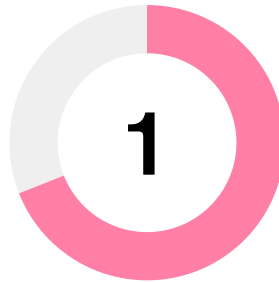


Nestlé India ¹

Product Profile Categories

Confectionery; Dairy; Rice, Pasta and Noodles; Sauces, Dressings and Condiments



Rank 1 / Score 6.9

Rank 1 (2016)



Product Profile

Rank 4 / Score 6.2

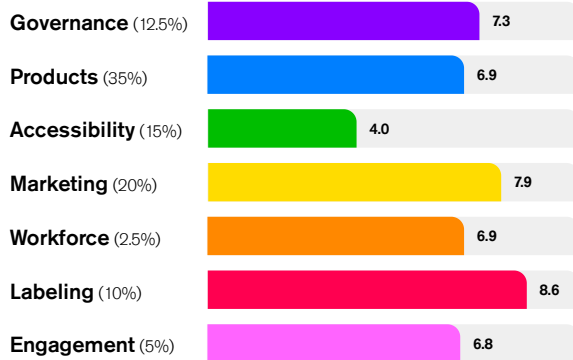
Headquarters
Switzerland

Retail sales (INR – millions)
²
112162

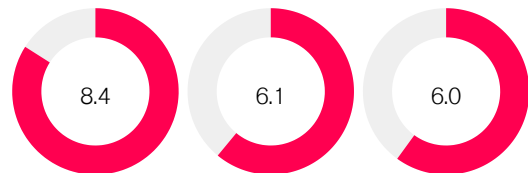
Number of employees
7604

Company Profile

Rank 1 **Score 6.9**



Commitment **Performance** **Disclosure**



The bar graph to the left shows company performance across the seven Index categories, which are key topic areas of assessment, and scores are shown for each category. The circles above provide an alternate view on the company's overall results, showing the score per indicator type.

(%) Figure in brackets is the weighting of the category. All category, commitment, performance and disclosure scores are out of 10

Main areas of strength

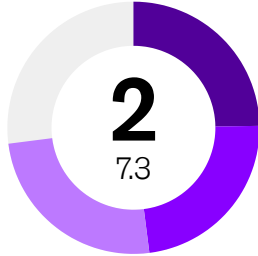
- Nestlé India jointly leads the India Index 2019 with a score of 6.9 out of 10. This result is comparable to its score and result in the 2016 Index in which the company also ranked first.
- Based on an assessment of the product categories that make up 60-70% of Nestlé India's 2018 sales in the country (baby foods and coffee products were not assessed), the company ranks fourth in the Product Profile with a score of 6.2 out of 10. Nestlé India's relative performance against competitors within the same product categories contributes most positively to this result.
- Nestlé India's overall nutrition governance and management systems are comprehensive and applied through a clear accountability structure. Nestlé India is the only assessed company that defines how it aims to reach malnourished groups and those at high risk of malnutrition through its commercial activities. The company recognizes the nutrition and health priorities set out in the National Nutrition Strategy and Vision 2022 (Kuposhan Mukh Bharat – free from malnutrition, across the life cycle), and POSHAN Abhiyaan.
- The company has publicly pledged to reduce the levels of fat, salt and sugar in its products, as recommended by the Food Safety and Standards Authority of India (FSSAI), and has defined targets towards these aims. In line with World Health Organization (WHO) recommendations, by January 2017, Nestlé India removed industrially-produced trans fat from all relevant products. Since the last Index, the company has launched new healthy products and expanded product fortification to cover more specific consumer groups.
- Through its Popularly Positioned Products (PPP) Strategy, Nestlé India makes a formal commitment to address the affordability of its nutritious products. It also provides evidence of improving the affordability of products aimed at addressing micronutrient deficiencies across India.
- Nestlé India's 2018 Marketing Communication to Children Policy commits to using responsible marketing techniques in respect to children under 12 years and to not market or advertise in primary schools – or near them for products such as confectionery or water-based sweetened beverages. The company recently commissioned an independent audit of compliance for its policy, reporting compliance levels above 90%.

Priority areas for improvement

- Nestlé India is encouraged to disclose more India-specific information publicly to increase its transparency to the high level of its parent company.
- Nestlé India applies the Nutrient Profiling System (NPS) of its parent company. It reports that 94% of its products in India achieved the Nestlé Nutritional Foundation status – its healthy standard – in 2018. The Product Profile estimates that, of the product categories included, the company derived 29% of its 2018 sales from products that achieve a Health Star Rating (HSR) of 3.5 or more, i.e. the 'healthy' threshold. Although the mean sales-weighted HSR is higher than in 2016, Nestlé India should continue improving the healthiness of its portfolio and ensure its NPS criteria align with internationally recognized systems, such as the HSR and the healthy threshold.
- The company could further improve its product fortification approach by committing to voluntarily fortify all products in its portfolio as per the FSSAI's Food Safety and Standards (Fortification of Foods) Regulation, 2018.
- Nestlé should improve the affordability of its healthy products by including clear targets in its PPP Strategy. Further, it could formalize its strategy to improve the physical accessibility of healthy products, including products designed to address micronutrient deficiencies in aspirational districts, urban slums and rural areas.
- The company could further improve its responsible marketing approach by pledging only to market products to children that meet the WHO South-East Asia Region (SEAR) regional standard. The Product Profile found that 25% of the assessed products currently meet this standard. Further, it could expand the scope by exploring options to include children above the age of 12 in the commitment and by excluding inappropriate marketing in and near secondary schools.
- Nestlé India conducts third-party evaluations for some of its community-oriented programs and should consider doing this for all programs. Further, all programs should be evidence-based and aligned with relevant national or international guidelines.
- To further improve its labeling approach, the company is encouraged to implement an interpretive front-of-pack labeling system as soon as possible that aligns with other companies or industry associations, and is developed in partnership with the Government and other relevant stakeholders.

Category Analysis

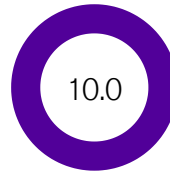
Governance



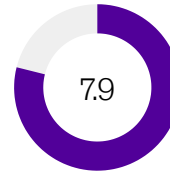
- A1** Nutrition strategy
- A2** Nutrition management
- A3** Reporting quality

All category, criteria, commitment, performance and disclosure scores are out of 10

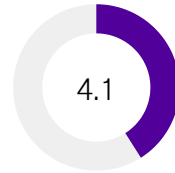
Commitment



Performance



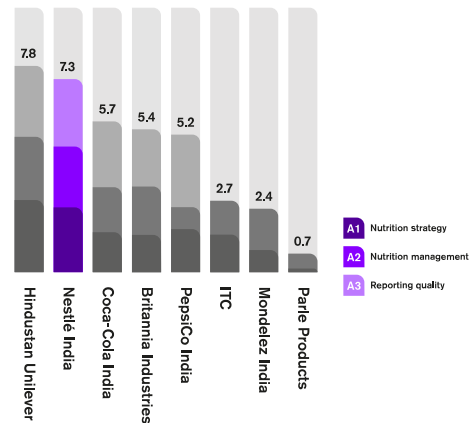
Disclosure



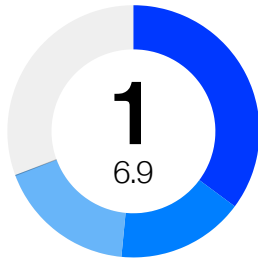
The circle on the left represents the company result for this Index category, showing the rank out of 16 and the score below it. The colored segments represent the respective criteria contributions to the overall category score. The above circles indicate how the company performs on the three types of indicators within this category.

Companies are grouped into three different industry segments in this Index based on the type of products they predominantly sell (i.e. contributing 80% or more to their total food and beverage sales) – dairy, edible oil or mixed portfolio. The graph on the right shows how the company's result within this Index category compares to that of its peers within the same industry segment.

Peer Comparison



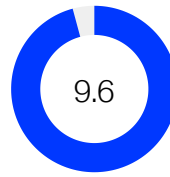
Products



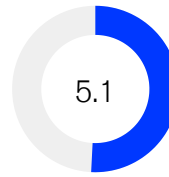
- B1** Product Profile
- B2** Product formulation
- B3** Defining healthy products

All category, criteria, commitment, performance and disclosure scores are out of 10

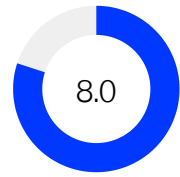
Commitment



Performance



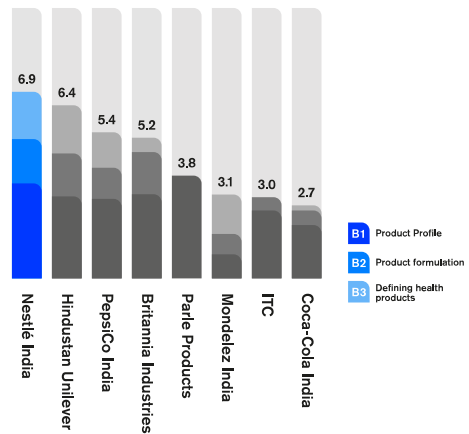
Disclosure



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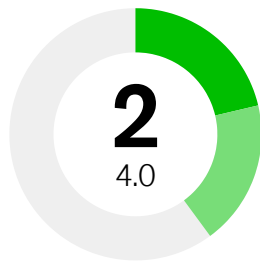
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Peer Comparison



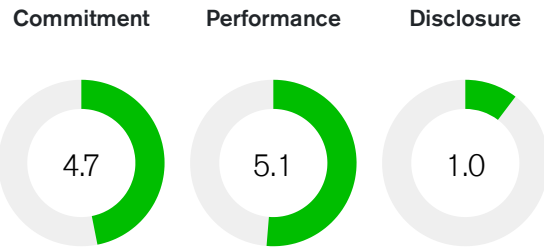
- B1** Product Profile
- B2** Product formulation
- B3** Defining health products

Accessibility



- C1** Product pricing
- C2** Product distribution

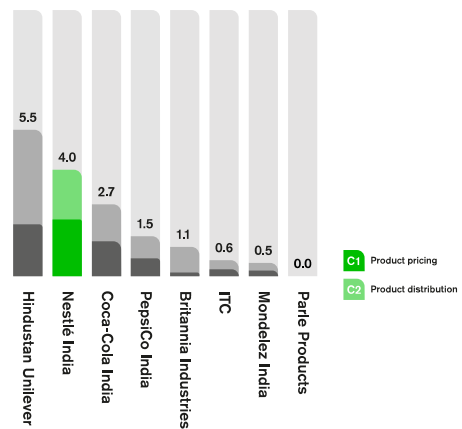
All category, criteria, commitment, performance and disclosure scores are out of 10



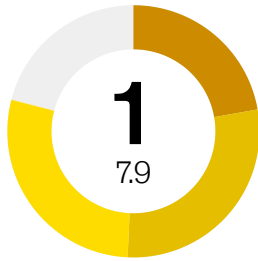
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Peer Comparison



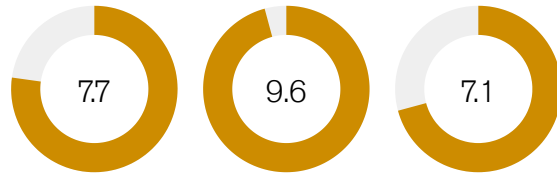
Marketing



- D1** Marketing policy
- D2** Marketing to children
- D3** Auditing and compliance

All category, criteria, commitment, performance and disclosure scores are out of 10

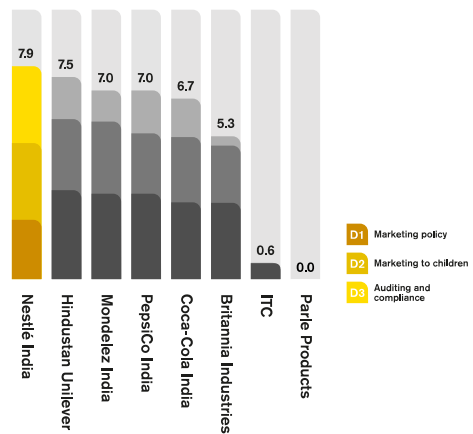
Commitment **Performance** **Disclosure**



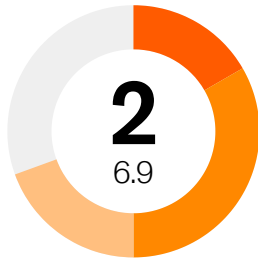
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Peer Comparison



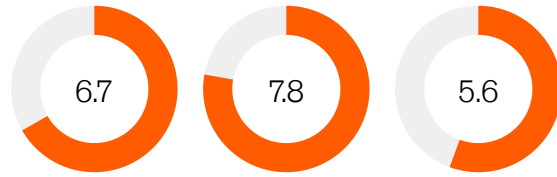
Workforce



- E1** Employee health
- E2** Breastfeeding support
- E3** Consumer health

All category, criteria, commitment, performance and disclosure scores are out of 10

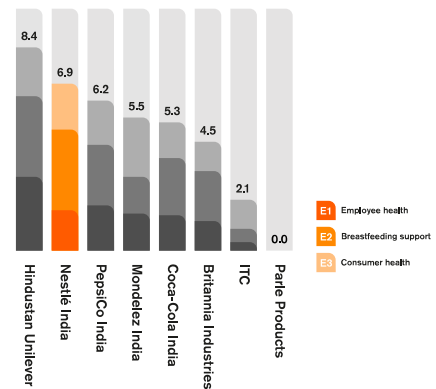
Commitment Performance Disclosure



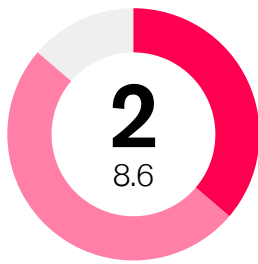
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Peer Comparison

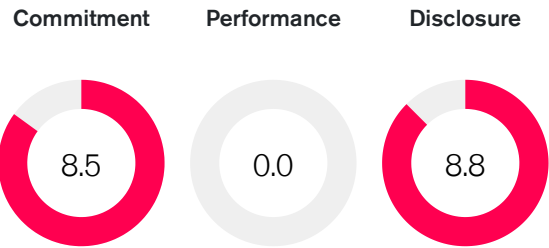


Labeling



- F1** Product labeling
- F2** Claims

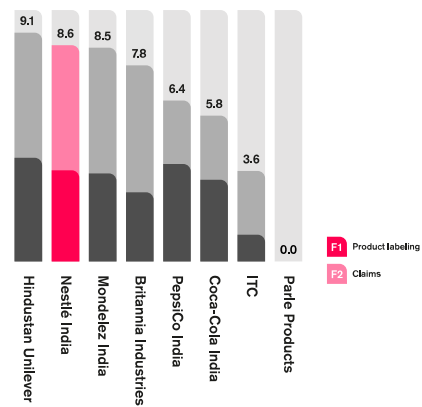
All category, criteria, commitment, performance and disclosure scores are out of 10



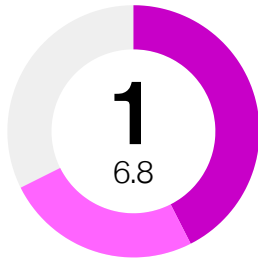
For this category performance indicators were not included. The circle on the left represents the company result for this Index category, showing the rank out of 16 and the score below it. The colored segments represent the respective criteria contributions to the overall category score. The above circles indicate how the company performs on the three types of indicators within this category.

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Peer Comparison

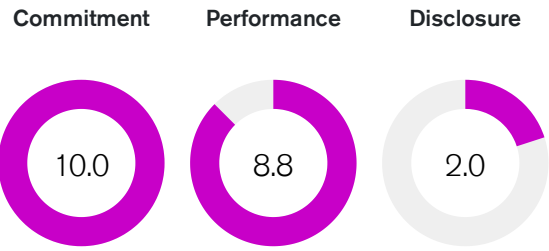


Engagement



- G1** Influencing policymakers
- G2** Stakeholder engagement

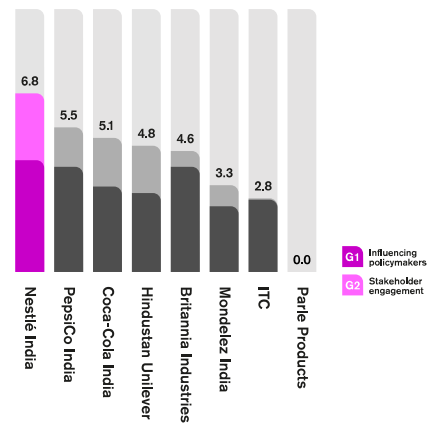
All category, criteria, commitment, performance and disclosure scores are out of 10



The circle on the left represents the company result for this Index category, showing the rank out of 16 and the score below it. The colored segments represent the respective criteria contributions to the overall category score. The above circles indicate how the company performs on the three types of indicators within this category.

Peer Comparison

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Product Profile



4

Rank 4 / Score 6.2

Portfolio-level Results

Average HSR score products (sales-weighted)	Healthy products (HSR)			Products suitable to market to children (WHO SEAR)			Range of total India F&B sales included
	% products healthy	% sales healthy	No. products assessed	% products suitable	% sales suitable	No. products assessed	
2.4	19%	29%	68	25%	40%	68	60-70%

- A total of 68 products from across four categories, representing 60-70% of Nestlé India's estimated 2018 retail sales, were included in the Product Profile (baby foods and coffee products were not assessed). Thirteen products (19%) were found to meet the HSR healthy threshold and the company is estimated to have derived 29% of its 2018 sales from these healthy products.
- The company achieves an unweighted mean HSR of 1.9 out of 5. After sales-weighting, the company's mean HSR improves to 2.4 out of 5, resulting in a mean healthiness score of 4.8 out of 10.
- A total of 68 products were assessed to determine their suitability to be marketed to children according to the WHO SEAR nutrient profile model. Seventeen products, estimated to represent 40% of 2018 retail sales across the four categories, were found to meet the WHO SEAR criteria. These were identified in the Dairy and the Rice, Pasta and Noodles categories.

Product Category Results

Category	Confectionery	Dairy	Rice, Pasta and Noodles	Sauces, Dressings and Condiments
Mean HSR	0.7	3.0	3.0	1.7
% products healthy	0	60	25	0
% products suitable to market to children	0	40	69	0

- Nestlé India's best performing product categories are Dairy and Rice, Pasta and Noodles – both scoring a mean HSR of 3.0 out of 5. Nine products out of the company's 15 Dairy products (60%) were found to meet the HSR healthy threshold as were four of the 16 products (25%) from the Rice, Pasta and Noodles category. The company's products in the Confectionery category achieve the lowest mean HSR of 0.7.

Relative nutritional quality of Nestlé India's products by category compared to competitors

Mean HSR	Confectionery	Dairy	Rice, Pasta and Noodles	Sauces, Dressings and Condiments
Nestlé India	0.7	3.0	3.0	1.7
Aavin TCMPF		2.3		
Ajinomoto			0.5	0.9
Amul GCMFF	0.6	2.4		
Arla		3.2		2.6
BRF		2.7		
Britannia Industries		2.2		
Campbell				3.2
Coca-Cola		3.6		
Coca-Cola India		3.5		
Conagra				2.6
Danone		3.5		
Ferrero	0.9	0.7		
FrieslandCampina		3.4		
General Mills		3.5	3.7	3.5
Grupo Bimbo	1.2			
Hatsun Agro Product		2.7		
Hindustan Unilever				1.6
ITC	1.1		2.8	
KMF Nandini		2.2		
Kraft Heinz		2.7		2.2
Lactalis		3.1		
Mars	1.3	2.8	3.5	
Meiji	0.9	3.2		
Mengniu		3		
Mondelēz	1.1	2.4		
Mondelēz India	0.5			
Mother Dairy		3.0		
Nestlé		2.4	2.7	
Parle Products	1.1			
PepsiCo		3.1		3.6
Suntory		3		
Tingyi		2.7	0.6	
Unilever			3.2	1.9
Yili		3.1		

- When compared to the seven other companies selling products in the Dairy category (as part of their top-selling categories) in India, Nestlé India ranks joint second together with Mother Dairy, as they both score a mean HSR of 3.0 out of 5.
- Nestlé India performs best in the Rice, Pasta and Noodles and the Sauces, Dressings and Condiments categories. In both cases, only two companies in the Index were found to sell products in these categories.
- Competing with other companies in four categories, Nestlé India achieves a relative category score of 7.5 out of 10 based on its ranking within those categories.

Conclusion

- Nestlé India's mean healthiness score of 4.8 and relative category score of 7.5 result in an overall Product Profile score of 6.2 out of 10, ranking the company fourth out of 16.
- Nestlé India's Product Profile score is largely driven by the company's relative performance against its peers that sell products in the same categories (relative category score). The company is encouraged to continue launching healthy products and to accelerate its reformulation strategies to deliver healthier products, while shifting sales towards healthier products and healthier categories.

Disclaimer

India Spotlight

Index 2020

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Footnotes

1. Nestlé India markets BMS products in India but this aspect was not assessed in the India Index 2020. The company is assessed as part of the mixed portfolio industry segment. The categories Baby Food and Coffee were excluded from the Product Profile because the Health Star Rating is not applicable to those products, while the company derives a substantial proportion of sales from these products. Additionally, the included product categories were limited to other categories the company is estimated to derive most of its sales from and for which information and sales data was available. The full portfolio of the company encompasses a broader range of products.
2. Source: Derived from Euromonitor International's 2018 industry publications of: Packaged Food, Hot Drinks and Soft Drinks.

