

Independent assessment report of Danone's marketing practices in Egypt 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 Egypt, operating as Danone Specialized Nutrition (Egypt) 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 Egypt, the Government has implemented the WHO Code and related requirements mainly In Egypt, the Government has implemented the WHO Code and related requirements through Egyptian Standards:

- Formulated supplementary food for infant & children ES 2240/2007 (2007)
- Hygienic practice for foods for infants and children ES 2082/2007 (2007)
- Advisory lists of vitamins for use in foods for infants & children ES 3185/2005 (2005)
- Advisory lists of mineral salts for use in foods for infants & children ES 3186/2005 (2005)
- Labelling for food ES 3120/2008 (2008)
- Nutrition and health claims made on foods ES 7117/2010 (2010)

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 25th July 2022 with one auditor from the Bureau Veritas UK undertaking activities remotely and one local auditor from Bureau Veritas Egypt undertaking activities in-country (the 'assessment team').

During the audit, Bureau Veritas undertook the following activities:

- Interviewed 24 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 six e-commerce sites selling Covered Products, and social media webpages managed by the CBU;

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- Visually assessed 27 retail locations selling Covered Products in Cairo, Egypt. Bureau Veritas independently selected the locations that were visited;
- Conducted a Health Care Professional (HCP) survey with 6 respondents and visited 8 health care facilities in Cairo; and
- Placed 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 identified that an online supermarket was selling a Covered Product at a discounted price. This is considered a promotional device as defined in 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 this was a single incident identified and that there is no evidence to suggest this discount was placed at the request of the CBU or Danone.

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Opportunities for improvement:

1. Training Records

BMS Policy Article 15.3 requires that all Danone Employees and Partners (Distributors) responsible for the Marketing of Covered Products receive training. It was observed that the criteria for which Distributor employees should have BMS training was not documented in a competency programme and training certificates sampled were not all dated. It is recommended that the CBU fully document the Distributor BMS Policy training competency programme to ensure that training records are maintained effectively.

2. Bonus and Incentives

As part of the audit a sample of individual records were reviewed for how bonus and incentive payments were structured for CBU employees. It was noted that not all of the requested records of performance reviews and individual bonus/ incentive calculations were provided. Whilst there was no evidence of non-compliance there was incomplete documented auditable evidence of compliance with Article 11.2 of the BMS. Therefore, there is an opportunity for improvement relating the making and retaining of records for employee bonuses and incentives.

3. Events for Health Workers

As part of the audit the process for organising events for health workers was reviewed and a sample of events assessed in detail against the requirements of BMS Policy Section 7. For one event, the location for the provided meals was a VIP (Very Important Person) lounges. Although the cost paid was not considered excessive per person based on the CBU local manual, the use of a VIP lounge could be considered to be disproportionate to the event and not of a modest nature. We would therefore suggest that venues for any future events are chosen with care to ensure that they fully align with the intent of BMS Policy Articles 7.5 and 7.6.

4. Supply of Covered Products to HCOs

BMS Policy, Article 4.8 states that 'Danone keeps full records of requests detailing supplies of Covered Products to HCOs. During the audit the process for tracking supply of Covered Products to Health Care Organisations (HCOs) along with a sample of supporting records were reviewed. It was note that there were either incomplete or unavailable records at the time of the audit, though no issues were found with the sampled primary records that related to the spread sheet. There is however an opportunity for improvement to ensure that management tools used for tracking compliance and making management decisions are fully populated and functional.

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.

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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 Egypt 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 Cairo. 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

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