

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



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## **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 Algeria, operating as Danone Djurdjura Algérie (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 Algeria, the Government has implemented aspects of the WHO Code and related requirements through the following instrument(s): Loi n°18-11 relative à la santé (2018), Arrêté n°60 portant promotion et protection de l’allaitement maternel par les structures et établissements publics et privés de santé (2016), Arrêté interministériel du Aouel Rabie Ethani 1433 correspondant au 23 février 2012 portant adoption du règlement technique algérien fixant les spécifications, les conditions et les modalités de présentation des préparations destinées aux nourrissons and Décret exécutif n°13-378 fixant les conditions et les modalités relatives à l’information du consommateur (2013) (collectively the ‘Local Code’).

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

## **Scope of Work and Methodology**

The assessment activities were conducted during the period 22<sup>nd</sup> February – 11<sup>th</sup> March 2021 with one auditor from Bureau Veritas UK undertaking activities remotely and one auditor from Bureau Veritas Algeria undertaking activities in-country (‘the assessment team’).

During the audit, Bureau Veritas undertook the following activities:

- Interviews using video conferencing applications with 10 CBU personnel responsible for BMS sales, marketing, and compliance;
- Review of 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.
- Review of local e-commerce sites selling Covered Products, and social media webpages managed by the CBU;
- Visual assessment of 5 healthcare organisations and 44 retail locations selling Covered Products in Algiers. Bureau Veritas independently selected the locations that were visited;

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- A Health Care Professional (HCP) survey with 5 respondents, including 3 Doctors and 2 Nurses. Danone was not disclosed as the client prior to the survey in order to avoid bias in responses, nor was the CBU informed of the individuals surveyed; and

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 CBU’s practices.

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

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

##### **1. Bonus incentives**

During the document review, Bureau Veritas observed one instance where the bonus incentive calculation for one sales team member was based on the volume of sales of Covered Products. This goes against the requirements set out in section 11.2 of the Policy which states that ‘Bonus or incentive calculations for Danone Employees do not include volume or value targets or quotas set specifically for Covered Products.’

##### **2. Discounted product in store**

During the marketplace assessment, Bureau Veritas found that two retailers out of the 44 visited offered Covered Products at discount prices. This instance has been identified as a non-conformance against the requirements of Article 3.3 of the BMS Policy which states that ‘Danone does not use point of sale, advertising, sampling or any other promotional devices to induce sales of Covered Products directly to the consumer at retail level.’ We note that there is no evidence to suggest this discount was done at the request of the CBU.

##### **3. Placement of Point-of-sale Material (POSM) in stores**

In the marketplace, Bureau Veritas identified one retailer, out of the 44 visited, who had placed POSM relating to Stage 3 (non-covered) products over the Covered Products which can be perceived as a promotion of Covered Products. This instance has been identified as a non-conformance against the requirements of Article 3.3 of the BMS Policy which states that ‘Danone does not use point of sale, advertising, sampling or any other promotional devices to induce sales of Covered Products directly to the consumer at retail level.’ We note that there was no evidence that the placement of the POSM was done at the request of the CBU.

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## Opportunities for improvement:

### 1. Allegations monitoring and reporting

The CBU has in place a process for internal tracking and reporting of BMS compliance allegations. This process could be strengthened by ensuring that corrective actions have been fully implemented by the responsible parties and that the outcomes are fully documented. This is in line with Section 18.4 of the BMS Policy which states that ‘All remediation will be tracked, and no allegation may be reported as complete, without confirmation that the corrective action has been fully implemented.’

### 2. Contracts with Distributors

The Scope of the BMS Policy states that ‘Danone ensures Partners understand and are made aware of the importance of abiding by this Policy’. Whilst we note that the BMS Policy is communicated to relevant third parties and acknowledgement of the same documented, the contracts held with distributors could be strengthened by including the BMS Policy and the requirements to comply with this Policy either in the body of the contract or as an Appendix to the contract. This would be to ensure that the responsibilities under the BMS Policy are understood to be linked to the signed contract.

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

### 2020-21 – Amended Delivery Approach

Due to the COVID-19 pandemic outbreak and associated travel restrictions, the delivery approach was amended from 2020 as the Bureau Veritas UK team leading this assessment was unable to travel to Algeria.

Bureau Veritas Algeria coordinated and conducted visits to retail outlets to visually assess alignment with the Policy. Interviews with the CBU personnel and review of relevant documentation were conducted remotely via video conferencing and electronic file-sharing. Face-to-face interviews with HCPs could not be conducted due to the health risks associated with visiting Health Care Organisations (HCOs) during the pandemic. Instead, a remote survey of HCPs was conducted via telephone. A detailed methodology of the assessment conducted is provided in the Scope of Work and Methodology section of this statement.

The amended delivery approach in 2020 has a number of limitations, such as:

- Document review and 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 is possible.

Visual inspections of retail outlets were limited to the city of Algiers. Whilst our methodology is designed to provide an objective independent assessment, it remains that some of the statements made by stakeholders

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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 or not 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.

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

Bureau Veritas is an independent professional services company that specialises 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 verification 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, 22 April 2021**