

Independent assessment report of Danone's marketing practices in China 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 China, operating as Danone Specialized Nutrition (China) (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').

For the purposes of this assessment the 'Law of the People's Republic of China on Maternal and Infant Health Care' (Amended in 2017), which is considered to be an 'effective law' by the CBU, is referred to as the 'Local Law' in this report.

China is classified as a 'higher risk' country (in terms of levels of mortality and malnutrition). Danone has therefore voluntarily extended its advertising and promotion prohibition on its milks up to twelve months of age and prohibits the promotion of complementary foods and drinks for use for infants up to six months.

We have not identified any areas where the Local Law may be interpreted as having any additional requirements over and above the requirements of the BMS Policy (as applied to high-risk countries).

Scope of Work and Methodology

The assessment activities were conducted during week commencing 5th September 2022 with one auditor from the Bureau Veritas UK undertaking activities remotely and two local auditors from Bureau Veritas China undertaking activities in-country (the 'assessment team').

During the audit, Bureau Veritas undertook the following activities:

- Interviewed 14 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;

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- Reviewed five e-commerce sites selling Covered Products, and social media webpages managed by the CBU;
- Visually assessed 20 retail locations selling Covered Products in Guangzhou, Guangdong Province, P.R.C. Bureau Veritas independently selected the locations that were visited;

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 Law requirements as per our interpretation
- A purposeful failure of the company to correct non-conformances

The following is a summary of key findings which includes non-conformances.

Non-conformances:

1. Labelling of Covered Products

Bureau Veritas reviewed a sample of Covered product labels and related internal and Regulator approvals. It was observed that one of the labels did not include statement on superiority of the breast-milk for infants as required by Article 12.2 of the BMS Policy.

2. Discount selling of Covered Products – Online and Offline

During the audit, we identified instances of discounted pricing in two stores and five e-commerce websites for Covered Products which is not permitted according to BMS Policy Article 3.3. There was no evidence to suggest that these promotions were placed at the request of 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 China 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 Guangzhou, Guangdong Province, P.R.C. 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.

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.

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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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