

# ***Independent assessment report of Danone’s marketing practices in Indonesia against the Danone Policy for the Marketing of Breastmilk Substitutes (BMS)***



## **Introduction**

Bureau Veritas UK Limited ('Bureau Veritas UK') has been engaged by Danone Early Life Nutrition ('Danone') to provide an independent assessment of alignment of its business in Indonesia, operating as Danone Specialized Nutrition (Indonesia) Co., Ltd. (the 'CBU'), with the Danone Policy for the Marketing of Breast-Milk-Substitutes (the 'BMS Policy'), the corresponding internal Corporate guideline, the BMS Directive, and any applicable local regulation ('reference documents').

In Indonesia, the Government has implemented the WHO Code and related requirements mainly through Indonesian Standards:

- Government Regulation no. 33 year 2012 Granting of Exclusive Breastfeeding;
- Minister of Health (MoH) no. 39 year 2013 on Infant Formula Milk and Other Infant Products;
- MoH no. 58 year 2016 on HCP Sponsorship;
- BPOM Regulation No. 2/2016 on Food Advertisement;
- BPOM Regulation No. 1/2018; BPOM Regulation No. 24/2019 on Food for Particular Nutritional Uses

that regulate the marketing of Breast Milk Substitutes (collectively the 'Local Code').

Products covered by the BMS Policy and the Local Code are BMS intended for infants aged between 0 and 12 months ('Covered Products').

## **Scope of Work and Methodology**

The assessment activities were conducted during week commencing 10<sup>th</sup> October 2022 with one auditor from the Bureau Veritas UK undertaking activities remotely and one local auditor from Bureau Veritas Indonesia undertaking activities in-country (the 'assessment team').

During the audit, Bureau Veritas undertook the following activities:

- Interviewed 15 CBU and 2 distributor personnel responsible for BMS sales, marketing, and compliance using video conferencing applications;
- 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 BMS Policy and other reference documents;
  - compliance monitoring, consumer and medical marketing materials and events, labels, internal and regulatory approvals, distribution of product for professional evaluation and training;
- Reviewed 15 e-commerce sites selling Covered Products, and social media webpages managed by the CBU;

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- Visually assessed 59 retail locations selling Covered Products in West Jawa and Jawa Barat. Bureau Veritas independently selected the locations that were visited;
- Conducted a Health Care Professional (HCP) survey with four respondents and visited 11 health care facilities in Jawa Barat; and
- Two anonymous inquiries to the customer 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 BMS Policy
- A failure to achieve Local Code requirements as per our interpretation
- A purposeful failure of the company to correct non-conformances

#### **Opportunity for improvement ('OFI'):**

- A process/activity/document that, while currently conforming to the BMS Policy and the Local Code, could be improved to further strengthen the CBUs practices.

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

#### **Non-conformances:**

##### *1. Promotion of Covered Products*

During the audit it was observed that multiple e-commerce platforms and retail stores were offering what appeared to be discounted prices for Covered Products, though the discount was not actually applied when the product reached the checkout. Whilst we note that the products were not in fact being offered on discount, these instances can be perceived to be promotional devices attracting attention and incentivising sale of Covered Products contrary to Article 3.3 of the BMS policy and have been collectively grouped into one non-conformance.

There was no evidence to suggest that these perceived promotions were placed at the request of Danone or the CBU.

#### **Opportunities for improvement**

None identified

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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 Danone.

**Limitations**

**2020-22 – Amended Hybrid Delivery Approach**

Since the COVID-19 pandemic outbreak in 2020, we have transitioned to an amended hybrid delivery approach where the Bureau Veritas UK team leading the audit does not travel to the country of assessment, but a Bureau Veritas in-country auditor conducts visits to retail outlets to visually assess alignment with the Policy in Indonesia and also carries out a telephone survey of HCPs instead of face-to-face interviews due to continued restrictions in place at most Health Care Organisations. This amended delivery approach has the limitation that 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 does take place.

Visual inspections of retail outlets were limited to the city of Jawa and Jawa Barat. 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.

This statement is not intended to provide a definitive opinion as to whether the CBU 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.

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## **Statement of independence, impartiality, and competence**

Bureau Veritas is an independent professional services company that specializes 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 assessment team members do not have any involvement in any other projects with Danone 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 Danone has extensive knowledge of conducting assurance over environmental, 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**

**London**

**4<sup>th</sup> January 2023**