	Corrective Actions	Timeline to Address 2024
Promotion to the general public	<u>Finding attributable to Third Party</u> : Promotional language was identified on shelf displays (2 findings).	We agree with the finding. The activity was undertaken by third-party retailer.	Communicated with the relevant parties reiterating local legislation. Sales team to continue monitoring.	Completed.
Distribution of Covered Products to HCPs	Distribution of Covered Products go beyond what is permitted in the BMS Policy and the Local Code (1 finding).	We agree with the finding.	Review our practices to be more in-line with the BMS Policy and the Local Code.	December 2024.
	Label 'For HCP Only' were included on multi-pack box but not on individual containers (1 finding).	We understand the finding.	Review our practices to be more in-line with the BMS Policy.	December 2024.
Interactions with HCPs	Utility items are branded with the company name (2 findings).	We agree with the findings.	Remove company name for utility items	Completed.
Interactions with HCEs	Orders placed for products are not documented in writing (2 findings).	We agree with the findings.	Process for complying with the SOP reiterated to the responsible teams.	Completed.
Opportunities for Improvement	Description	Response	Corrective Actions	Timeline to Address 2024
Informational Materials for HCPs	Text 'For HCP only' was not clearly visible (1 finding).	We understand the finding.	Review our practices to be more in-line with the BMS Policy.	September 2024.
Training	Training completion overviews were not available, and it is unclear when refresher training is due (1 finding).	We agree with the finding.	Look to strengthen the HR processes and reporting related to BMS training records.	December 2024.
Internal Audit	Regional Internal Audits did not focus on Local Code requirements (1 finding).	We understand the finding.	We will include Local Code requirements in future regional audits.	Completed.