



FrieslandCampina Nederland B.V.

**Independent Assessment against the Corporate Policy
for the Marketing of Infant foods**

Mexico/ Export

June, 2023

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1 Introduction

Bureau Veritas has been commissioned by FrieslandCampina Nederland B.V ("FrieslandCampina") to provide independent verification of FrieslandCampina's Operating Companies in Mexico/ Export (the 'Operating Company', also referred to as "OpCo" in this document) on their compliance with the following Audit Referentials in 2022/23:

- FrieslandCampina Corporate Policy (v2.0, Dec 2021) and corresponding internal Corporate Guideline for the Marketing of Infant Foods ("the Policy")
- Local legislation implementing the World Health Organization (WHO) International Code of Marketing of Breast-milk Substitutes (WHO Code) in Mexico ("the country local code").

The audit programme is part of the FrieslandCampina controls on addressing compliance against the Policy for the Marketing of Infant Foods.

2 Scope of Work and Methodology

The verification was undertaken in 2022-23 with audits conducted in the following locations and respective dates:

- FrieslandCampina Regulatory Affairs and Export Function and sole Distributor between Monday 28th November – Thursday 1st December 2022 remotely via video conferencing
- Site visits to retail outlets and pharmacies in Mexico City, an e-commerce review and anonymous interviews with HCPs were conducted between Monday March 6th and Friday 10th March 2023.

The audit was conducted using one lead auditor from Bureau Veritas UK Ltd ("Bureau Veritas"), supported by a local Bureau Veritas audit team member. The Audit Team roles and responsibilities were as follows:

- Lead Auditor, Bureau Veritas UK: the lead auditor managed the OpCo audit programme from start to finish and conducted the remote interviews with FrieslandCampina Regulatory Affairs (RA), FrieslandCampina Export and the Sole Distributor during the audit.
- Auditor, Bureau Veritas Mexico (local office in OpCo country): a local auditor who conducted the market audit including anonymous interviews with HCPs and who provided support for translating documents, recordings and other evidence as required.

The methodology followed for this audit was consistent with audits from previous years and with other Operating Companies except that this was the first audit against the revised Policy since the revision was issued in December 2021.

During the verification, Bureau Veritas undertook the following activities:

- Reviewed the sustained effectiveness of corrective actions relating to non-conformances raised during previous audits against the OpCo.
- Remotely interviewed FrieslandCampina employees and its Sole Distributor's employees and conducted a remote review of documentation and records relating to specific areas of compliance with the Audit Referentials with reference to 'Covered Products. Covered Products are formulas intended for infants aged between 0-12 months.
- Interviewed a selection of HCPs including paediatricians, doctors, nurses, midwives working in the area of infant and maternal nutrition in Mexico. Bureau Veritas arranged HCP interviews independently for the purposes of avoiding bias and protecting confidentiality.
- Visually assessed compliance with the Audit Referentials in healthcare facilities (HCFs).

- Visually assessed compliance with the Audit Referentials in retail locations including modern trade, pharmacies, traditional trade, and e-commerce. Bureau Veritas independently selected the retail locations that were visited.

3 Findings

Any findings identified during the verification have been categorised as per the following:

- **Non-conformance:**
 - A frequent or purposeful failure to follow specified requirement written within the audit referentials for the marketing of infant foods.
 - A failure to achieve local legal requirements.
 - A purposeful failure of the company to correct nonconformities.
- **Opportunity for Improvement:**
 - A process/activity/document that, while currently conforming, could be improved to bring benefits to the OpCo.
- **Well Managed Compliant Practices**

Mexico / Export

Market place coverage: Bureau Veritas visited 8 HCFs and 46 retail locations in Mexico for visual assessment and interviewed 8 OpCo employees and 4 representatives from the sole distributor.

Non-conformances

1. Point of Sale Promotional Devices

During the market place audit, of 46 retail stores visited, Bureau Veritas identified 6 instances of point of sale promotional devices for Covered Products. These came in two categories:

1. Point of sale discounting of covered product
2. Point of sale offers of free products on all purchases of baby products including covered infant formula products.

Bureau Veritas notes that these promotions were multi-brand and there was no evidence to suggest that they were done at the initiation of FC.

2. Institutional Disclosure of sponsored HCP attendance at medical conferences

It was noted that only one of 29 attendees invited and sponsored to attend a medical conference by the sole distributor had an email address associated with an institution and 17 are listed as being associated with an institution but didn't use an institutional email address. Bureau Veritas notes specific circumstances and convention in the Mexican health system however, there was insufficient evidence that disclosure was made or attempted.

3. Sole distributors contracts with third parties

The sole distributor's contracts with third parties are generic contracts, which are therefore not specific or exclusive to FrieslandCampina and so they carry no specific FrieslandCampina or WHO Code related clauses. This is not in line with the requirement in the FrieslandCampina Policy that contracts with distributors and partners that market Covered Product should include provisions on the sale and distribution of Covered Products.

Opportunities for Improvement:

1. Consider issuing an addendum to the contract with the Sole Distributor that refers to the Policy and Guideline issued Dec 2021.
2. Consider listing compliance with the WHO Code, company Policy and Guideline and/or the Local Code as a key performance indicator in the job description of the company marketing and sole distributor personnel.
3. Consider reviewing the point of sale display arrangement guidance to avoid prominence of Covered Products over non-Covered Products.

Well managed compliant practices:

1. **Management System for Compliance**
 - Document trails were complete and well maintained in majority of cases, as well as readily available.
2. **The Principle that Compliance is ensured by monitoring and training**
 - Policy, Guidelines and Do's and Don'ts are communicated to relevant third parties through provision of training/training slides
3. **The Principle that Parents have the right to an informed choice based on independent advice**
 - The message of exclusive breastfeeding is well communicated in consumer related activities and consumer related communications

Visual (both in-person and virtual) inspections of healthcare facilities and retail outlets, and external stakeholder interviews were conducted on a sample basis and are geographically limited to the cities as specified above. Some of the statements made by external stakeholders are anecdotal and evidence may not be available to support their claims. Whilst the verification protocol is designed to provide an objective independent assessment, it remains that in some cases the verification of such statements is dependent solely on the credibility of the party presenting the evidence.

This statement is not intended to provide a definitive opinion as to whether the Operating Companies comply with the Policy, the Guideline, or the local code. Neither the verification conducted by Bureau Veritas, nor this statement constitutes a guarantee or assurance by Bureau Veritas that infringements against the Audit Referentials 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 Policy, and the Guideline for the implementation of the WHO Code.

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 FrieslandCampina outside those of an independent verification 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. Our team involved in this work has extensive knowledge of conducting assurance over environmental, social, health, safety and ethical information and systems, and has extensive experience of undertaking WHO Code assessment related work.



Bureau Veritas UK Ltd

London, 28th June 2023