



Global Index 2018

Full report

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The Global Access to Nutrition Index 2018 is the third Global Index published by the Access To Nutrition Initiative (ATNI). The first was published in 2013 and the second in 2016.



Welcome

The Global Access to Nutrition Index 2018 brings good and bad news. On the one hand, we see evidence that a number of companies are upping their commitments to tackle various aspects of the nutrition challenges, including persistent high levels of undernutrition in many emerging markets.

They are doing this, for example, by reformulating some products, improving labeling and addressing undernutrition as part of their core business strategies. However, the results also show companies need to get better at 'walking the talk' and in particular need to set clear and verifiable targets for improving the healthiness of their product ranges.

ATNI is very proud to share the results of the Global Index and would like to thank our funders, research partners, board, expert group, independent advisory board and ATNI team for their enormous efforts and support in producing the third Global Access to Nutrition Index.

Inge Kauer

Executive Director, Access to Nutrition Initiative

The Global Access to Nutrition Index focusses on the role that food and beverage manufacturers play in making healthy food affordable and accessible to all consumers globally. In the Global Index 2018, the 22 largest food and beverage manufacturers in the world are ranked on their nutrition-related policies, practices and performance. The companies assessed operate in over 200 countries and generate approximately \$500 billion in sales. They therefore have a huge influence on the diets of consumers and ATNI believes that these companies have an important role to play in addressing the world's nutrition challenges.

This Global Index 2018, for the first time, includes a Product Profile which assesses the nutritional quality of the Index constituents' products. This Index again features a sub-ranking of the compliance of the world's six largest manufacturers of breast-milk substitutes (BMS) with the International Code of Marketing of Breast-milk Substitutes and subsequent World Health Assembly resolutions.

1 in 3 people is either over or underweight

Nearly half of all deaths of children under five are linked to undernutrition (45%)

By 2025 the nutrition crisis will cost \$3.3 trillion every year

The Global Index 2018 ranks the world's 22 biggest food and beverage companies

The Global Index 2018 found that since 2016 several companies have stepped up efforts to encourage better diets

The Global Index 2018 analyzed 23,013 products and found that just one third can be classified as healthy

The six largest baby food companies continue to fall below the standards of the International Code of Marketing of Breast-milk Substitutes

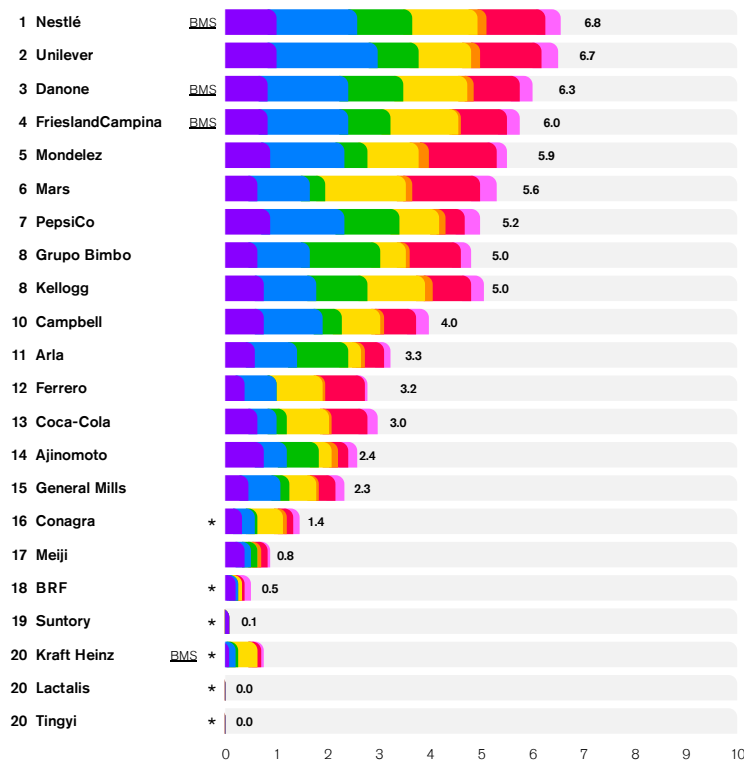
The results also show that companies need to get better at 'walking the talk' and in particular need to set clear and verifiable targets for improving the healthiness of their product ranges

Companies that deliver healthier products are likely to perform better financially over the long term

Companies should offer healthier products, make them affordable and accessible, and label and market them responsibly

Ranking

Overall Ranking



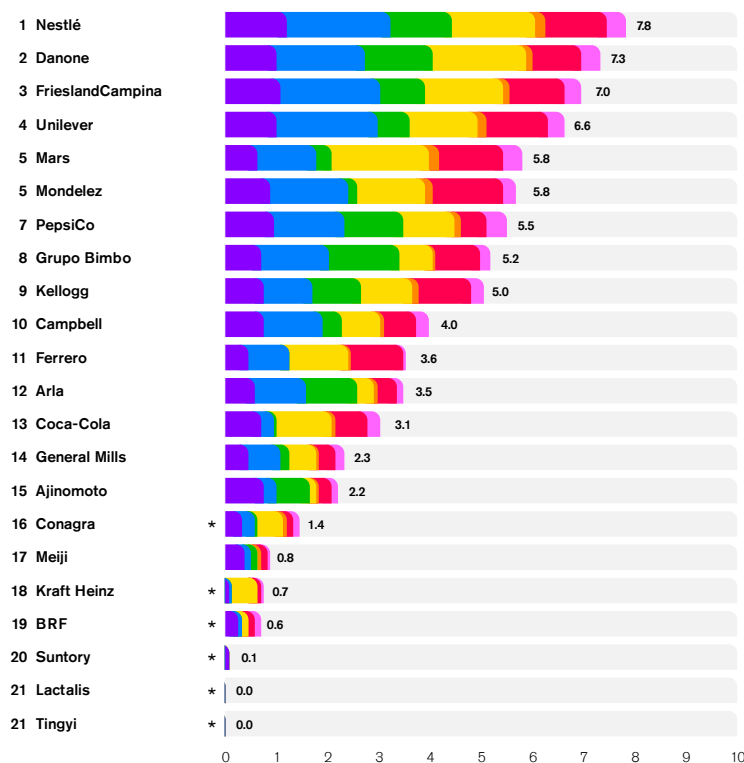
Since 2016, several companies have stepped up efforts to encourage better diets. The average Index score improved from 2.5 in 2016 to 3.3 in 2018. Overall, the 2018 results show that all companies need to do much more to walk their talk.

- A** Governance
- B** Products
- C** Accessibility
- D** Marketing
- E** Lifestyles
- F** Labeling
- G** Engagement

BMS Assessed against the BMS methodology: An adjustment based on the BMS score is incorporated in the overall score

* Did not provide information to ATNI

Nutrition

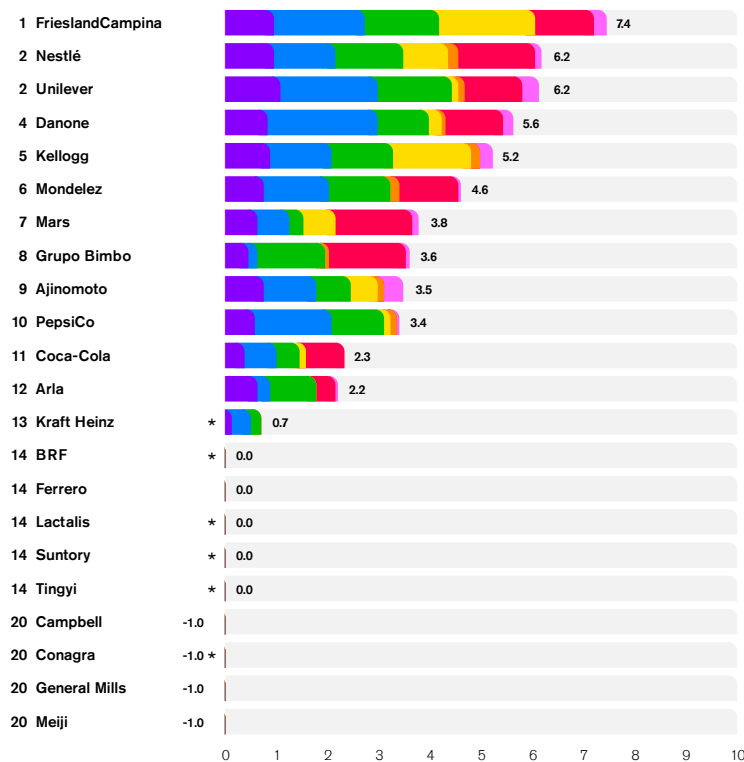


The 2018 ranking is led by Nestlé with a score of 6.8, up from 5.9 in 2016. It delivered above average performance in all, and improvements in most, of the categories of the Index. Unilever is second (6.7 versus 6.4 in 2016), and Danone third (6.3 versus 4.9 in 2016). The average score of all companies improved from 2.5 in 2016 to 3.3 in 2018. Nine companies now score 5 or more, compared to only 2 in 2016.

- A** Governance
- B** Products
- C** Accessibility
- D** Marketing
- E** Lifestyles
- F** Labeling
- G** Engagement

* Did not provide information to ATNI

Undernutrition



Friesland Campina leads the undernutrition sub-ranking and showed the greatest improvement. Danone, Grupo Bimbo, Kellogg and Mondelez also increased their score by two points or more, compared to 2016. More companies (11 in 2018, compared to 8 in 2016) commit to addressing undernutrition, responding positively to Sustainable Development Goal 2: End hunger, achieve food security and improved nutrition.



* Did not provide information to ATNI

Methodology

The Global ATNI methodology comprises three components:

1. Corporate Profile

This assesses companies' nutrition- and undernutrition-related commitments and policies, practices and disclosure in seven categories:

2. Product Profile

This assesses the nutritional quality of the products of the Index companies in nine markets: Australia, China, Hong Kong, India, Mexico, New Zealand, the United Kingdom (U.K.), the United States (U.S.) and South Africa. The results are based on scores generated by applying the Health Star Rating (HSR) nutrient profiling system, which analyzes the level of several positive nutrients (e.g. fruits, vegetables and fibers) and several negative nutrients (e.g. salt, sugar and saturated fat) in products.

3. BMS Marketing sub-ranking

This assesses companies' policies, practices and disclosure in relation to BMS marketing (BMS 1). In addition, two in-country assessments were conducted in Thailand and in Nigeria (BMS 2).

URL: <https://new-l40rlzsq.accesstonutrition.org/index/global-index-2018/methodology/>

Companies

Based on total global sales in 2016, the 22 largest global food and beverage manufacturers were selected for inclusion in the 2018 Global ATNI.



Ajinomoto



Arla



BRF



Campbell



Coca-Cola



Conagra



Danone



Ferrero



FrieslandCampina



General Mills



Grupo Bimbo



Kellogg



Kraft Heinz



Lactalis



Mars



Meiji



Mondelez



Nestlé



PepsiCo



Suntory



Tingyi



Unilever

Findings

The 2018 Index shows the world's biggest F&B companies have stepped up their efforts to encourage better diets, mostly through new and updated nutrition strategies and policies, improved commitments on affordability and accessibility, better performance on nutrition labeling and health and nutrition claims, and more disclosure of information across categories. Nevertheless, ATNF has serious concerns about the healthiness of the world's largest global F&B manufacturers' product portfolios.

Many companies have stepped up their efforts to contribute to better diets over the last two years:

- Seven companies have **strengthened their nutrition strategies** and management systems.
- Ten companies demonstrated that they include **nutrition considerations in their merger and acquisition (M&A) decisions**.
- The companies **report to offer higher percentages of 'healthy' products** (according to their own definitions) as compared to 2016 in their portfolio, with seven companies now reporting that more than half of their products are healthy. This is five more than in 2016. However, most of the companies' definitions are less strict than those applied by ATNI in the Product Profile assessment.
- Seventeen companies commit to **investing in healthy product development** and fourteen commit to aligning their research and development (R&D) to important public health frameworks such as national dietary guidelines.
- Four companies have **improved their Nutrition Profiling System (NPS)** ¹ or strengthened the nutritional criteria related to them, and one company is in the process of implementing a new NPS.

However, there are many aspects of company performance that urgently requires improvement:

- Companies have **only set product reformulation targets for half of the product categories assessed** and **poorly define** these targets.
 - The majority of companies (16) define one or more targets to reformulate their products, but six companies – Ajinomoto, Kraft Heinz, BRF, Suntory, Tingyi and Lactalis – do not report any relevant targets
 - Across all companies and categories, in about half of all product categories assessed (61 out of 117), companies did not set targets for relevant nutrients.
 - None of the companies yet has a full set of targets for all relevant nutrients across all product categories.
 - The large majority of companies (19) have not yet set targets to increase positive nutrients (i.e. fruits, vegetables, nuts, legumes and whole grains).
 - Targets that have been set are poorly defined in many cases. For example, they are not applied to all relevant products or, in case of relative reduction targets, baseline values and deadlines are not made clear.
- Only Ajinomoto, Grupo Bimbo and Nestlé have **global policies** to make healthy food affordable and accessible to all, including to low-income and high-priority populations. Companies should be taking a systematic clear approach in this regard.
- Only six companies cover all types of media in their **responsible marketing commitments to children**. Only one company – Arla – extends its policy on responsible marketing from children to teenagers aged 13 to 18.
- Although many companies commit to invest in the health of their employees, only eight **offer employee health and nutrition programs to all employees**, and only five implement independent evaluations. There is a similar trend for programs to encourage consumers to eat healthy diets and lead active lives. These programs are generally poorly designed, with few clear targets, seldom independently evaluated and insufficiently reported on.
- **Support to breastfeeding mothers** is not yet offered consistently around the world in terms of flexible and supportive working arrangements, and appropriate facilities to express and store breastmilk.
- None of the companies yet commit to **full, interpretative labeling on the front of all their products in all markets** and ten companies still do not report any relevant commitments or practices related to the responsible use of health and nutrition claims.
- Only three companies – Danone, Nestlé and PepsiCo – commit to **lobby in support of measures** to prevent and address obesity and diet-related chronic diseases.

The analysis of companies' actions to tackle undernutrition in emerging markets among priority populations yielded the following findings:

- Companies have responded positively to **SDG 2**². More companies (11 compared to eight in 2016) now **commit to address undernutrition, especially through their core businesses** as well as other initiatives.³
- Twice as many companies provided **evidence of investing in research** to develop solutions to undernutrition: The number increased from six to 12 between 2016 and 2018.
- However, most companies' strategies to address undernutrition are **not well-structured or informed by regular, well-organized input from independent experts**. Only five companies describe well-structured and strategic commercial approaches to address undernutrition, and six assign top-level oversight to their chief executive officer (CEO) or another senior executive. Similarly, only five companies have a formal expert panel in place.
- Only three out of 14 companies that do not sell breast-milk substitutes **focus on women of childbearing age or on children under two** in their commercial and/or non-commercial programs, which experts say should be prioritized in order to achieve the best, long-term health impacts.
- Ten companies commit to **improve the affordability and accessibility of products formulated to address undernutrition in under-served populations**, but few set out measurable objectives and targets. Only six of the companies commit to **exclusively fortify products** that are healthy and of high underlying quality. Related to this, seven companies **commit to using health and nutrition claims** on products that have been fortified only when these products are compliant with the internationally-recognized Codex Alimentarius (Codex) fortification guidelines.
- A limited number of companies (five out of 18) demonstrate a **commitment to the need to develop and deliver marketing strategies** appropriate to reaching undernourished populations.

Key outcomes from the 'Product Profile', an assessment of the nutritional quality of the products manufactured by the Index companies:

- Of the total 23,013 products assessed, less than one third are considered healthy in the Product Profile analysis (i.e. with an HSR of 3.5 or higher), and only 14% of the products meet WHO EURO criteria for marketing to children.
- None of the companies' portfolios comprise more than 50% of products that meet the healthy standard suitable to be marketed to children.
- The ranking of companies on the Product Profile is different to the Corporate Profile, with dairy companies in the lead and companies with diverse portfolios (such as Nestlé, Unilever and PepsiCo) in the middle of the ranking. Companies that predominantly offer confectionery are at the bottom of the ranking, which is expected based on the ingredients of these categories.
- While many companies reported their sales for 2016 generated by 'healthy' products, for the most part their definitions of 'healthy' appear less strict than that of the independent HSR system used in the Product Profile, which is of considerable concern. Seven companies self-report that more than half of their products meet their own definition of healthy, five more than in 2016.
- Only five companies have a portfolio consisting of more than 50% of healthy products and only two – FrieslandCampina and Lactalis – when these products are sales-weighted.
- The healthiness of all companies' portfolios taken together vary by country.
 - The U.S. and New Zealand had the highest mean HSR of the nine countries: 2.6 out of 5. Developed countries such as the U.S. (2.6), New Zealand (2.6), Australia (2.4) and the U.K. (2.3) have higher overall HSRs compared to emerging markets such as India (2.1) and China (1.8) which rank last using this metric.

The world's six largest baby food companies continue to market BMS using marketing practices that fall considerably below the standards of The Code:

Although these **companies state that they support breastfeeding to some degree, a substantial proportion of their revenues and profits depend on ever-increasing sales of their products, which are substitutes for breastfeeding.** They therefore have strong incentives to market these products pervasively and persuasively – which the Index shows they continue to do.

Three companies have made significant improvements in aligning their BMS marketing policies and management systems with The Code. Danone improved both its BMS marketing policy and management systems following the publication of the 2016 Index, and now ranks first in the 2018 BMS Marketing sub-ranking, overtaking Nestlé which slipped to second place. Danone extended its policy in relation to infant formula to include low-risk countries and committed to follow its own policy in countries where the regulations are weaker than its policy. Abbott has also made significant improvements to both its policy and management systems, moving up from fifth to third place in this subranking. Since being acquired by RB, MJN shared documents with ATNI for this Index (which it did not do previously), resulting in a better score.

ATNI undertook two in-country assessments for the 2018 Global Index. In Thailand and Nigeria, **many marketing practices were found to not comply with the recommendations of The Code and/or local regulations.** This illustrates that, in some cases, the management systems of companies are not being applied effectively. Meanwhile, in other cases, corporate policies do not encompass all the recommendations of The Code, nor all of the products within The Code's scope.

All four companies rated in the BMS Marketing sub-ranking in Thailand were found to have a low level of compliance (where 2,807 incidences of non-compliance were identified in total). Many fewer instances of non-compliance (130) were found in Nigeria, where local regulation at the time of the study was stricter than that in Thailand. In both markets, the two most extensive forms of marketing identified were:

1. Point-of-sale promotions on online retailers' sites, and;
2. Products with labels that were not compliant with The Code or local requirements.

Best Practices

STRATEGIC NUTRITION COMMITMENTS

The operating principles embodied in Nestlé's 'Creating Shared Value' strategy include a comprehensive set of nutrition policies covering all areas that the ATNI methodology assesses. The company has defined 15 measurable 2020 nutrition-related commitments against which it reports progress. Nestlé links all of these commitments to the relevant SDGs.

TRANSPARENT PRODUCT REFORMULATION TARGET

Danone, FrieslandCampina and Unilever meet best practice by publishing, in full, the criteria they use to determine whether their products are healthy, and link product reformulation targets to these definitions in a transparent way. Danone makes the clearest commitment: 100% of its products will meet its 'Nutritional Target 2020' criteria by 2020.

POSITIVE NUTRIENTS TARGET EXAMPLES

Nestlé has made specific, clear, measurable and time-bound (2017-2020) commitments to *"add at least 750 million portions of vegetables, 300 million portions of fiber-rich grains, pulses and bran, and more nuts and seeds to our products."* However, the company has yet to specify concrete product reformulation targets.

PepsiCo states a similar commitment to *"Increase positive nutrition— like whole grains, fruits & vegetables, dairy, protein and hydration— by expanding our portfolio containing one or more of these ingredients."*

AFFORDABILITY AND ACCESSIBILITY

Grupo Bimbo's global strategy for health and wellness is titled 'A Sustainable Way.' One of the focuses is the accessibility and affordability of healthy products to all consumers, based on the company's own definition of healthy. This is guided by the company's ambition to bring its products with improved nutrients closer to consumers.

RESPONSIBLE MARKETING POLICIES

Danone not only makes commitments that are fully aligned with the International Chamber of Commerce (ICC) Framework, but it also sets additional principles regarding marketing to all consumers that go beyond it. The company is transparent by publishing its commitments and compliance auditing results.

Danone and Mars are the only two companies that appoint an independent party to audit their marketing activities complementary to industry association auditing and both for marketing to all consumers and marketing to children.

Arla is the only company that pledges to market only healthy products to children under age 18 using an audience threshold of 30%.

NUTRITION LABELING

Mars commits to provide back-of-pack information on all key nutrients assessed by the Index globally: Energy/calories, protein, total carbohydrates, total or added/free sugars, trans-fat, total fat, saturated fat, dietary fiber and sodium/salt. In addition, the company commits to provide percentages of guideline daily amounts (GDAs) extensively on the back of packs and for calories on the front of packs, as well as comprehensive serving size information.

FrieslandCampina defined an objective to include the reference intake guidance or GDA energy icon on 100% of relevant consumer packaging by 2020. The company publishes performance against this objective on its corporate website, showing annual progress since 2015.

EMPLOYEE AND CONSUMER HEALTH

PepsiCo improved most in promoting healthy employees with a comprehensive program, independent monitoring and a focus on health and business outcomes.

Nestlé demonstrates leading practice in supporting breastfeeding mothers through a set of comprehensive global commitments.

Mondelez and PepsiCo show leadership by funding only healthy eating and lifestyle programs set up and run by third-parties.

TRANSPARENT LOBBYING AND NUTRITION STAKEHOLDER ENGAGEMENT

Mars and PepsiCo show leading practice by publishing statements on the topics on which they actively lobby.

Nestlé, PepsiCo and Unilever show leading practice on stakeholder engagement to develop their nutrition policies and programs.

UNDERNUTRITION COMMITMENTS AND STRATEGIES

Unilever no longer has an independent, philanthropic arm of the business. It now integrates its commercial and philanthropic efforts to address undernutrition and a wider range of sustainability goals into commercial category strategies. The Unilever Sustainable Living Plan (USLP) is the central business strategy to address these goals, which mirrors the SDGs. The company reports that its USLP brands grow faster than the rest of the company.

UNDERNUTRITION ACCESSIBILITY, AFFORDABILITY AND MARKETING

Unilever describes two programs designed to increase the accessibility of products to address undernutrition: Project Zeinab in Egypt and the Gbemiga Programme in Nigeria. In both cases, Unilever works with external organizations and combines a focus on undernutrition with other important aspects that are part of its Unilever Sustainable Living Plan strategy. It does this by making local women entrepreneurs and ambassadors for nutrition.

TARGETING PRIORITY POPULATIONS

Ajinomoto states its intention to address undernutrition through the recently founded Ajinomoto Foundation, which will take noncommercial approaches to meeting undernutrition challenges. It demonstrates best practice by linking its efforts to SDG 2, with a focus on improving maternal and child nutrition.

FrieslandCampina demonstrates best practice by selecting high-priority countries such as Nigeria, Indonesia and Myanmar to pilot new initiatives to address undernutrition.

FrieslandCampina provides several examples of improving affordability in Nigeria and other high-priority countries. In addition, the company provides evidence of working with behavioral specialists and using multiple communication channels to reach undernourished consumers through specific marketing strategies.

Recommendations

The 2018 Index report calls on companies to, first and foremost, work to improve the nutritional quality of their existing products, particularly established, high-sales volume products. It also calls on companies to:

- Ensure senior executives and boards take more responsibility for spearheading a strategic response to delivering better nutrition as part of core business strategy.
- Set measurable, independently verifiable nutrition targets, for example to reduce levels of salt and sugar in their products.
- Widen their product ranges to include more healthy products that are affordable and accessible for all consumers.
- Reformulation targets should also include increasing positive nutrients for qualifying products. Similar to the 2016 Index, 19 companies do not yet make commitments to increase levels of fruits, vegetables, nuts, legumes and whole grains.
- Companies and industry associations should define product reformulation targets so that they can be verified by third-parties.
- Companies should commit to lobby only in support of improving diets and public health and be more transparent about their lobbying activities.
- Develop commercial strategies for tackling undernutrition by investing in healthy products that address existing micronutrient deficiencies in priority countries.
- Commit to display easy-to-interpret information for consumers on front-of-pack labels about the healthiness of products, regardless of where they live.
- Do more to stop on- and offline marketing of products to children that do not meet the standards set by the WHO.
- Baby milk manufacturers must ensure their marketing policies align fully to The Code and are applied fully and consistently around the world and to all products including growing-up milks.

Future Opportunities

Corporate Profile

ATNI sees many opportunities to develop its work and amplify its impact. For the next Global Index, we intend to streamline the methodology to reduce the time required from companies to provide input to the research process. We will also look to utilize more independently generated research and/or verify data submitted by companies, similar to the approach used for the Product Profile. This could include, for instance, product pricing data and marketing expenditure or in-store marketing practices. We also aim to develop ways to clearly track companies' progress against their stated targets over time. Regarding undernutrition, ATNI will increase the focus on addressing undernutrition commercially in future Indexes.

BMS Marketing

ATNI will also continue to commission and publish incountry assessments on an ongoing basis. In the future we also hope to be able to incorporate the findings of NetCode based studies of BMS marketing conducted by others. We see opportunities to expand our assessment of baby food companies by, for example, developing an NPS for complementary foods and/or commissioning or utilizing studies done by other organizations relating to the marketing of baby foods. There is also potential to broaden the scope of assessment of companies' contributions to infant and young child nutrition and/or supporting breastfeeding more broadly.

Product Profile

This report sets out the results of the first ever multi-country Product Profile study published. It demonstrates the great value of such studies in providing a comprehensive picture of the nutritional quality of packaged foods that major companies sell in markets around the world. In the future, we will consider the feasibility of combining the Product Profile scores with the Corporate Profile scores to generate a combined score. In addition, we will explore integrating the Product Profile assessment into the Corporate Profile assessment to address the current limitation of depending on a company's own definition of healthy products.

The accuracy of future Product Profiles would be greatly improved if all Index companies were to provide their full product lists and nutrition content information. Combining sales figures for individual products would generate much more accurate sales-weighted figures but would also add complexity. Again, companies could provide these figures (although this information is clearly highly commercially sensitive), or the data could be purchased from commercial data providers (however, it is very expensive).

ATNI will work with The George Institute – and would welcome input from others – on improving future Product Profiles. Factoring in serving size, for example, would be a useful additional analytical tool, as would looking at the relative pricing of healthier versus less healthy products and the marketing spending on both types of products.

Corporate Profile



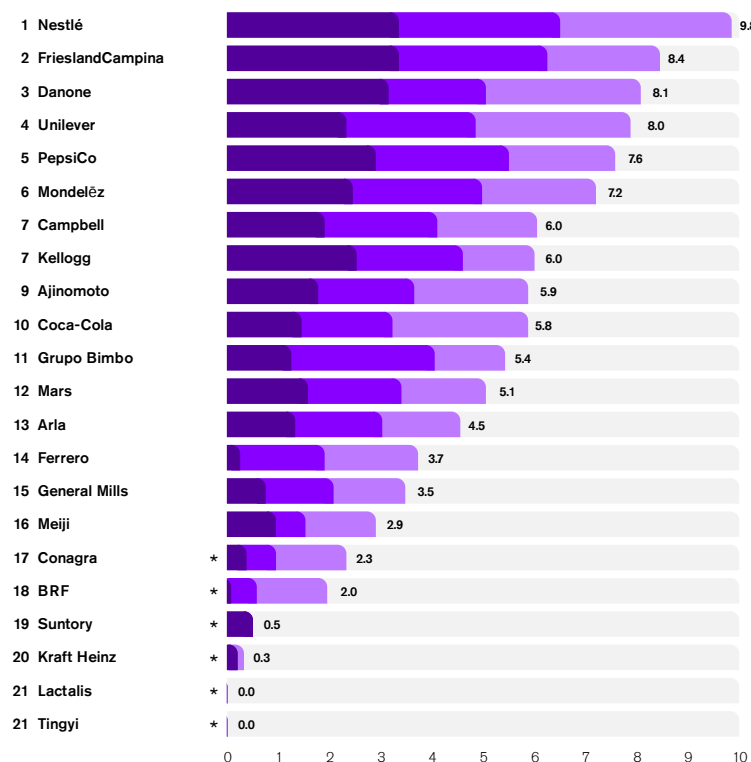
Category A: Governance 12.5% of overall score

Category A consists of three criteria:

- A1 Corporate nutrition strategy
- A2 Nutrition governance and management systems
- A3 Quality of reporting

To perform well in this category, companies should:

- Commit at Board level to address obesity and diet-related chronic diseases.
- Set clear nutrition strategies, objectives and target in all business areas underpinned by strategic market research.
- Establish and use incentive and accountability structures at senior management level to reward successful implementation of nutrition strategies.
- Demonstrate high and increasing levels of sales of healthy products.
- Clearly and comprehensively report on activities to prevent and address nutrition-related issues and on progress against nutrition-related objectives and targets, on a global basis.



Category A Nutrition ranking, based on equally-weighted Criteria A1, A2 and A3 scores

A1 Strategy
A2 Management
A3 Strategy

* Did not provide information to ATNI

What are the main changes in Category A compared to 2016?

- The average Category A nutrition score increased to 4.7 from 3.9 in 2016 (as shown in Figure 2), and Nestlé currently leads the score with 9.8 points.
- FrieslandCampina showed the largest improvement by increasing its score by almost 4 points, mainly due to its new more comprehensive nutrition strategy and strengthened nutrition governance and management system.
- Category A remains the highest-scoring category on the Index. Many companies have strengthened their nutrition policies and management systems.
- A particularly elucidating finding is that Category A scores correlate strongly with overall Global Index scores, clearly indicating that a company can better sustain and scale up its nutrition activities if commitment starts at the top and is integrated into its core business strategy

A1 Corporate Nutrition Strategy

To what extent have companies enhanced the integration of their nutrition strategies into their core business since 2016?

Since 2016, companies' scores on Criterion A1, which measures the quality of their nutrition strategies, has increased by almost one point from 3.5 to 4.4 out of 10. More companies can now demonstrate a strategic orientation towards nutrition through commitments that indicate greater integration of nutrition factors into core business considerations.

FrieslandCampina and Nestlé score 100% on A1 and lead this ranking. Both companies make a strategic commitment to grow through a focus on nutrition, including by considering nutrition trends when making acquisitions and carrying out extensive nutrition risk assessments. Both companies can demonstrate that this focus has also resulted in increased sales from healthy products over recent years (company self-reported data). Danone ranks third with a score above nine. In 2017, the company adopted a comprehensive nutrition strategy that sets out clear 2020 nutrition commitments and targets.

Of the 22 Index companies, FrieslandCampina and Kellogg improved their scores the most – by more than 4.5 points. Compared to 2016, Kellogg discloses more information publicly about its nutrition strategy and how the strategy informs the company's 'way of doing business'. FrieslandCampina's A1 score increase is due to its new 'Route2020' strategy.

Overall, companies acknowledge they have a role to play in tackling nutrition challenges and support the WHO Global Action Plan for the Prevention and Control of Non-communicable Diseases (WHO Global Action Plan). Eleven companies also link this role to contributing to nutrition-related Sustainable Development Goals (SDGs) 2 and 3.

Conversely, BRF, Ferrero, Kraft Heinz, Lactalis and Tingyi show very limited or no evidence of having a relevant nutrition strategy in place according to ATNI methodology. These companies are encouraged to initiate a process of developing a formal global nutrition strategy.

How many companies consider nutrition issues in their M&A activity?

Ten companies that have articulated a commitment to and/or strategic focus on health and nutrition and provided evidence of nutrition being a factor in decisions about acquisitions and disposals, as well as when forming joint ventures or other partnerships. This indicates that these companies have genuinely embedded a commitment to nutrition into their core business strategy.

Can companies demonstrate that their nutrition strategies are delivering increasing sales of healthy products?

A concrete indication of whether companies' commitments to deliver healthier products are bearing fruit is whether they can show that sales generated from healthy products are increasing over time. Based on their own definitions of healthy products, only four companies are then listed including Danone, FrieslandCampina, Meiji and Nestlé report that more than 50% of their F&B revenue was generated by healthy products in FY2016.

In addition to the companies that reported achieving more than 50% of sales from healthy products in the 2016 Index, companies such as Arla, Coca-Cola, FrieslandCampina, General Mills, Grupo Bimbo, Kellogg, Mondelez and PepsiCo reported increased revenues from healthy products since 2016.

The other Index companies do not demonstrate similar results, and many were either unable or unwilling to disclose this information

Recommendations for improvement:

1. Implement a strategic commitment to delivering better nutrition across their businesses
2. Take measures to boost global sales of healthy products and report on these publicly

A2 Nutrition governance and management systems

Have companies moved beyond simply making commitments on nutrition and put in place or strengthened their nutrition policy and objectives to deliver on high-level, strategic nutrition commitments, and how are these translated into management systems?

Some companies can demonstrate that they have improved their nutrition policy and strengthened governance systems to deliver objectives articulated in their nutrition policies since the last Index in 2016. The average score on Criterion A2 increased from 3.5 to 4.7 out of 10. Nestlé leads the ranking on A2 with a score of 9.5 followed by FrieslandCampina. Grupo Bimbo, PepsiCo, Mondelez and Unilever, each with a score of more than 7. All of these companies have a comprehensive nutrition policy with clear objectives and Board-level oversight.

In 2016, two thirds of the companies assessed had some elements of either a Board-approved nutrition strategy or policy, whereas in 2018, 77% companies had such a system in place – an increase of 15%. Considerably more companies (four in 2016, ten in 2018) provided evidence of comprehensive nutrition policies with a broad range of objectives. In 2016, seven companies did not have a nutrition policy in place, and by 2018, this number had decreased to four.

Do companies increasingly assign Board-level oversight and executive responsibility for their nutrition strategies?

The CEO accountability arrangements remain similar to 2016, with only Danone strengthening its approach in this area. In terms of managerial oversight and day-to-day responsibility for the nutrition policy and strategy, some progress has been made. Ajinomoto, General Mills, Grupo Bimbo and Mondelez re-allocated day-to-day responsibility for implementing their nutrition strategy/plan to an executive-level manager, which contributed to their higher scores. BRF, Kraft Heinz, Lactalis, Suntory and Tingyi do not report on accountability and managerial oversight.

Recommendations for improvement

1. Adopt or enhance a formal global nutrition policy
2. Link executive compensation to performance on nutrition objectives

The companies that have strengthened their nutrition policy objectives and management systems the most since 2016 are Ajinomoto, FrieslandCampina and Mondelez.

Six companies do not solicit any external expert advice on preventing and addressing obesity and diet-related chronic disease at Board level. While five of the companies do so on an ad-hoc basis. Ten of the companies have a formal panel of experts (albeit with rather limited expertise) in place.

Compared with 2016, four more companies conduct a standard internal audit and annual management review that covers nutrition issues. While in 2016 only two companies conducted both assessments, in 2018, the number had increased to six. BRF, ConAgra, Lactalis, Meiji, Suntory, Kraft Heinz² and Tingyi do not share relevant information or do not publish this in the public domain about their nutrition governance.

A3 Quality of reporting

Nestlé leads the ranking of A3, achieving a full score on this criterion. Danone and Unilever share the second rank with a score above nine. Campbell's, Coca-Cola, FrieslandCampina and Mondelez improved the quality of their reporting since 2016. Campbell's provides more nutrition reporting in its annual reports and, since 2017, the company conducts independent verification of the nutrition commentary included in its corporate responsibility report. FrieslandCampina and Mondelez now provide more comprehensive reporting on preventing and addressing obesity and diet-related chronic diseases in their annual reports.

Eighteen companies report annually on their nutrition activities at a global level. This increasingly widespread practice appears to indicate that companies are aware of the need to be more transparent and accountable on this issue.

Coca-Cola, Danone, Nestlé and Unilever publish separate reports for a few national or several major markets in which they operate, in addition to their global reporting.

Only five companies' reports that cover nutrition issues – those of Campbell's, Danone, Ferrero, Nestlé and Unilever – are externally verified.

Recommendations for improvement

1. Publish separate reports for major markets
2. Conduct external verification of nutrition data and commentary



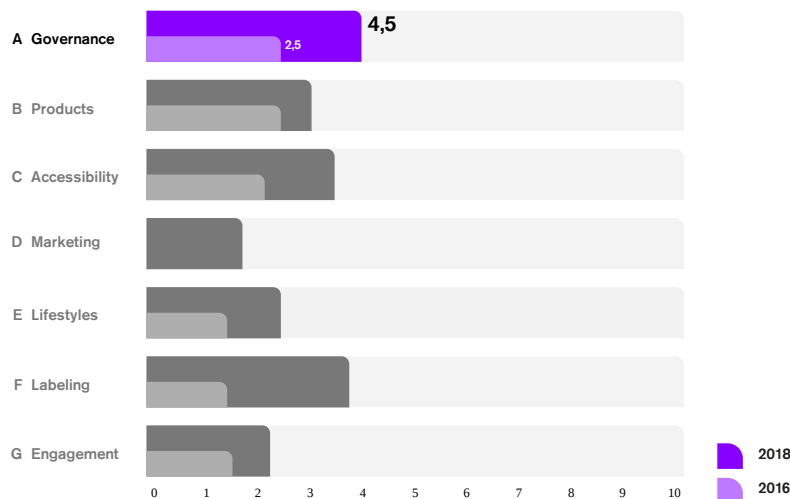
Category A - Undernutrition: Governance

12.5% of the total undernutrition score

Category A consists of three criteria:

To perform well on undernutrition in Category A, companies should:

- Commit to address undernutrition and set objectives and targets as part of their core commercial business and philanthropic programs, with oversight assigned to their Board or other senior executives.
- Take a well-structured approach with a focus on high-priority countries and on critical population groups, pledging to work within regional and national frameworks to address specific fortification needs and undernutrition issues more broadly.
- Carry out extensive research and publicly disclose information about these activities to identify the needs of key populations with specific micronutrient deficiencies.



The average scores for Category A Undernutrition in 2018 and 2016

What are the main changes in Category A compared to 2016?

- Eleven companies now commit to addressing undernutrition either using commercial and non-commercial approaches, up from eight in 2016. Of these, ten now formally define a commercial approach, compared to four previously.
- It appears that companies now recognize they can, and should, do more to tackle undernutrition. The average score increased substantially from 2.5 to four points. However, there is clearly still room to do much more.

What has changed in the companies' strategic commitments and approaches to delivering better nutrition for undernourished consumers in developing markets?

A crucial starting point for addressing undernutrition in low-income countries is for companies to make a commitment to do so. Eleven out of 18 companies have committed to playing a role in addressing undernutrition, three more than in 2016. Arla, Kellogg and Mars have published new commitments. Nine of the 11 have undertaken a Board-level strategic review of the commercial opportunities available to them in addressing undernutrition and/or developing products for the undernourished, underlining the importance to the business. Two companies have undertaken strategic reviews but not at Board level.

The findings suggest that companies now focus more on embedding their activities to address undernutrition in their commercial strategy. Currently, ten companies have formally set out how they intend to address undernutrition through their commercial strategy aimed at selling more healthy products that are fortified or otherwise suitable to address nutritional deficiencies in undernourished target groups, compared to only four in 2016.

- Unilever leads the rankings in Category A with the most comprehensive approach to address undernutrition, followed by Nestlé, FrieslandCampina, Kellogg and Danone.

The number of companies that have formally set out their approaches to addressing undernutrition through philanthropic giving, or in other ways not embedded in their core businesses, increased from five to eight. However, this increase is smaller than the increase in commercial approaches. In contrast to 2016, more companies now take a formal commercial approach than a non-commercial approach, which is a positive development. More information on changes in companies' commercial and non-commercial approaches.

This increased focus on commercial approaches to tackling undernutrition does not yet translate into higher reported percentages of companies' total global sales values related to products specifically formulated for the undernourished. In 2016, four out of 20 companies provided such data, compared to five out of 18 in 2018: Danone, FrieslandCampina, Mondelez, Nestlé and Unilever. The reported percentages of sales were very similar to 2016, and although the same three companies reported that more than 10% of their total global sales value was accounted for by fortified products that address undernutrition, the relevant percentage based on the Access to Nutrition Index methodology, which looks only at non-OECD countries, is estimated by ATNI to be lower.

What are companies doing commercially to address undernutrition and is their approach well-structured?

Some developing countries are more heavily impacted by the burden of undernutrition than others. ATNI has compiled a list of high-priority countries ⁴ in which the world's largest food companies should prioritize seeking opportunities and starting new initiatives. Eleven companies include high-priority countries in their initiatives, most often in combination with low-priority countries. Three companies focus exclusively on one or more high-priority countries: Ajinomoto, Arla and Mars, while FrieslandCampina shows best practice by selecting high-priority countries to pilot new initiatives: Nigeria, Indonesia and Myanmar.

Five companies, Coca-Cola, Danone, FrieslandCampina, Nestlé and Unilever, describe a strategic and well-structured commercial approach to address undernutrition in many developing countries, one more than in 2016. FrieslandCampina has started the new program 'Broadening access to nutrition', aimed specifically at people with lower incomes. Two companies have a well-structured approach in a single market or small selection of countries – Grupo Bimbo and Mars. All companies with a structured approach, except Coca-Cola, emphasize the importance of their undernutrition commercial strategy by assigning top-level oversight to their CEO or other senior executive (six companies in total), or to a committee that reports to the CEO (four companies in total).

New commercial initiatives, or new initiatives linked to existing commercial strategies, were reported by some companies. For example, Unilever integrates a program to stimulate healthy eating and address iron deficiency anaemia in a priority population in Nigeria with its existing commercial strategy to sell iron-fortified Knorr cubes. Other companies, including Coca-Cola, report new initiatives that enter the commercial phase, taking learning from non-commercial and pilot projects and exploring opportunities that are outside the current scope of the company's business.

Companies need to undertake market research and studies into the nutritional status and deficiencies of target populations as a basis for designing their strategy. They should seek expert input to advise on setting up and adapting their approach over time. There is a lot of room for improvement on both of these fronts, as only five companies show evidence of having a formal panel in place (Ajinomoto, Coca-Cola, Danone, Mars, Nestlé), but all have a narrow set of mostly nutrition and biomedical experts. Although ten companies in total have done market research, only four companies have done extensive research in five or more developing countries: Danone, FrieslandCampina, Nestlé and Unilever. FrieslandCampina's leading performance and approach to address undernutrition is based on large-scale research activities in the past and new initiatives.

Eleven companies commit to focus on children as a target group for their commercial undernutrition efforts. Only three non-baby food companies focus on women of child-bearing age and children under two: Ajinomoto, Arla and Unilever. Three companies that sell baby food products focus on these target groups too, but this aspect was not scored ⁵ (not influencing the score positively or negatively).

How are companies contributing to undernutrition through their CSR or philanthropic activities?

Eight companies formally expressed how they intend to address undernutrition through philanthropic giving or other non-commercial approaches, three more than in 2016. FrieslandCampina, Kellogg, Kraft Heinz and PepsiCo focus mostly on donations, school programs and collaborations with NGOs to provide undernourished populations access to specifically fortified products or otherwise suitable products. In addition to such approaches, Ajinomoto, Danone and Unilever focus on developing new social business models; Ajinomoto through its foundation, Danone through 'Danone Communities' and Unilever as an integrated part of its category strategies. Although these initiatives have commercial dimensions – for example, participants in these programs may sell locally produced products – they are considered to be non-commercial initiatives in the ATNI assessment, as they are not yet embedded in the core business. Mondelez takes a different approach, focusing on increasing access to fresh foods through programs that help diversify the diets of people in the community, in some cases combined with specific nutrient fortification.

Similar to the commercial approaches described, the companies that have a philanthropic strategy in place focus mainly on children, but only Ajinomoto, PepsiCo⁶, Unilever and one company that sells baby food products include a focus on women of child-bearing age or children under the age of two.

Are the companies' reports on their efforts to tackle undernutrition now more comprehensive?

Reporting on how companies implement strategies to address undernutrition is less robust than in the case of nutrition reporting more generally, and has not changed much since 2016. Three companies provide extensive commentary, similar to 2016, but the number of companies that provide limited commentary increased from seven to ten.

Six of the companies include high-priority countries in their philanthropic or non-commercial approaches, although none of the companies demonstrate an exclusive focus on these countries. Two companies, Kraft Heinz and Unilever, did not provide clear information about their geographic focus of relevant initiatives.

Although a number of companies publish the amount they spend on philanthropy, it is unclear in most cases what part of this budget is spent addressing undernutrition in developing countries, as companies' activities often include non-nutrition related activities or activities in developed countries.

An effective way for companies to make a contribution to tackling undernutrition is to partner with leading international expert organizations, such as the SUN Business Network or World Food Programme. 13 companies support one or more such initiatives, while five others do not. This represents an increase compared to 2016, when only 11 out of 19 relevant companies reported such activities.

The number of companies with clear reporting on their strategy, outlook and targets, progress against these targets and/or the challenges they faced increased. Despite a greater emphasis on commercial approaches to address undernutrition, the reporting is largely done through CSR reports or specific documents or sections of the corporate website, rather than being integrated into companies' commercial annual reporting.

Recommendations for improvement

- Adopt a formal approach to address undernutrition

Food and beverage companies with significant businesses in developing countries have an opportunity and responsibility to address undernutrition and to contribute to public health improvements for the most vulnerable. All 18 relevant companies should formalize their approach in doing so, focusing specifically on commercial opportunities that are expected to be more sustainable in the long run. ATNF will increase the emphasis on commercial approaches for future indexes and adapt the scoring to reflect that, to ensure that companies can attain the full score if they have implemented a well-designed and comprehensive commercial approach to address undernutrition (even if they do not have parallel non-commercial initiatives in place as well).

- Improve the focus on priority populations and expert guidance

Companies have room for improvement with respect to both their commercial and non-commercial strategies to tackle undernutrition by including a focus on women of child-bearing age and children under two in priority countries. To optimize and adapt their strategy over time, companies should appoint formal panels of external experts with a wide range of relevant expertise, focusing not only on nutrition and health issues, but also on cultural, behavioral and other aspects that influence food consumption in developing countries. These panels should meet regularly to discuss, review and update the company's strategy.

- Pre-competitive collaboration on research to identify nutritional gaps

Danone, FrieslandCampina, Nestlé and Unilever demonstrate best practice in their market research and wider research to map nutritional intake and deficiencies in order to inform their commercial approaches to address these. Although organizations such as the SUN Business Network and GAIN play a role already, there is an opportunity to improve pre-competitive collaboration on a global level between companies and with international organizations to streamline these initiatives and make them more efficient.

- Better reporting on efforts to address undernutrition and the level of investments

As companies increase their focus on commercial approaches to addressing undernutrition, their reporting in this regard should be clear and integrated into their annual reporting. Besides reporting on objectives and progress, companies should reflect more clearly on the level of investment they make to address undernutrition through both commercial and philanthropic avenues, and whether their investment is increasing or decreasing. Currently, although a number of companies provide information on philanthropic spending, the variation in the way this information is reported makes it difficult to compare them. Overall, there is no clear evidence as to whether companies have significantly ramped up their efforts since 2016.



Category B: Products

25% of overall score

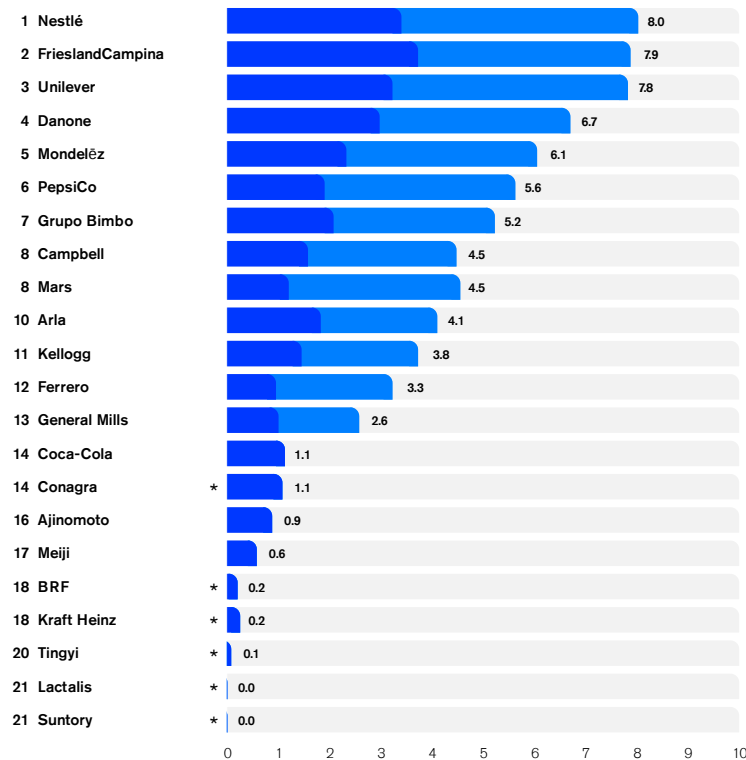
Category B consists of two criteria:

B1 Product formulation

B2 Nutrient profiling

To perform well in this category, companies should:

- Invest in research and development to improve the nutritional quality of new and existing products
- Define a clear approach to reformulating existing products against well-defined nutritional targets to decrease 'negative nutrients' (salt/sodium, trans-fat, saturated fat, added sugars/calories) and increase 'positive nutrients' (fruits, vegetables, nuts, legumes, whole grains).
- Offer a high percentage of products within their portfolio that meet these nutritional targets and offer healthy options across all company brands.
- Employ a comprehensive and appropriately set up Nutrient Profiling System (NPS) that is applied to all products, as the basis for the company's product formulation and/or reformulation efforts and its definition of healthy products.



Category B Nutrition ranking, based on equally-weighted Criteria B1 and B2 scores

B1 Formulation
B2 Profiling

* Did not provide information to ATNI

What are the main changes in Category B compared to 2016?

- The average score increased to 3.4 from 2.8 in 2016 (as shown in Figure 2), and Nestlé currently leads the ranking with a score of 8.0 points.
- Campbell's showed the largest improvement by increasing its score by three points, mainly related to more reporting on nutritional criteria, which are therefore now recognized as a precursor to a NPS in Criterion B2.
- Reformulation targets were assessed in more detail than in 2016. Although the basis for scoring remained the same, this limits the comparability of Criterion B1 scores to some extent.
- There is a modest increase in the number of companies that commit to invest in R&D, that show evidence of offering more healthy products and that disclose relevant information publicly. In addition, two companies have implemented new NPSs, and several have implemented stricter criteria and product formulation and/or reformulation (henceforth '(re)formulation') targets

B1 Product formulation

What are the developments in companies' commitments to invest in R&D to improve nutritional quality?

Seventeen out of 22 companies express commitments to invest in R&D to improve the nutritional quality of products, two more than in 2016.

The financial investment in R&D is stable: The average percentage of global revenues spent remains at 1.3%. Although 15 companies tracked and reported their R&D investment in the last three years, only four define concrete future R&D targets. It is important that companies commit to follow recognized guidelines published by national or international bodies such as the WHO to ensure that their efforts to improve the healthiness of their product portfolio align with public health requirements. The number of companies that commit to follow recognized guidelines increased from nine in 2016 to 14 in 2018.

Is there evidence that companies have increased their healthy product offering?

Compared to 2016, companies report to offer a higher percentage of products in their portfolio that meet the company's healthy standard. In addition, they report having increased the introduction of new products meeting those standards.

Seven companies report that more than half of their products meet their own definition of healthy, five more than in 2016. The actual healthiness of companies' product portfolios across nine countries was assessed independently using validated Health Star Rating (HSR) criteria in the Product Profile assessment.

The reported percentages of products that are suitable to be marketed to children in the U.S., EU and the rest of the world is low. Only two companies report that more than half of their products meet the company criteria for this in the U.S.; for the EU the figure is five; and for the rest of the world, four.

According to the WHO EURO criteria used in the Product Profile assessment, none of the companies offer more than 50% of products that meet such criteria.

Although not all products in companies' portfolios are marketed to children, children are an important consumer group. Many categories (for example breakfast cereals, confectionery, dairy products, various soft drinks and sweet biscuits, snack bars and fruit snacks) are frequently consumed by children, regardless of whether children are the target group to which the products are marketed. Therefore, it is important for companies to try to meet these criteria for such categories or products.

No changes were reported at the brand level. As in 2016, 12 companies reported that more than half of their brands offer healthy choices for adults.

Limiting serving size is a strategy that can be used to improve a product's health profile. With input from its Expert Group, ATNF has defined seven product categories in which serving size should be limited to support a healthier diet (confectionery, savory snacks, ice cream and four high-calorie soft drink categories). Nine of 20 relevant companies reported their performance in offering product serving sizes under specific calorie cut-offs, 3 of which seven did so for all relevant categories.

Do companies disclose information about their healthy products?

Companies' transparency about the healthiness of their products has improved, as ten companies now disclose the percentage of products that meet their healthy criteria versus five in 2016. However, on a critical note, four of these ten companies do not publish their criteria for healthiness in full, which severely limits the meaningfulness of the information. Nestlé and Unilever disclose publicly the total number of new healthy product introductions, as well as its nutritional criteria, providing insight into the results of its work to innovate – a best practice that others should emulate. Transparency has also improved around the proportion of products meeting criteria for marketing to children, but remains low overall with 15 companies not disclosing any information of this sort.

Have companies improved the nutritional targets to (re)formulate their products?

Product formulation and reformulation should be driven by clear, valid and published definitions of which products are considered healthy, as described in the company's NPS. Danone, FrieslandCampina and Unilever clearly link their healthy definitions and product (re) formulation targets to their NPSs. FrieslandCampina and Unilever commit to meet the nutritional criteria in their NPSs for 65% and 60%, respectively, of their products based on sales volume by 2020; however, Danone makes the clearest commitment.

Nestlé and Unilever achieve the highest scores on (re) formulation targets across a range of relevant product categories.

FrieslandCampina shows a new approach in its updated NPS regarding product (re)formulation targets to limit both added sugars and total calories. Whereas most companies define either added sugar or calorie targets, FrieslandCampina defines both types of targets for most of its products.

The majority of companies (16) define one or more targets to (re)formulate their products, but six companies – Ajinomoto, BRF, Kraft Heinz, Lactalis, Suntory, Tingyi – do not report any relevant targets.

Eleven companies define relevant targets to limit trans-fat from the most important industrial fat sources (partially hydrogenated vegetable oils), aligned with current WHO recommendations to limit trans-fat intake. NOTE

Six companies cover all of the relevant product categories with their trans-fat target, but only three companies do so with a clear global scope: Mars, Nestlé and Unilever. Several companies report commitments to have zero grams trans-fat indicated on the product labels. However, (re)formulation targets addressing trans-fat should not be related to the nutrient declaration on the product label. Instead, targets should be defined on a weight or calorie basis and should ensure the elimination of artificial trans-fats in product reformulation. Five companies define commitments that are not considered relevant or show no commitment at all.

Nestlé and PepsiCo are the only companies that have set at least one target for all relevant nutrients globally, although the targets to increase 'positive nutrients' are still in an early stage of development. None of the companies defined a full set of targets for all relevant nutrients across all product categories. In particular, targets to increase 'positive nutrients' (fruits, vegetables, nuts, legumes and whole grains) are missing for the large majority of companies.

Compared to 2016, companies have increased their transparency by disclosing more information about their targets and the number of products meeting them.

Companies that are members of the IFBA make commitments on product innovation and (re)formulation within the framework of the industry association, which are published on the IFBA website.⁸ These commitments are similar to the commitments expressed on companies' own websites or in feedback to ATNF, but not defined the same in all cases.

Recommendations for improvement

1. Companies should define a comprehensive set of product (re)formulation targets
2. Clarity on product (re)formulation commitments
3. Commitments and progress should be verifiable by third parties
4. More attention for (re)formulation targets to increase 'positive nutrients'
5. More attention to limiting serving sizes

B2 Nutrient profiling

What has changed in the Nutrient Profiling Systems that companies have implemented?

The quality of company NPSs is very important across the ATNI methodology. Thirteen companies have currently implemented an NPS.

The total number of companies that have implemented an NPS (13) remained the same compared to 2016, but there were positive changes.

Several companies have updated their NPSs and the criteria related to them. For example, Unilever strengthened its 'Highest Nutritional Standards' in November 2016, and FrieslandCampina updated its 'Global Nutritional Standards' with stricter requirements in 2016.

Four companies – Campbell's, Ferrero, General Mills and Kellogg – have implemented a pre-cursor to an NPS.

These systems are not fully disclosed by the companies or were set up long ago without updating the nutritional criteria.

Kraft Heinz does not report having implemented an NPS, although H.J. Heinz Holding Corporation was credited in 2016 for having implemented a precursor to an NPS. Kraft Heinz is encouraged to ensure that previous performance before the merger is maintained and improved upon across the newly-formed company.

Recommendations for improvement

1. Companies should implement, or upgrade to, a full NPS
2. The NPS should be the basis to define healthy products
3. Details of the NPS should be disclosed publicly

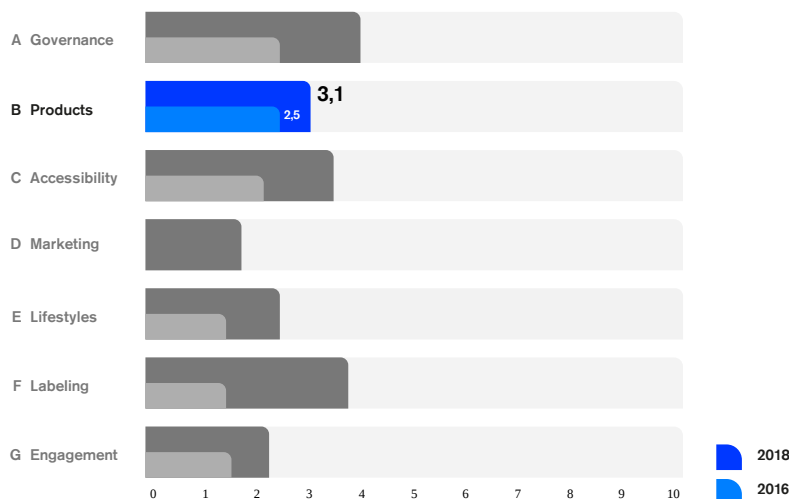


Category B - Undernutrition: Products

25% of the total undernutrition score

To perform well on undernutrition in Category B, companies should:

- Set targets to increase their Research and development (R&D) efforts to develop or introduce fortified products or products inherently high in micronutrients, and commit to increase the number or volume of fortified foods available to undernourished populations.
- Commit to align their approach to fortification with international guidance, to seek to use ingredients with high inherent levels of micronutrients and to fortify only products of high nutritional quality.
- Provide evidence of having introduced new products commercially and of funding non-commercial programs, aiming to deliver appropriately fortified products to priority populations in priority countries.
- Disclose commitments and an explanation of what they have done to increase the number or volume of fortified foods available to undernourished populations, through both commercial and non-commercial activities.



The average scores for Category B Undernutrition in 2018 and 2016

What are the main changes in Category B compared to 2016?

- Progress has been made compared to 2016 as more companies make commitments to develop fortified or other appropriate products to address undernutrition. However, the quality of these commitments falls well below the expectations they raise through their commitments to address undernutrition. The average score increased from 2.5 to 3.1 points.

What evidence is there that companies are developing more appropriately fortified and/or inherently healthy products to tackle undernutrition in priority developing countries, among the population groups most at risk?

Almost the same group of companies that commit to addressing undernutrition also commit to increase the volume and/or number of fortified products or products to address micronutrient deficiencies, showing a good level of consistency in their reporting. In 2016, Ajinomoto, Danone, Grupo Bimbo, Nestlé, PepsiCo and Unilever expressed this commitment; in 2018 Arla, Coca-Cola, FrieslandCampina, Kellogg and Mondelez now make this commitment as well. Grupo Bimbo has not restated its commitment in 2018. To ensure that food fortification delivers clear public health benefits, and is safe and appropriate, clear international guidance is provided in Codex guideline CAC/GL 9-1987⁷ and WHO/FAO guidelines⁸. The number of companies that commit to develop products according to these international guidelines remains very low. Only four of 18 companies, Danone, Mars, Mondelez, Unilever, commit clearly to follow these principles, and only Danone and Mars disclose this commitment publicly. Danone published its comprehensive fortification policy in 2017, containing this commitment.

It is very important that foods that are fortified are healthy and inherently of high quality in addressing undernutrition. Just one third of the companies commit to fortify only products of high underlying quality: Danone, FrieslandCampina, Kellogg, Mars, Mondelez and Nestlé. Mars and Mondelez produce a large proportion of energy-dense confectionery products and both express explicit commitments to not fortify such products with essential nutrients. Danone, Mars and Nestlé are the only companies that disclose their commitment.

- Danone leads the ranking in Category B – Undernutrition as it makes a number of relevant commitments, demonstrates it is developing or already offers a range of products fighting undernutrition and discloses many of its commitments publicly. It is followed by Unilever, FrieslandCampina, PepsiCo, Mondelez and Nestlé.

It is not always necessary to fortify food products with added micronutrients. Micronutrient deficiencies may be addressed as well through ingredients that are naturally high in the micronutrient(s) of public health interest or through (bio) fortified staple foods. Nestlé was the only company in 2016 to commit to seeking to use such ingredients, including fortified staple foods, but in 2018 Danone, FrieslandCampina and Kellogg make this commitment as well.

Twelve companies provided evidence of investments in research or other areas of the business to develop solutions to undernutrition, twice the number that shared such evidence in 2016. See Box 6 for Nestlé's leading practice example related to biofortification approaches.

Unilever reports an example of governmental research cooperation, with the National Institute of Nutrition (NIN) and the Ministry of Health of Vietnam, on the 'National Strategies for Food Fortification', a GAIN-funded project with the aim to introduce fortified products to address vitamin A deficiency. In addition, Unilever has implemented an evaluation tool, the 'Eco Design Tool', to assess early on in innovation projects the potential impact on healthier products and addressing undernutrition. This is good practice and should include external expert evaluation, for example by soliciting feedback from the company's formal undernutrition expert panel.

Eleven companies report targeting undernutrition in specific populations by developing products in the last two years, or through funding non-commercial programs, non-confidentially

Recommendations for improvement

- Commitments to develop and introduce new products to fight undernutrition are necessary

To be credible and consistent, companies that commit to address undernutrition should also invest in developing and introducing new products, and to increase the volume of products sold or used.

- Implementation of tools to evaluate new innovation projects that aim to address undernutrition

Like Unilever, companies are encouraged to implement a tool or approach to evaluate the effectiveness and appropriateness of new initiatives that aim to address undernutrition early on in the process, ideally soliciting input from external experts. This applies both for commercial and philanthropic initiatives.

- Companies should express clearly that they will follow international guidelines for fortifying food and only fortify products of high underlying quality

All companies that address undernutrition through fortifying products should clearly and unequivocally state that they follow Codex and/or WHO/FAO fortification guidelines, and only fortify products of high underlying quality.

- More product formulation activities that focus on women of child-bearing age and children under two are needed

Most companies focus their programs and initiatives on school-age children or children older than two. More well-designed products and initiatives are needed to address undernutrition in women of child-bearing age and children under two.



Category C: Products

20% of overall score

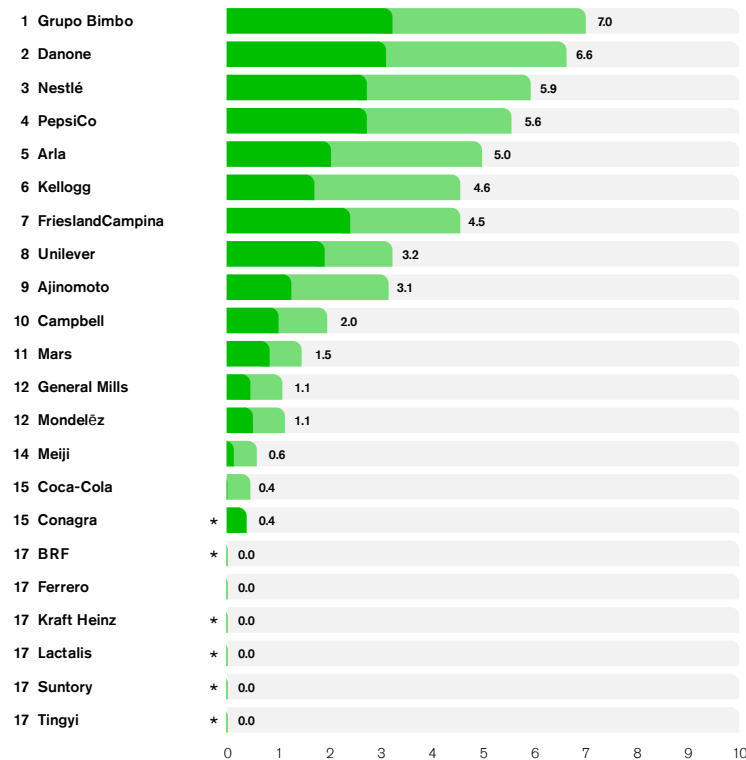
Category C consists of two criteria:

C1 F&B product pricing

C2 F&B product distribution

To perform well in this category, companies should:

- Have formalized written commitments, measurable objectives and targets to improve the affordability and availability of their healthy products for all consumers in all countries worldwide. For example, they should define targets on price points for healthy products and set goals on how many low-income consumers should be reached.
- Publicly disclose their commitments, objectives and targets on accessibility and affordability.
- Apply their approach to affordability and availability for low-income consumers to all the markets in which they operate, including developed and emerging markets, and provide evidence of relevant examples.



Category C Nutrition ranking, based on equally-weighted Criteria C1 and C2 scores

C1 Pricing
C2 Distribution

* Did not provide information to ATNI

What are the main changes in Category C compared to 2016?

- The average score increased to 3.4 from 2.8 in 2016 (as shown in Figure 2), and Nestlé currently leads the ranking with a score of 8.0 points.
- Campbell's showed the largest improvement by increasing its score by three points, mainly related to more reporting on nutritional criteria, which are therefore now recognized as a precursor to a NPS in Criterion B2.
- Reformulation targets were assessed in more detail than in 2016. Although the basis for scoring remained the same, this limits the comparability of Criterion B1 scores to some extent.
- There is a modest increase in the number of companies that commit to invest in R&D, that show evidence of offering more healthy products and that disclose relevant information publicly. In addition, two companies have implemented new NPSs, and several have implemented stricter criteria and product formulation and/or reformulation (henceforth '(re)formulation') targets

C1 and C2 Product pricing and distribution

Do more companies have clear commitments related to improving the affordability and accessibility of their healthy products for all consumers worldwide?

Compared to 2016, more companies in 2018 have articulated commitments to improve the affordability and availability of their healthy products. While in the 2016 Index, 14 companies did not have any commitments on pricing, and 18 had no commitments on improving the availability of healthy products, by 2018, only ten companies had no commitments at all. Further, of the 12 companies that have some kind of commitment in place in 2018, the vast majority (11) have made a global commitment.

Grupo Bimbo leads the nutrition ranking on Category C with a score of 7 out of 10, a significant improvement on its 2016 score of 1.8. The company has developed a global policy covering all relevant product categories and defined price point and distribution targets, which provide strategic guidance for its activities in this area. Kellogg and PepsiCo each improved their scores by more than 4 points mainly due to strengthened global commitments and providing more evidence of activity in these areas. In addition, Danone and Nestlé scored 6.6 and 5.9 out of 10, respectively, and appear to have a strong strategic focus on the accessibility and affordability of healthy products.

Do more companies make commitments to address affordability and accessibility with particular reference to low-income populations?

The number of companies that have made specific commitments with reference to low-income populations has increased since 2016. In 2016, only three companies made commitments that referenced low-income populations in terms of pricing (and one on availability), now five companies – Arla, Danone, Grupo Bimbo, Nestlé and PepsiCo – show leading practice commitments in both areas.

As the results of the previous two Indexes show, commitments often take the form of company-wide mission statements or publicly available goals. Very few companies embed their commitments within an affordability and/or accessibility policy. Ajinomoto, Grupo Bimbo and Nestlé have such global policies. Consequently, the strength of companies' commitments is reflected in their performance scores.

All low-scoring companies are encouraged to begin to define strategic commitments and publish them in an accessibility and/or affordability policy. Companies with strong affordability and accessibility policies, as reflected in high commitment scores, showed most evidence of concrete activities to improve accessibility and affordability, resulting in high performance scores.

Do companies define affordability and accessibility targets and do they base their approach on pricing and affordability analyses?

Despite stronger commitments, in general, very few companies set clear tangible targets for accessibility and affordability of healthy products. Six companies – Arla, Danone, Grupo Bimbo, Mars, Nestlé and PepsiCo – articulate some targets on affordability. For example, how many consumers should be reached with affordably-priced healthy products and targets with particular reference to low-income populations.

Arla, Grupo Bimbo, Meiji, Nestlé and PepsiCo have defined relevant targets related to distribution of healthy products by setting a number of consumers to be reached through improved distribution.

Pricing and affordability analyses entails research focused on determining what low-income populations are willing and able to pay for healthy products and how best, and through which distribution channels, these consumers should be reached. The number of companies conducting some type of accessibility and/or pricing analysis has significantly increased – five companies out of 22 conducted pricing analyses in 2016 versus ten in 2018.

In terms of accessibility analysis, the increase is even more evident, from two companies in 2016 to 11 in 2018. This is a good step towards developing a strategic focus and approach to finding solutions on affordability and accessibility of healthy products for vulnerable populations.

Do companies provide more evidence of reducing the price and expanding the availability of their healthier products for all consumers worldwide?

Compared with 2016, in 2018, three more companies provide examples of activities that improve the affordability of healthy products in developed countries and four more for developing markets. Leading companies on Criterion C1, in terms of examples, are Campbell's, Grupo Bimbo and Unilever. However, the scope of the examples remains limited and companies lack a global or even multi-country strategy.

Evidence that companies are working with retailers and distributors to expand the availability of their healthy products, such as providing incentives to distributors regarding healthy product distribution remains very limited.

The lack of disclosure of specific examples demonstrates, as in 2016, that corporate awareness and concern about the accessibility of healthy products still appears to be low. There is room for significant improvements to be made across the industry.

C1 and C2 recommendations for improvement

1. Companies should develop a strategic focus on affordability and accessibility
2. Companies should go beyond making 'a product' affordable and accessible
3. Companies should have a strategic focus on accessibility and affordability of healthy products in low-income and rural areas
4. A multi-stakeholder approach is needed to address accessibility and affordability dilemmas

For more detailed information about the performance of individual companies including best practice examples and areas of concern, please consult the full Global Index 2018 report in PDF format [here](#).

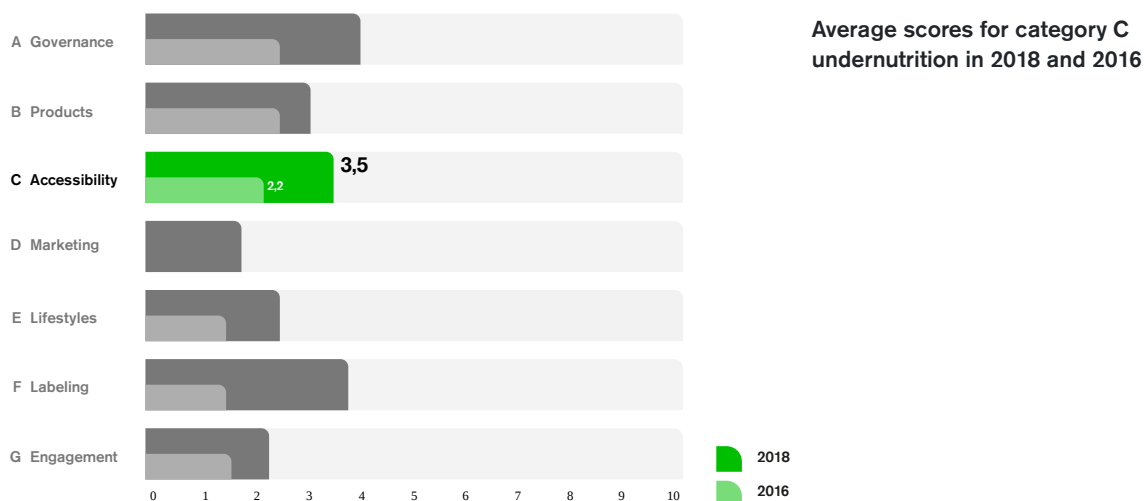


Category C: Undernutrition - Accessibility

20% of the total undernutrition score

To perform well on undernutrition in Category C, companies should:

- Have a commercial commitment and objectives to improve the affordability of their healthy products that address micronutrient deficiencies in developing markets, and be able to provide examples of delivering against their commitment and disclose this information.
- Have a commercial commitment with respect to improving the distribution of their products specifically formulated or appropriate for specific undernourished groups, provide examples of doing so and disclose this information.
- Fund other organizations or otherwise support non-commercial programs that improve the distribution of products specifically formulated or appropriate for specific undernourished groups and disclose this funding and activity.



What are the main changes in Category C compared to 2016?

- More companies make commitments and provide examples of improving the affordability and accessibility of products formulated to address undernutrition in underserved populations, increasing the score from 2.2 to 3.5 points.

- Unilever leads the ranking in Category C because it has the most complete set of commitments, provides good evidence of performance and public disclosure thereof. It is followed by FrieslandCampina, Grupo Bimbo and Nestlé.

Have more companies committed to improve the affordability of products to address undernutrition in developing markets? As a result, do they deliver more such products to the underserved?

More companies have committed to improving the affordability of their products that address micronutrient deficiencies, from four in 2016 to ten in 2018. However, only two of these companies make this commitment concrete by defining clear objectives and targets. Of these, Grupo Bimbo⁹ is the only company that discloses its objectives in full.

Four companies, Danone, Nestlé, PepsiCo and Unilever state very high-level commitments without clear definitions to provide a specific number of fortified servings or to positively impact the lives of a specific number of people. Since such commitments are broad and vague, and do not relate specifically to pricing or concrete measures of affordability, they are not ranked here.

What evidence is available that more companies have committed to improve the accessibility of fortified products in developing markets, and have delivered against that commitment?

Similar to commitments on affordability, more companies commit to improve the accessibility of products specifically formulated or appropriate for the undernourished. Of ten companies making a commitment, Danone, Grupo Bimbo and Nestlé defined clear objectives and targets, with Nestlé and Grupo Bimbo disclosing this publicly. Many companies make commitments related to both affordability and accessibility within one strategy or framework.

Of the ten companies making a commitment to improve the accessibility of relevant products, seven companies show examples of having done so in high-priority developing countries. Grupo Bimbo shows examples in Mexico, which is not a high-priority developing country. Unilever runs several relevant initiatives across high-priority countries.¹⁰

FrieslandCampina, Mondelez, Nestlé, PepsiCo and Unilever show more than five examples of providing reduced product sizes or reduced pricing to enable low-income populations to more easily afford them, in high-priority developing countries. FrieslandCampina provides multiple examples of improving affordability, including aiming to address the 'bottom of the pyramid' population with fortified evaporated milk products at various price points in Nigeria. Nestlé aims to provide products in pack sizes and formats that undernourished consumers can afford everyday – bouillons, cubes and single serve packs, in various high-priority countries. Five other companies show fewer than five examples or show examples in low-priority countries. This is a slight increase in companies providing relevant evidence compared to 2016. Ajinomoto and PepsiCo provide examples without making a clear commitment. Coca-Cola makes the commitment in relation to a commercial product that is in development for introduction in multiple high-priority countries, but it is not yet on the market and therefore cannot provide examples of affordable pricing related to that project.

Eleven companies provided evidence of funding noncommercial programs to improve the accessibility of healthy products that are formulated specifically for undernourished target groups, and almost all of these companies provide a commentary on the programs they support. These programs comprise a variety of initiatives. Besides funding programs run by NGOs or other organizations, such as UNICEF, the World Food Programme, Save the Children and others, companies are directly involved in programs as well. School feeding programs are run by five companies, e.g. FrieslandCampina focuses on school milk programs and Kellogg runs breakfast programs with fortified products that are adapted to local needs and guidelines. Other initiatives include work through companies' foundations to fund social business programs with a focus on improving the accessibility of relevant products, such as those run by Ajinomoto and Danone.

Recommendations for improvement

- Companies need to define clear objectives and targets for making healthy food affordable and accessible to the undernourished

If SDG 2 is to be achieved by 2030, it is urgent that all companies define and disclose a comprehensive set of targets and objectives and actively contribute to eradicating undernutrition.

- Accessibility and affordability considerations should be an integral part of a company's undernutrition strategy

Grupo Bimbo demonstrates best practice by integrating accessibility and affordability considerations and objectives into its nutrition strategy, which includes the companies' commercial approach to addressing undernutrition. Other companies should adopt a similar approach, rather than making very broad statements about providing a specific number of 'fortified servings' (or similar) by a target date.

- Exploration of new business models and approaches

Companies can encounter tension between the objective of providing undernourished low-income, difficult-to-reach populations with affordable products and achieving a scale that makes such initiatives commercially viable. Several companies illustrate that they are exploring new approaches. For example, by funding social business projects or by exploring avenues well outside the current business. Companies are encouraged to increase these efforts and to seek pre-competitive collaboration through organizations such as GAIN or the SUN Business Network to join forces where possible. Such explorations should be an add-on to, not a substitute for, commercial investments in healthy foods for the undernourished.



Category D: Marketing

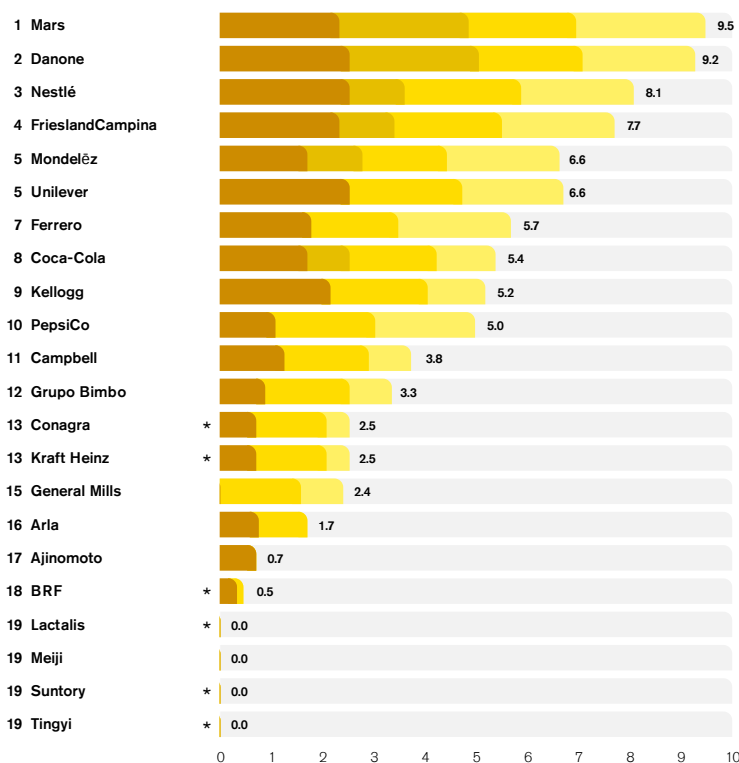
20% of the score

Category D consists of two parallel groups each with two criteria:

- D1 Responsible marketing policy
- D2 Auditing and compliance with policy Children
- D3 Responsible marketing policy
- D4 Auditing and compliance with policy

To perform well in this category, companies should:

- Develop and implement a responsible global marketing policy for all consumers that incorporates the responsible marketing principles of the International Chamber of Commerce Framework and is applied equally to all media channels and all markets of operation.
- Adopt a comprehensive global policy on responsible marketing to children, which, at a minimum, applies to children under 12, as well as to when children make up more than 25% of a general audience.
- Explicitly commit not to market any products to children under 12 on all media, unless the products meet the company's definition of healthy, and should commit to use only responsible marketing techniques.
- Commission or take part in industry-level independent audits of compliance with these policies and disclose individual compliance levels for traditional and new media.



Category D Nutrition ranking, based on equally-weighted Criteria D1, D2, D3 and D4 scores

- D1 Policy (all)
- D2 Compliance (all)
- D3 Policy (children)
- D4 Compliance (children)

* Did not provide information to ATNI

What are the main changes in Category D compared to 2016?

- The average Category D nutrition score increased to 3.9 from 3.8 in 2016 (as shown in Figure 2), and Mars currently leads the ranking with a score of 9.5 points.
- FrieslandCampina showed the largest improvement by increasing its score by almost five points, primarily related to its updated global responsible marketing guidelines, which were updated in 2017. The guidelines now address a comprehensive set of media channels to which the company applies its responsible marketing policy, covers a wider range of commitments related to the representation of products when marketing to all consumers and includes a compliance assessment of marketing communications across relevant company markets.
- Since 2016, companies strengthened their responsible marketing commitments – seven companies updated their marketing commitments to all consumers, and ten companies updated their marketing commitments to children. As indicated above, overall, the score of Category D has increased slightly. Based on stakeholder advice and input that indicated that, despite companies' commitments, there is still evidence of companies marketing to children, ATNF has applied a stricter approach for evaluating evidence compared with 2016. This has consequently led to stricter assessment and less progress in terms of score increases.

D1 Responsible marketing policy

To what extent did the companies strengthen their commitments to market responsibly to all consumers?

Danone, Nestlé and Unilever lead the ranking on Criterion D1 responsible marketing policy for all consumers. All three achieved a score of 100% (Danone and Mars both rank first on D2 with a full score as well).

Since 2016, seven companies have adopted new policies in which they strengthened their commitments, and some expanded the scope of media covered by their policies. Overall, all 17 companies that make commitments to market responsibly to all consumers apply their practices globally in all markets where they operate.

In 2016, Unilever was the only company that fully aligned its commitments with ICC principles. The company made two additional commitments that go beyond the commitments covered by the ICC Framework and are covered by the ATNI methodology: Not to use models with a body mass index (BMI) of under 18.5 and to present products in the context of a balanced diet. Going beyond the ICC and committing to these additional responsible representations of products commitments is considered industry-leading practice. Danone, Mars and Nestlé also made both commitments, which contributed to increasing their scores for the 2018 Index, illustrating leading practice in the sector and scoring 100% on this particular element of the ATNI methodology.

Coca-Cola, Ferrero, Mondelez and PepsiCo also pledge to comply with the ICC Framework (in addition to Danone, Nestlé and Unilever), and make comprehensive commitments related to the representation of products. However, the companies that pledge to the ICC Framework interpret and therefore apply these commitments to different media and, consequently, not across all media. For an overview of relevant media covered by the ATNI methodology.

Since the 2016 Global Index, Coca-Cola, FrieslandCampina, Grupo Bimbo, Mars and Mondelez have increased their scores, as they implemented new policies that are more aligned with the principles of the ICC Framework in terms of commitments related to the representation of products. In the cases of Coca-Cola and FrieslandCampina, their policy updates contributed to an increase of more than six and five points, respectively, taking their 2018 Criterion D1 scores to 6.9 and 9.3, respectively.

Some companies, for example, Campbell's, provided evidence of an already existing policy for the 2018 Index, which in 2016 was not shared and thus not credited. Consequently, this had a positive impact on the company's score.

Five companies – General Mills, Lactalis, Meiji, Suntory and Tingyi, do not make relevant commitments related to criteria D1 – responsible marketing practices related to all consumers.

Did companies expand the scope of media channels covered by their policies?

Overall, the media channels covered vary by company and are usually aligned with media covered by individual pledges to which companies commit in different markets. The media channels that companies omit from their policies most commonly are in-store marketing and cinema. These media are only covered by seven companies explicitly.

Of those companies that make at least some kind of commitment related to responsible marketing, six companies – Coca-Cola, Danone, Ferrero, Mondelez, Nestlé and Unilever – apply their commitments to all media. Eleven other companies do not specify the media channels to which their responsible marketing commitments apply. This number has increased since 2016, mainly due to the fact that more companies are not providing sufficient evidence.

Arla and Coca-Cola expanded the scope of media covered by their policies, increasing their scores on this specific indicator from 0 to 5.8 and 10, respectively. Campbell's also improved its score because of its expanded commitments and provided evidence of a policy.

How good are companies' disclosures of policy commitments to all consumers?

From the 17 companies that have commitments to responsible marketing practices, 15 disclose their responsible marketing commitments to all consumers in the public domain. However, full disclosure, including media channels, is more limited. Only six companies also disclose publicly the media channels that are covered by their policy. The remaining eight companies provided information about media channels confidentially.

D2 Auditing and compliance with policy

Do more companies conduct an independent third-party audit to assess their compliance with their responsible marketing policies?

Danone and Mars are the only two companies that commission independent third-party audits of their marketing activity to all consumers. Four other companies conduct an internal audit, but 16 companies do not report having any type of auditing mechanism in place.

The audits of all six companies that do either internal or third-party audits – Danone, FrieslandCampina, Mars, Mondelez, Nestlé and Unilever – are global in scope.

How good are companies' disclosures of their audit results?

Of the six companies conducting audits to assess compliance with marketing to all commitments, only three companies – Coca-Cola, Danone and Mars – disclose information about the audits and compliance with their marketing policies. Despite the fact that three additional companies provide some information about audits, disclosure remains very poor.

D3 Responsible marketing policy

Did companies make progress since 2016 in adopting comprehensive best-practice policies across their whole business to strengthen their commitments to market their products responsibly?

Since 2016, ten companies updated their policy commitments, expanded the media channels covered and strengthened audience age thresholds. Of these, eight are International Food and Beverage Alliance (IFBA) members, and two are EU Pledge members. These policy updates resulted, on average, in higher scores on Criterion D3.

Nestlé leads the ranking on marketing to children (Criterion D3), followed by Unilever and Mars. Arla and FrieslandCampina demonstrated the biggest improvement due to significantly strengthening their policies to cover more media channels and setting stricter audience thresholds. Kraft Heinz made a public commitment to support the Children's Advertising Review Unit (CARU) guidelines in the U.S., which include many specific provisions on marketing communications to children embodied in the ICC Framework.

Lactalis, Meiji, Suntory and Tingyi did not provide relevant information, and do not seem to have any commitments to responsible marketing to children available in the public domain.

Compared to 2016, no companies expanded the geographic scope of their policies. Fourteen companies apply their commitments globally, and eight apply them in their home markets only.

Are more media covered by policies in 2018?

Since the 2016 assessment, additional media were added to the assessment – mobile and SMS marketing, and product placement in movies or TV shows. Six companies make explicit commitments to cover all forms of media.

Ajinomoto, Lactalis, Meiji, Suntory and Tingyi did not share relevant evidence with ATNF, and no data on media covered is available in the public domain.

Some companies claim that even though not explicitly mentioned, their commitments are broader than specified in their policies. For this assessment, these commitments were not taken into considerations.

Did companies strengthen the age restrictions and audience thresholds since 2016?

Since 2016, five companies – Arla, FrieslandCampina, General Mills, Mondelez and Nestlé – have expanded the age restrictions and/or audience thresholds determining marketing to children. Table 2 presents companies with leading commitments in these two areas. Companies highlighted in blue show commitments that have changed since 2016.

Ajinomoto, Lactalis, Meiji, Suntory and Tingyi do not publish in the public domain and did not share with ATNF any audience thresholds and age restrictions on their marketing practices to children.

Areas in which too little progress has been made:

- Marketing in and around schools

1. Primary schools: 16 companies commit to not market in primary schools, of which ten make broader commitments, mostly pledging to only offer 'educational materials' when in agreement with schools/parents. Alarming, only two companies – Danone and Nestlé – commit to not market near schools. Overall, Nestlé has the strongest commitments, making additional commitments to uphold its marketing in and around schools to new media advertising techniques such as websites, social media and apps run by schools. This is a best practice among the companies assessed.

2. Secondary schools: Only four companies – Danone, General Mills, Kraft Heinz and Mondelez – have extended a ban on marketing in primary schools to secondary schools. Kellogg and Mars make limited commitments relating to offering only educational materials. Danone has the most comprehensive commitment as it is the only company committing to a responsible marketing approach near secondary schools. Overall, limited progress has been made since 2016, demonstrating the need for the industry as a whole to do more to restrict marketing to adolescents to only healthy products.

- **Other places where children gather:** Danone and Nestlé are the only two companies that make a commitment to restrict their marketing in places where children gather. Even though these companies are leading in this area, their commitments remain relatively limited in terms of the facilities to which they apply.

- **Use of own fantasy and animated characters:** While most companies (and industry pledges) contain a commitment not to use third-party fantasy and animation characters with a strong appeal to children, few companies make a similar pledge regarding the use of their own trademarked characters. Only seven companies extend their commitments to only use their own fantasy characters when marketing healthy products.

What is the geographic application of companies' responsible marketing policies to children?

From the companies that make commitments relating to responsible marketing to children, 13 companies have a global policy; ConAgra and Kraft Heinz have policies in place that only cover their home market, the U.S. Campbell's commits to relevant local pledges in its major markets of the U.S., Australia and Canada, and, thus, does not appear to have one comprehensive, overarching policy. General Mills pledges to IFBA globally, but its U.S. (home-market) commitments on responsible marketing techniques are stronger than its global ones, as the company commits to comply with the relatively extensive CARU guidelines and Children's Food and Beverage Advertising Initiative (CFBAI) applicable in the U.S. Although the company does commit to apply CFBAI nutrition standards worldwide, it is encouraged to define globally applicable commitments on the use of marketing techniques and activities.

D4 Auditing and compliance with policy

How have auditing practices improved since the last Index?

While a number of companies strengthened their marketing commitments to children, progress is less pronounced regarding auditing, as most of the companies participate in audits conducted by the industry pledge organizations they are members of. Only three companies – Danone, Mars and Nestlé – appoint an independent auditor, the best practice that ATNF encourages.

In auditing their compliance, only Mars and Nestlé audit compliance across all media to which they commit to apply their responsible marketing principles. The remaining 13 companies' audits only cover media within the pledges, which do not encompass all media.

Fourteen companies do not report results of their individual compliance level, illustrating a relatively low level of transparency.

Recommendations

- 1.** Align interpretations of commitments covered by pledges
- 2.** Adopt or strengthen marketing policies
- 3.** Underpin marketing practice with an appropriate NPS
- 4.** Publish individual audit results

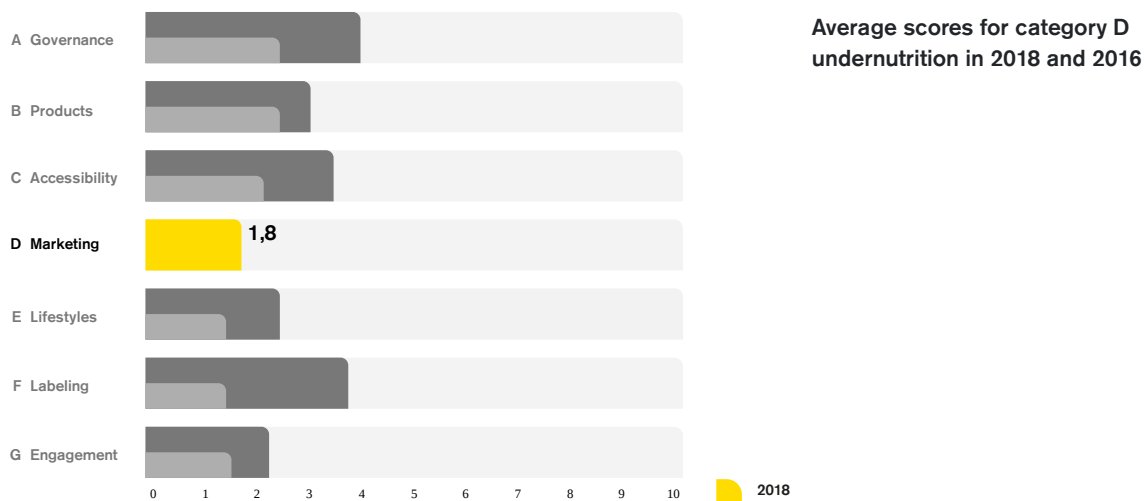


Category D - Undernutrition: Marketing

20% of the total undernutrition score

To perform well on undernutrition in Category D, companies should:

- Make an explicit commitment to developing and delivering marketing strategies appropriate to reaching undernourished populations in developing countries, and disclose this commitment publicly.
- Provide evidence of taking steps to understand and reach undernourished consumers in developing countries with appropriate products.



What are the main changes in Category D compared to 2016?

- More companies report a relevant commitment and provide more evidence than they did in 2016. Category D indicators related to undernutrition were not scored in 2016, therefore a comparison in score is not possible. Although the average score is low with 1.8 points, FrieslandCampina leads the ranking in Category D Undernutrition with an almost full score, followed by Kellogg, Nestlé and Mars.

Do companies commit to developing and delivering marketing strategies appropriate to reaching undernourished populations in developing countries?

More companies express their awareness of the need to develop specific marketing strategies to address undernourished consumers in developing countries. Five companies make a commitment to do so, including Ajinomoto, FrieslandCampina, Kellogg and Nestlé, compared to none in 2016. FrieslandCampina and Kellogg are the only two companies to disclose these commitments publicly. Despite this increase, the large majority of companies (12) do not make a relevant commitment.

Danone, Coca-Cola, PepsiCo and Unilever provide examples of taking steps to understand and reach undernourished consumers in developing countries with appropriate products, without making a clear commitment to do so.

In 2016, only Danone, Nestlé and Unilever provided evidence of having gathered relevant data and insight to inform their marketing strategies. In 2018, more companies including FrieslandCampina, PepsiCo and Coca-Cola provided such data as well.

Recommendations for improvement

- Companies need to demonstrate better that they are aware of the need to develop specific marketing strategies to reach undernourished consumers

More companies provided evidence of having gathered relevant data and insight to inform their marketing strategies, rather than making a commitment to do so. This shows an implicit awareness of the importance of this topic. All companies that commit to address undernutrition should commit to develop specific strategies to reach the relevant target populations.

- Companies should continue and go beyond gathering consumer and market insights

The seven companies that have initiated activities to understand and reach undernourished consumers all provided evidence of gathering consumer and market insight, which is a good practice the remaining companies should emulate. However, a wider, more comprehensive approach to address difficult-to-reach populations should get more attention from all companies, for example by using multiple mass and social media communication channels, and by involving creative agencies and behavioral specialists.

- Assessed for the first time – further develop methodology to assess performance as well

Companies' marketing commitments related to addressing undernutrition, and disclosure of those commitments, were not scored before. Currently, this category consists of just a few indicators, without assessing actual marketing performance indicators. In the future, ATNI plans to cover this aspect as well.

Due to the standard way of scoring indicators in ATNI methodology, the commitment to developing and delivering marketing strategies appropriate to reaching undernourished populations, combined with the disclosure thereof, currently determines 75% of the score of Category D. ATNI will address this in its next index to ensure an optimally balanced scoring system.



Category E: Lifestyles

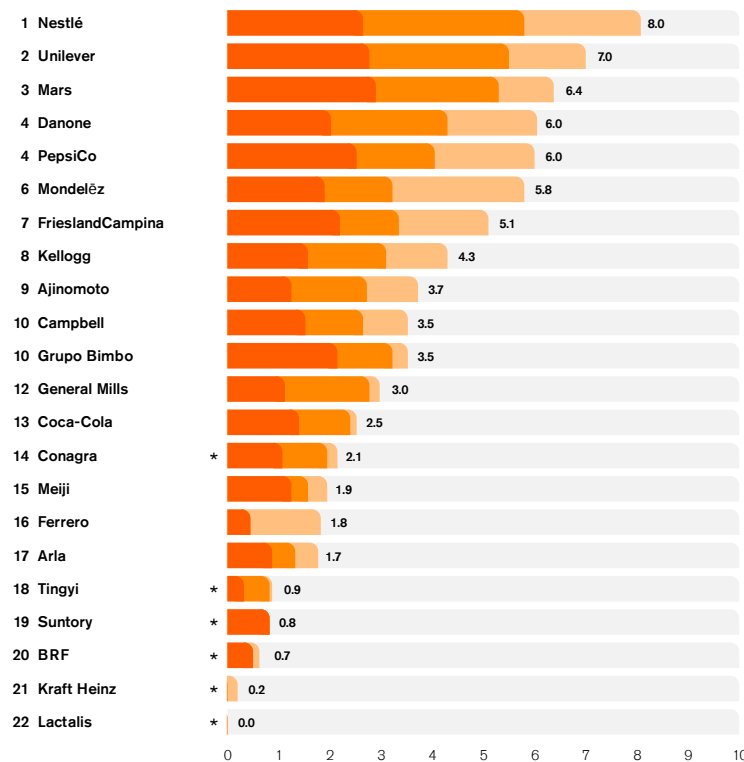
2.5% of the score

Category E assesses the extent to which companies support efforts to encourage healthy lifestyles through three criteria:

- E1 Supporting staff health and wellness
- E2 Supporting breastfeeding mothers in the workplace
- E3 Supporting consumer-oriented healthy diet and active lifestyle programs

To perform well in this category, companies should:

- Offer comprehensive nutrition and healthy lifestyle programs within their overall staff health and wellness programs, for all employees and their families globally.
- Offer supportive maternity leave policies including paid maternity leave of ideally six months or more, flexible working arrangements and appropriate workplace facilities for breastfeeding mothers when they return to work.
- Commit to support integrated, comprehensive, consumer-oriented healthy diet and active lifestyle programs and campaigns globally, developed and implemented by independent organizations with relevant expertise.



Category E Nutrition ranking, based on equally-weighted Criteria E1, E3 and E3 scores

- E1 Employees
- E2 Breastfeeding
- E3 Consumers

* Did not provide information to ATNI

What are the main changes in Category E compared to 2016?

The average score increased to 3.4 from 2.5 in 2016 (as shown in Figure 2), and Nestlé currently leads the ranking with a score of 8.0 points.

- PepsiCo showed the largest improvement by increasing its score by more than three points, which is mostly related to clearer articulation of expected health and business outcomes in relation to the nutrition, diet and activity elements of its health and wellness program. Further, PepsiCo has a new commitment in place to support and set up facilities for breastfeeding mothers at work and has a more explicit commitment in place to exclusively supporting educational programs developed and implemented by independent groups with relevant expertise.

- Since the previous Index, companies' support for healthy diets and active lifestyles overall has increased. The companies provided more evidence of commitments and programs to encourage their staff to adopt healthy diets and active lifestyles, as well as those to support new mothers to continue to breastfeed in the workplace. On the other hand, progress on developing well-designed and effective nutrition education and activity programs remains limited.

E1 Supporting staff health and wellness

Do more companies commit to offering employee health and wellness through a program focused on nutrition, diet and activity?

Since 2016, corporate commitments to support employee health and wellness have increased. In the previous Index, 13 companies had such a commitment in place; in 2018, all companies, with the exception of Lactalis and Kraft Heinz, report some commitment to support employee health and well-being. This is a considerable improvement since 2016. Of these 20 companies, 12 make a global commitment.

Mars leads the ranking on Criterion E1, followed by Unilever and Nestlé. All three companies offer robust employee health and wellness (H&W) programs, with employee participation targets, and clearly set out the health and business outcomes they aim to achieve.

In Criterion E1, PepsiCo has improved the most since 2016 among its peers. The company has a strategy that includes a comprehensive H&W program entitled 'Healthy Living', which aims to help employees and families improve their physical, financial and emotional health. It also includes independent monitoring and articulates a focus on health and business outcomes.

More companies improved their score on E1 since 2016. Of these, Arla and Tingyi scored zero in 2016 and have improved since then. In 2016, Arla and Tingyi reported no commitment or activities in this area. In this Index, both companies have articulated a commitment and provide evidence of programs offered at their headquarters. Additionally, Arla has extended the types of H&W programs available to its employees and is in the process of conducting a review of these activities.

Most of the companies have some type of workplace H&W programs at their headquarters. However, the scope of these programs varies considerably, as only eight companies offer their H&W programs to all employees worldwide.

Do companies increasingly conduct independent evaluations of the health impact of their H&W programs?

Twelve companies report that they conduct some form of evaluation of their wellness programs. However, only five of these companies – Danone, FrieslandCampina, Mars, Nestlé and PepsiCo – have adopted the best practice of commissioning independent evaluations by a third-party. No companies publish an independent evaluation of their wellness programs in full. Only Grupo Bimbo and Unilever publish summary evaluations; however, these are conducted by the companies themselves. Considering the importance of H&W for employee well-being, companies should do a lot more to assess whether their programs are delivering real health outcomes.

Recommendations for improvement

- Make H&W programs available to all employees and their families globally
- Define health and business outcomes for programs focused on nutrition, diet and activity
- Commission more external evaluations
- Increase transparency

E2 Supporting breastfeeding mothers in the workplace

Do more companies support breastfeeding mothers at work by providing them with appropriate working conditions and facilities?

In 2016, corporate performance on this criterion was relatively poor, and most companies provided information only upon request. In this Index, the average score increased from 2.4 to 3.3 (out of 10), mainly due to better disclosure and slightly improved commitments to support breastfeeding mothers at work.

Nestlé leads the E2 ranking. The company has a global policy with comprehensive standards that support the key principles set out by the International Labour Organization (ILO) Maternity Protection Convention. For more details about Nestlé's approach to supporting breastfeeding mothers at work.

Unilever and Mars rank second and third, respectively, on Criterion E2. Unilever has a new global policy that is disclosed publicly, and Mars now offers breastfeeding facilities globally.

More companies (15 compared to nine in 2016) now commit to supporting breastfeeding mothers. Companies with a new commitment include Ajinomoto, Campbell's, Coca-Cola, Mondelez, PepsiCo and Tingyi. For more details about Campbell's and Coca-Cola's policy. Seven companies did not provide any evidence in this area.

Of the 15 companies that have a commitment to support breastfeeding mothers at work, six have a policy that defines appropriate working conditions and facilities at work for breastfeeding mothers. Of these six companies, only Danone, Nestlé and Unilever have a global policy that goes beyond local legislation and offers paid maternity leave between three and six months and standard facilities in all markets. The global application of the policy is considered an industry-leading practice. Companies that do not have a global policy that is equally applied in all markets often commit only to follow local regulation or only to provide breastfeeding facilities in their home market. Consequently, the scope of support for breastfeeding mothers in the workplace continues to differ across countries.

The most progress has been made by Ajinomoto and PepsiCo. In its internal documents, Ajinomoto articulates support for breastfeeding mothers and offers up to 14 weeks of paid maternity leave and voluntary childcare leave of one year. In addition, the company now offers breastfeeding rooms at its headquarters.

PepsiCo has developed a strategy in which the company commits to provide breastfeeding mothers with appropriate working conditions and facilities. Currently, in a number of its locations worldwide, the company offers either mother's rooms, wellness rooms, or alternate space available for nursing mothers. In addition, the company is expanding the number of PepsiCo locations with facilities for nursing mothers.

Did companies improve their public reporting on supporting breastfeeding mothers in the workplace?

Seven companies publish commentary about how they support breastfeeding mothers in the workplace. However, of these, only Danone and Nestlé share their maternity policy in full in the public domain. Compared with 2016, companies disclose more information in this area, though disclosure remains weak overall.

E2 Recommendations for improvement

- Extend paid maternity leave to six months
- Develop a global policy that applies equally in all markets
- Increase transparency
- BMS companies should step up their support of breastfeeding mothers at work

E3 Supporting consumer-oriented healthy diets and active lifestyle programs

Which companies lead the ranking on supporting consumer-oriented healthy diets and active lifestyle programs?

Mondelez, Nestlé and PepsiCo lead the ranking on Criterion E3. These companies show leading practices in different areas, for example, by making sure that their programs are designed primarily to deliver good nutrition education or to promote physical activity (rather than being an extension of their marketing activities) and by commissioning independent evaluations to assess the impact of their programs.

Even though one-on-one comparison between 2018 and 2016 scores is not possible due to some changes in the methodology, for indicators that allow direct comparison, little progress has been made. Since 2016, there are no examples of a company making a new commitment to exclude brand-level sponsorship of healthy diets and/or active lifestyle programs, and only one more company now commits to support nutrition education programs developed by third-party organizations.

Do more companies have policies to guide their funding of nutrition education and physical activity programs?

In terms of formalizing their commitments to fund consumer education programs on nutrition, as in 2016, Nestlé is the only company that commits to aligning its healthy diet programs to national dietary guidelines and has a clear policy that excludes brand-level sponsorship (as opposed to corporate branding, which is not necessarily discouraged by ATNF). Five other companies commit to aligning their healthy diet educational programs to national dietary guidelines. Mars is the only other company with a policy to exclude brand-level sponsorship, covering both educational and lifestyle programs.

Have companies made strides in committing only to funding programs developed and run by independent expert organizations?

Mondelez and PepsiCo are leaders in this area, as they only fund healthy eating and healthy lifestyle programs set up and run by third-parties. Furthermore, these companies only support and fund programs for which content is written by an independent third-party and over which the companies have no editorial control. This approach to supporting consumer education programs is an industry-leading practice.

Mondelez (through the Mondelez International Foundation) remains the only company that commissions independent evaluations of all the programs it funds. Eight other companies commission some type of independent evaluations of some of their programs' health impacts.

Do companies disclose more information about their support of consumer-oriented educational programs?

Disclosure of commitments, policies and independent evaluations remains poor. Of the 22 assessed companies, six do not disclose any information about the consumer education programs they offer or support and six other companies publish only limited information.

E3 Recommendations for improvement

- Develop a policy that excludes brand-level sponsorship of consumer orientated programs
- Support programs exclusively developed by independent third-parties with relevant expertise
- Commission independent evaluations and publicly disclose the results

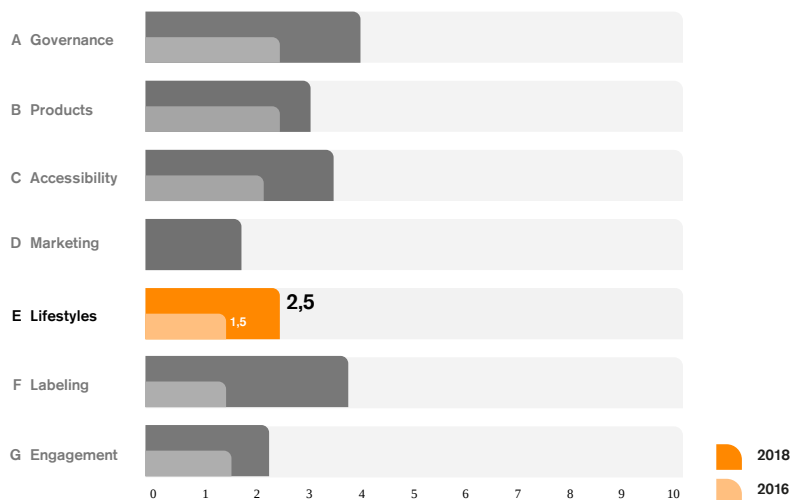
Category E - Undernutrition: Lifestyles



Consumer education on micronutrient deficiency in developing countries / 2.5% of the total undernutrition score

To perform well on undernutrition in Category E, companies should:

- Commit to support well-designed programs educating undernourished consumers about the importance of breastfeeding, micronutrient fortification and healthy diets.
- Publish their commitments as well as the content and results of the programs they support.



What are the main changes in Category E compared to 2016?

- Compared to 2016, more companies make a commitment to educate undernourished consumers in developing countries about healthy foods (that address micronutrient deficiencies) by supporting relevant programs, while the public disclosure of information regarding these programs has remained fairly stable. Overall, only eight companies report supporting relevant undernutrition education programs in developing countries, which is the lowest across the seven categories in the assessment related to undernutrition. The average score increased from 1.5 to 2.5 points.

Is there evidence that companies commit to and support good, independently-designed nutrition education programs aimed at undernourished consumers?

As in 2016, Mondelez stands out as the only company that has a written policy and guidelines regarding the kinds of undernutrition programs it will sponsor, and commits to exclusively support programs developed and implemented by independent organizations with relevant expertise. Mondelez discloses the principles that are applied by the Mondelez International Foundation. The company commits that programs sponsored through its foundation are designed and implemented by an independent third party in such a way that the company does not direct the content or structure of the program. Moreover, these programs are independently evaluated, and the company discloses a full description of all programs, including evaluation data.

Besides Mondelez, Ajinomoto also has a written guideline on the kinds of programs relating to undernutrition it will sponsor/fund through its philanthropic programs, related to the company's foundation. Ajinomoto discloses the Ajinomoto International Cooperation Network for Nutrition and Health (AIN) program, with an emphasis on nutrition education in developing countries.

- Mondelez leads the ranking with a clearly defined and publicly disclosed approach to fund and support independently designed and evaluated programs, followed by Nestlé, Kellogg, PepsiCo and Ajinomoto.

Five companies, Ajinomoto, Kellogg, Nestlé, PepsiCo and Unilever, commit to support programs developed and implemented by independent organizations in addition to its own programs. Furthermore, these companies provide a limited disclosure of the supported programs. Apart from Mondelez, Nestlé is the only company that follows best practice by embedding independent impact evaluations into the design of all programs.

On seven topics, related to maternal and child health, benefits of breastfeeding, benefits of micronutrient supplementation and diverse diets, only Nestlé and Ajinomoto demonstrated that they cover most of these topics through the programs they support, followed by Danone, Kellogg, Mondelez and Unilever, all of which cover more than half of the relevant topics identified. Eight companies provided evidence of relevant programs, leaving ten remaining companies that do not report on any relevant initiatives. Of the eight companies that support relevant initiatives, six report support for programs in high-priority developing countries. Two companies, Danone and Grupo Bimbo, do not provide information on the geographic focus of their programs or report on low-priority countries only.

Recommendations for improvement

- More focus on nutritional education of undernourished consumers is needed

Companies can have a positive impact on the health of undernourished consumers by supporting nutrition education of undernourished consumers. Not enough companies in the Index do so currently.

- A structured approach with independently designed programs and transparency about companies' roles

Mondelez shows best practice by having a policy in place to describe the type of consumer education programs it will support and fund, disclosing it publicly, working with independently designed and evaluated programs and providing a full description of programs and evaluations. All companies should adopt a similar approach, tailored to the company context.



Category F: Labeling

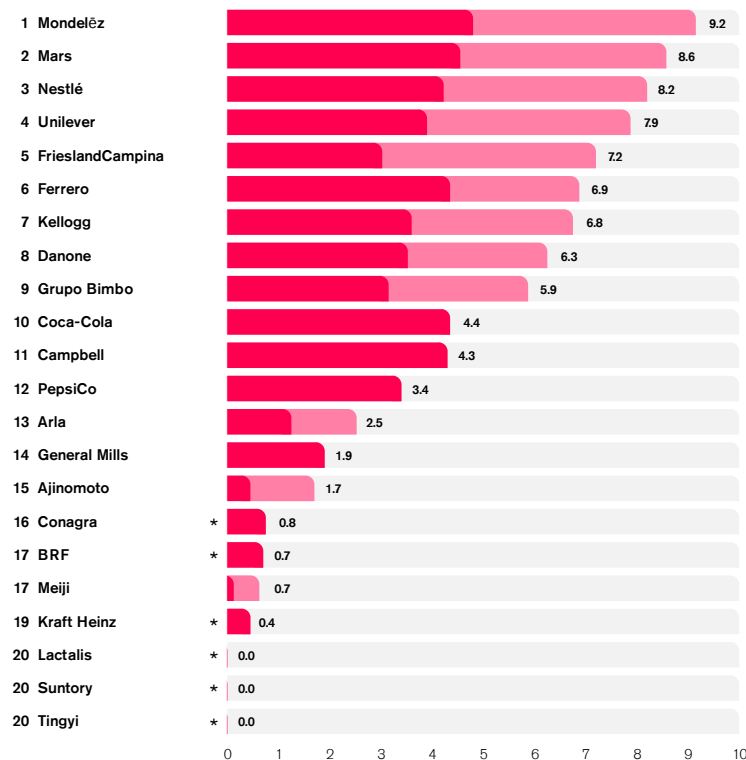
15% of the score

Category F consists of two criteria:

- F1 Nutrition labeling
- F2 Health and nutrition claims
- F3

To perform well in this category, companies should:

- Adopt, publish and fully implement a global policy on nutrition labeling that commits to provide information on all key nutrients in a way that is easy to understand for consumers, including information on portion size and nutrients as percentages of Daily Values (or equivalent) displayed appropriately in nutrition information panels on the back of packs and in interpretative format on the front of packs.
- Disclose the degree to which full labeling policy is implemented, at the level of markets with full roll-out.
- Adopt and publish a global policy on the use of both health and nutrition claims that states that, in countries where no national regulatory system exists, such claims will only be placed on products if they are in full compliance with the relevant Codex standard.
- Track and disclose the number of products that carry health and nutrition claims.



Category F Nutrition ranking, based on equally-weighted Criteria F1 and F2 scores

F1 Facts
F2 Claims

* Did not provide information to ATNI

What are the main changes in Category F compared to 2016?

- The average score increased to 4.0 from 2.5 in 2016 (as shown in Figure 2), and Mondelez leads the ranking with 9.2 points.
- Mars showed the most improvement by increasing its score by more than five points, which is mostly related to the complete roll-out of its labeling commitments and disclosure of this information, as well as its tracking of health and nutrition claims, which was not reported in 2016.
- Overall, companies have made considerable progress on nutrition labeling since 2016. Nineteen companies now express a commitment to provide consumers with nutrition information on product labels, 15 of which commit to provide it both on the back and front of packs. The greatest difference compared to 2016 was that companies provided more evidence of roll-out of these commitments across markets, as well as more public disclosure of policies and performance. Combined with an increase in commitments to appropriately use health claims (four more companies) and nutrition claims (three more companies).

F1 Nutrition labeling

Have companies improved their commitments to provide nutrition information on the back and front of packs?

Mondelez leads the ranking in Criterion F1 and, together with Mars, scores more than nine points. Both companies make public commitments to comprehensive nutrition labeling and publicly disclose information about their progress to roll-out comprehensive nutrition labeling in more than 80% of their markets.

In 2016, the majority of companies had expressed commitments to provide comprehensive nutrition information on back-of-pack (BOP) labels and an overview of essential nutrition information on front-of-pack (FOP) labels; however, little change was observed in this regard for 2018. The number of companies that make global commitments increased by one to 15 out of 22 companies. Thirteen of these companies commit to provide nutrient quantities as percentages of daily values (or equivalent) globally as well, the same as in 2016, and two additional companies (ConAgra and Kraft Heinz) commit to do so in their home markets.

Only nine companies commit to provide nutritional information on a per serving (or per portion) basis for products whether packaged as single portions or as multiple portions (rather than only per 100 grams or 100 ml). This is a slight increase on eight companies in 2016.

Mars and FrieslandCampina are the only two companies that commit to provide the full list of the eight most important nutrients globally. Several other companies commit to provide the full list of nutrients, but do not extend this commitment to all markets in which they are active. Commitments to label trans-fat and fiber are most often missing from companies' global commitments.

Most of the companies that express commitments to provide nutrition information on their labels are associated with the International Food and Beverage Alliance (IFBA) and/or the Consumer Goods Forum (CGF), two global industry associations. By being a member or partner, companies pledge to the global nutrition labeling commitments as determined by the association.

The industry association commitments are good starting points to define globally applicable minimum standards for nutrition labeling. However, these commitments are far from complete and companies should make additional commitments, e.g. on important topics such as interpretative FOP labeling.

Three CGF member companies – Ajinomoto, Meiji and Suntory – do not pro-actively disclose these commitments on their own website, nor did they report to adhere to these specific commitments to ATNF. This raises questions about how companies implement them. Given this lack of implementation evidence, these companies have not been scored based on their pledge to the CGF commitments.

Similar to 2016, none of the companies commit to provide FOP interpretative nutrition information for all products and for all markets in which the company is active. Fifteen companies commit to provide numeric FOP nutrition information, with 13 of these committing to showing percentages of recommended daily intake as well. There are relevant developments regarding interpretative FOP labeling.

Lactalis, Suntory and Tingyi are the only companies that do not express relevant commitments for any type of labeling, while Ajinomoto, BRF and Meiji disclose only very limited information. In addition to committing to provide information on calories and three 'negative nutrients' as partners in the Facts Up Front initiative locally in the U.S., ConAgra and Kraft Heinz commit only to follow national regulations. Arla makes labeling commitments for Europe, covering its main markets, but the company does not extend these globally.

What progress have companies made in rolling out their labeling policies since 2016?

Companies report higher rates of progress in rolling out their labeling commitments and disclose more information about their actions in this area than in 2016. This better performance and disclosure contributes most to the increase in the average score of Criterion F1 since 2016.

Ten companies report having fully rolled out their BOP nutrition labeling commitments in more than 80% of their markets, and six companies achieved this level of roll-out for FOP labeling, compared to only four for both types of labeling in 2016. Campbell's, Ferrero, Grupo Bimbo, Mars, Mondelez and Coca-Cola report that they have rolled out their full commitments for both BOP and FOP labeling in more than 80% of their markets, which is an industry-leading practice.

Six companies – Campbell's, Danone, FrieslandCampina, Kellogg, Mondelez, and Unilever – publicly disclose their performance in rolling out their labeling commitments, which is four more than in 2016. In addition, six companies disclose non-quantitative or indicative information about their labeling performance.

All of the companies that report to have rolled out their labeling policies in more than 80% of their markets are members of global industry associations IFBA and/or CGF. Although the industry associations arrange third-party auditing of responsible marketing to children commitments, third-party auditing of labeling compliance is not currently in place. By implementing these types of audits, there is potential to raise credibility and transparency in the area of nutrition labeling across a substantial part of the F&B industry.

F1 Recommendations for improvement

- Companies should commit to provide comprehensive nutrition label information globally
- Companies and industry associations should commit to provide interpretative FOP labeling globally
- Improve industry association commitments on nutrition labeling
- Better transparency regarding the implementation of industry association commitments

F2 Health and nutrition claims

Have companies improved their commitments to use health and nutrition claims appropriately?

Mondelez, FrieslandCampina, Mars, Nestlé and Unilever (in that order) lead the ranking for Criterion F2, scoring more than seven points each, indicating good overall performance regarding the appropriate use of health and nutrition claims, as reported by the companies.

For countries where no national regulatory system exists, the ATNI defines the appropriate use of health and nutrition claims as only placing a health or nutrition claim on a product when it complies with Codex guidance. The number of companies that commit to upholding this Codex guidance, in the absence of local regulation, increased from six to nine companies for both types of claims. One additional company – Ferrero – commits to not use health claims at all. All commitments are expressed with a global scope, a substantial increase compared to four companies expressing global commitments in 2016. Overall, these improved commitments contributed to the increase in average score of Criterion F2 by 1.4 points compared to 2016.

Six companies publicly disclose their commitments on health and nutrition claims, with Nestlé and Unilever providing most information. Nestlé publishes its full 'Policy on Nutrition and Health Claims', and Unilever publishes a position statement that describes the general criteria that apply. Despite progress since 2016, less than half of the companies express commitments to use health and nutrition claims appropriately, which explains why the average score for Criterion F2 remains low at 3.1 points.

Do companies track and disclose the number of products that carry health and nutrition claims?

More companies provided evidence to show that they internally track health and nutrition claims, from four (both types of claims) in 2016 to eight (both types of claims) and three (only one type of claim) in 2018. Of note, PepsiCo adopted a new internal policy in 2016 and has started to track health and nutrition claims internally.

Several companies reported the number of healthy products carrying claims to ATNF confidentially (seven for nutrition claims and five for health claims), but none of the companies discloses this information publicly.

Recommendations for improvement

- All companies should commit to use health and nutrition claims appropriately
- Health and nutrition claims should only be used for healthy products
- Improve governance and transparency

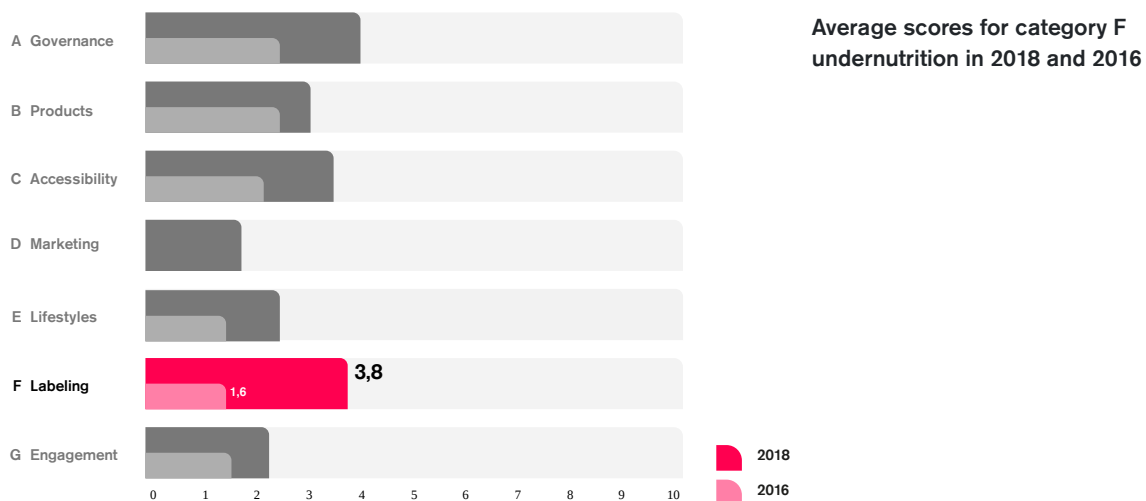
Category F - Undernutrition: Labeling



Proper food labeling in the context of undernutrition in developing countries / 15% of the total undernutrition score

To perform well on undernutrition in Category F, companies should:

- Adopt and publish a global policy on labeling that includes commitments to label the micronutrient content of all products sold in developing countries fortified with or naturally high in micronutrients.
- Adopt and publish a global policy on the use of both health and nutrition claims that states, in countries where no national regulatory system exists, these claims will only be placed on products if they are in full compliance with the relevant Codex standard ¹¹



What are the main changes in Category F compared to 2016?

- More companies make and disclose relevant commitments, increasing the average score from 1.6 to 3.8 points.

- Grupo Bimbo, Mars and Nestlé achieved a full score. They were followed in the ranking by Danone, FrieslandCampina, Mondelez and Unilever.

To what extent do companies properly label fortified products?

Coca-Cola, Danone, FrieslandCampina, Grupo Bimbo, Mars, Mondelez and Nestlé, commit to labeling products that either have naturally high levels of micronutrients or that have been fortified with micronutrients, and disclose this commitment or their policy expressing it.

Unilever makes the same commitment but does not publish this commitment publicly. This represents a substantial improvement from 2016, when four companies made the commitment and only two of these disclosed it publicly.

To what extent do companies place claims on fortified products in developing countries only when they comply with Codex standards?

Nutrition claims are particularly relevant for products that aim to address specific undernutrition issues, to clearly communicate to consumers what nutritional issue or deficiency the product addresses. Four companies, two more than in 2016, disclose their commitment to using health and nutrition claims on products that have been fortified only when these products are compliant with Codex fortification guidelines or the principles therein. These are Grupo Bimbo, Mars, Mondelez, Nestlé and Unilever.

Arla, Danone and FrieslandCampina make the same commitment without public disclosure, three more than in 2016. For a number of companies, the commitment refers to upholding Codex guidelines in the absence of local regulation. This can be ambiguous, as it may mean that Codex guidelines are the minimum standard in the case of weaker regulation, or it may mean that Codex guidelines are only upheld in case no local regulation exists at all. Although it was explained in clarification to ATNI to mean that Codex principles were upheld as a minimum, this should be stated more clearly in corporate commitments.

Recommendations for improvement

- All companies should commit to label fortified products appropriately

Across Categories A and B, 12 companies commit to address undernutrition. All companies that develop products to fight undernutrition should clearly commit to label the relevant micronutrients in these products, but currently only eight companies do so.

- Clear commitments to only place health and nutrition claims on products aiming to address undernutrition when these comply with Codex guidelines

Clear commitments should be made to only make such claims on products when these comply with Codex guidelines, and in general should only be applied for healthy products, to avoid misleading consumers.



Category G – Engagement

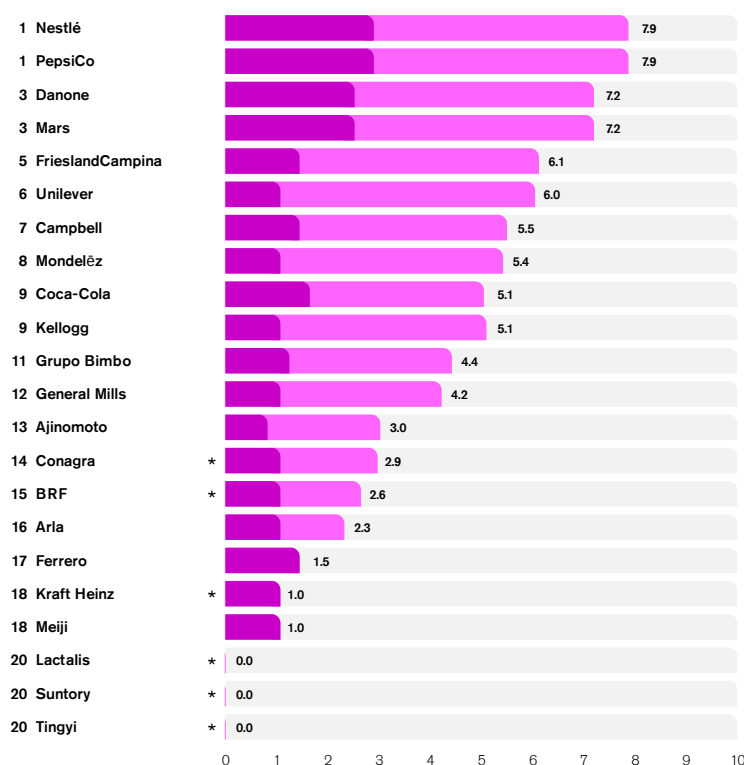
5% of the score

Category G consists of two criteria:

- G1 Lobbying and influencing governments and policymakers
- G2 Stakeholder engagement

To perform well in this category, companies should:

- Commit to lobbying on nutrition issues only in support of public health, or to not lobby at all. Also to publish a policy that covers lobbying, engagement with governments and policymakers and donations.
- Disclose all lobbying activities on nutrition issues, membership and financial support of industry associations or other lobbying organizations, and board seats on such bodies.
- Conduct comprehensive, well-structured stakeholder engagement focused on improving their business strategy and performance, and provide evidence and examples showing how stakeholder engagement has led to improvements of policies and practices.



1 Category G Nutrition ranking, based on equally-weighted Criteria G1 and G2 scores

G1 Lobbying
G2 Stakeholder

* Did not provide information to ATNI

What are the main changes in Category G compared to 2016?

What are the main changes in Category G compared to 2016?

- The average score decreased to 3.9 from 4.0 in 2016 (as shown in Figure 2). Nestlé and PepsiCo lead the ranking, both with a score of 7.9 points.
- PepsiCo also showed the largest improvement in score, increasing more than three points, mainly due to disclosing more information regarding structured stakeholder engagement (related to criteria G2).
- While there is some improvement in companies' commitments and disclosure relating to their lobbying activities (in Criterion G1), overall performance is still very low.
- Performance related to stakeholder engagement (in Criterion G2) has improved, with the majority of companies providing relevant evidence of using stakeholder input to inform their nutrition policies and programs.
- The principles that were assessed in Category G remained the same, but the basis for calculating the scores for Criteria G1 and G2 changed compared to 2016. Low scores across companies on commitments regarding engagement with governments and policymakers in support of public health reduced scores in G1, as this aspect was now included in the scoring for the first time (it was an unscored indicator in 2016; see the ATNI methodology for details). The 2016 score is provided for reference rather than for direct comparison.

G1 Lobbying and influencing governments and policymakers

To what extent are companies transparent about their approach to lobbying and making political donations, and do they commit to lobbying on nutrition issues only in support of public health?

Three companies (two more than in 2016) – PepsiCo, Danone and Nestlé – express a commitment to engage with governments and policymakers with the intention to support measures to prevent and address obesity and diet-related chronic diseases. Strictly speaking, these companies do not make an unequivocal commitment to not lobby on anything else regarding nutrition issues, but their commitment, combined with a high level of public disclosure makes them leaders in this area. PepsiCo has the highest score for Criterion G1 with more than five points, followed by Danone, Mars and Nestlé. Although Mars does not make a commitment to lobby on nutrition issues only in support of public health, it achieved a high score because of good disclosure of its lobbying activities and other relevant information.

Danone and Nestlé have the most comprehensive commitments, linking to nutrition issues in its policy and explicitly covering all third-parties that work on the company's behalf. Danone's policy is most explicit: "This policy applies equally to Danone employees of all companies controlled by Danone's affiliates and subsidiaries and employees of all agencies working on behalf of Danone and its affiliates who are engaged in contact with authorities, organizations and policy makers worldwide – an activity often referred to as lobbying or advocacy."

Similar to 2016, the large majority of companies publish relevant policies, often referred to as a code of conduct, code of business ethics or an advocacy policy. However, of the 19 companies that do so, only the three companies mentioned earlier make an explicit link to nutrition, public health and diet-related chronic diseases. Political engagement, lobbying and/or donations are addressed in all of these documents, and many aspects of food safety (unrelated to nutritional quality or healthiness), environmental sustainability and other important societal issues are also addressed. Most companies do not address the highly important societal issues of obesity, undernutrition and/or diet-related chronic diseases. In fact, the word nutrition is not present in most of the policies examined.

Have companies increased their public disclosure of nutrition-related lobbying activities and positions?

In addition to the five companies that publicly disclosed information about their lobbying activities to prevent and address obesity and diet-related chronic diseases in 2016 – Coca-Cola, Ferrero, Grupo Bimbo, Mars, PepsiCo, two additional companies – Campbell's and Nestlé – disclosed relevant information in 2018. These seven companies provide concrete information about issues on which they have lobbied and authorities with whom they have engaged. For example, Nestlé provides press releases on its corporate website addressing its lobbying activities; PepsiCo does so in the 'Health and Wellness Approach and Engagement' section of its website; and Campbell's publishes relevant commentary in its CSR report.

Mars and PepsiCo provided full transparency on their lobbying positions related to health and nutrition claims, regulatory development, FOP labeling and fiscal instruments related to nutrition and marketing to children, showing leading practice by disclosing these comprehensively in one document. PepsiCo did not disclose this information in 2016, showing some progress in 2018 together with Campbell's, which discloses some information on its lobbying on FOP labeling. Several companies disclose position statements or other formal documents that reflect the company position; however, it is not clear whether these documents and positions are used in actual lobbying activities. For example, Unilever publishes a large number of company statements and positions in its 'Our position on' section of its corporate website.

To what extent do companies disclose membership and financial support of industry associations or other lobbying organizations, as well as board seats on such bodies?

Mars demonstrates best practice by disclosing its membership in and financial support of industry associations, lobbyists or other organizations that lobby on its behalf, any potential governance-related conflicts of interest and board seats at industry associations and on advisory bodies related to nutrition issues (see Box 2 for details).

FrieslandCampina and PepsiCo provide almost full disclosure related to the topics mentioned, and 14 additional companies disclose at least some information. Overall, the number of companies disclosing information remains the same as in 2016, but the top-performing companies have disclosed more relevant information.

G1 Recommendations for improvement

- Unequivocal commitments to lobbying on nutrition issues only in support of public health
- Providing a comprehensive overview of companies' lobbying and other direct or indirect ways to influence the public agenda

G2 Stakeholder engagement

Do companies commit to engage with stakeholders to develop their nutrition policies and programs?

Fourteen companies commit to engage with stakeholders, or show evidence of such engagement, in order to inform and improve their nutrition policies and programs. Twelve of these disclose this information publicly. Three of these companies – Nestlé, PepsiCo and Unilever – achieve the full score for Criterion G2 and lead the ranking. This is just ahead of Danone, FrieslandCampina and Mars, which all score over nine points each. Examples of clear commitments and the embedding of these in central corporate strategies are presented in Box 4.

To what extent are the companies' approaches to stakeholder engagement well-structured?

Nine companies provide evidence of a clear, well-structured approach to stakeholder engagement in 2018 (compared to ten in 2016), and seven show a more ad-hoc approach (compared to eight in 2016). This slightly lower performance across the industry is related to changes in companies' assessments, and some companies provided less evidence than before.

PepsiCo is a good example of having a structured approach. It states: "PepsiCo's Performance with Purpose agenda allows us to make valuable contributions to goals shared by the global community. The SDGs call for worldwide action among governments, business and civil society to end hunger, protect the planet and enrich the lives of people around the world."

To address these issues with stakeholders, including a focus on nutrition, PepsiCo uses the engagement expertise of Ceres, a non-governmental organization (NGO) that brings together investors, NGOs and businesses in support of sustainability. Ceres facilitates PepsiCo's engagement with certain stakeholders on critical issues such as climate change, water scarcity and public health.

Six companies do not provide information on stakeholder engagement with the aim to improve its nutrition policies and practices – Ferrero, Kraft Heinz, Lactalis, Meiji, Suntory and Tingyi.

What are the best examples of companies improving their nutrition policies based on stakeholder engagement?

Seven companies provided evidence of extensive engagement with stakeholders on an international level, and three did so on a local level. Furthermore, nine companies provided limited evidence of stakeholder engagement, and the six companies that did not provide information (mentioned above) logically did not provide either evidence or examples. Four companies – Coca-Cola, Nestlé, PepsiCo and Unilever – provided specific examples of how stakeholder interaction has informed their nutrition policies or strategy.

Nestlé discloses in its 2016 'Creating Shared Value' report how its annual stakeholder meeting has informed its business strategy in Africa: "The 2016 Creating Shared Value Global Forum was held in Abidjan, Côte d'Ivoire, on 21 June 2016. Under the theme of 'Investing in Sustainable Development in Africa', the forum brought together leaders from across business, civil society and government to discuss key topics affecting the continent."

PepsiCo describes an example of engagement with stakeholders informing the company strategy in 2016 when the company was developing its 'Performance with Purpose' 2025 goals. The company states: "Members of our management team met with a significant number of stakeholders throughout this process to reconfirm that those aspects and matters align with our corporate priorities, support our Performance with Purpose 2025 Agenda and reinforce the integration of sustainability throughout our business." Related to this process, the company expressed the intention to complete a formal materiality assessment with external and internal stakeholders by the end of 2017.

G2 Recommendations for improvement

- Low scoring companies should increase their focus on stakeholder engagement
- A structured approach to stakeholder engagement, linked to the corporate strategy

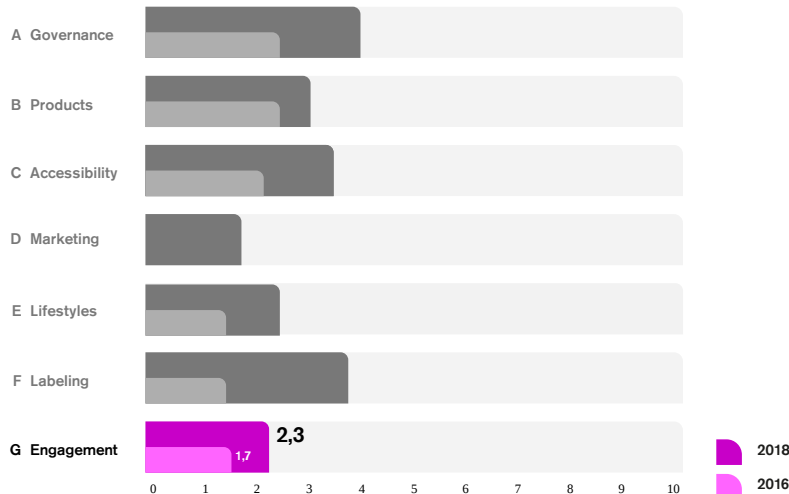


Category G - Undernutrition: Engagement

Engaging with stakeholders to address undernutrition / 5% of the total undernutrition score

To perform well on undernutrition in Category G, companies should:

- Commit to playing an active part in supporting the efforts of developing country governments to address undernutrition, and publicly disclose a narrative about such activities.
- Provide evidence of engagement with relevant organizations on undernutrition and publicly disclose a narrative on their engagement with stakeholders on undernutrition.



Average scores for category G undernutrition in 2018 and 2016

Is there evidence that companies play an active part in supporting developing country governments in addressing undernutrition?

Six companies commit to supporting governments in their efforts to address undernutrition: Ajinomoto, Danone, FrieslandCampina, Kellogg, Nestlé and PepsiCo. For several companies, this commitment is not limited to addressing undernutrition or to developing countries, but explicitly mentions supporting governments' efforts to address undernutrition. For example, Danone indicates that it does not separate undernutrition from (other) nutrition issues. In countries where undernutrition is a priority, the company commits to contact authorities to play a constructive role in combating the identified deficiencies. It provides evidence of doing so through its 'Nutripack' program in developing countries to support governments' efforts to address undernutrition.

Information about concrete examples of government support is limited. Ajinomoto, FrieslandCampina and Mondelez reported two relevant examples each of having engaged with governments in support of addressing undernutrition in developing countries. Danone, Kellogg and Unilever reported one relevant example each. Ajinomoto provides several examples, including an initiative in Brazil. The International Council on Amino Acid Science (ICAAS), a non-for-profit association of which Ajinomoto is a member, has been involved in establishing a framework for the nutritional use of essential amino acids. In addition, Ajinomoto has been interacting with the Vietnamese government to set up a national dietician system, in response to a study that demonstrated the country lacked crucial nutritional expertise. FrieslandCampina reports that its business entity in Nigeria co-funds and collaborates with the federal government's 'Home Grown School Feeding' program in public schools at the primary school level.

To what extent do companies engage systematically with all relevant stakeholders on undernutrition in developing countries? Is this changing over time?

Four companies provide evidence of one-on-one discussions with three or more key organizations working on undernutrition to solicit input on its commercial strategy/policy/approach to undernutrition: Including Danone, FrieslandCampina and Unilever. Of these, Unilever is the only company to provide a narrative related to its activities on its corporate website.

Five companies interact with one or two relevant organizations, and three companies in total provide a narrative related to it. With the same number of companies disclosing such narratives in 2016, and frequently mentioned organizations being industry associations such as GAIN, limited improvement has occurred relating to stakeholder engagement on undernutrition in developing countries.

Recommendations for improvement

- Structured government engagement in developing countries where companies are present

Although a number of companies report relevant engagement with governments to support addressing undernutrition, the initiatives appear to be ad-hoc rather than structured. It is recommended that companies define a structured approach to interact with governments of developing countries, individually or through industry associations, or organizations such as the SUN Business Network, to explore how government goals or initiatives to address undernutrition could be supported.

- More stakeholder engagement to solicit input on companies' commercial strategies

Companies should increase their efforts to engage with expert organizations to inform their undernutrition strategies and to improve them over time, and publicly disclose more information of their engagement with such stakeholders.



Product Profile

An assessment of the nutritional quality of packaged foods and beverages sold in nine major markets.

The purpose of this Product Profile is to begin to build a picture of the role that products of companies in the Global Index play in consumers' diets. It is designed to assess how healthy companies' products are. In other words, to establish the nutritional quality of the products they sell, which is determined by the levels of fat, salt, sugar, fruit, vegetables and other ingredients. The Product Profile also provides an overview of the 'healthiness' of companies' portfolios across the selected countries, as well as within categories and between countries.

This is the first time that a multi-country study of this nature has been published. It provides a baseline against which to measure any improvements companies make to the formulation of their products – which many have committed to make – and offers a range of valuable insights into which companies are best-positioned in terms of offering healthy products and which have the most work to do.

Setting the results of the Product Profile alongside the results of the Corporate Profile illustrates the extent to which they are delivering on such promises; particularly for Category B which assesses companies' commitments and targets to improve their products and invest in improving the healthiness of their portfolios. Future Product Profiles will track these improvements, again based on analysis carried out by independent experts.

The Product Profile assesses the nutritional quality of the products of the Index companies in nine markets

It analyzes the level of several positive ingredients (e.g. fruits, vegetables and fibers) and several negative ingredients (e.g. salt, sugar and saturated fat) in products

Geographic scope of assessment

The nine countries included in this study were selected based on the availability of pre-existing TGI nutrition content databases. The George Institute has built such datasets for eight countries – Australia, China, Hong Kong, India, New Zealand, South Africa, the U.K. and the U.S. – and was able to gain free access to one other compiled by Mexico's Institute for Public Health (INSP).

Categories and products included in the study

For each of the 22 Global Index companies ATNF first identified all categories in which the companies sold products in each of the nine countries using Euromonitor International data. Products eligible for inclusion were defined as 'all packaged foods and non-alcoholic beverages manufactured by the included companies available for purchase in the nine countries.' The companies' best-selling categories in each country were included, up to a maximum of five per country. This means that for some companies more than five categories were assessed across the nine countries, e.g. 13 for Nestlé. However, fewer than 10 products were found for BRF in total in the nine selected countries; this company was therefore dropped from the study.

How products' nutritional quality was determined

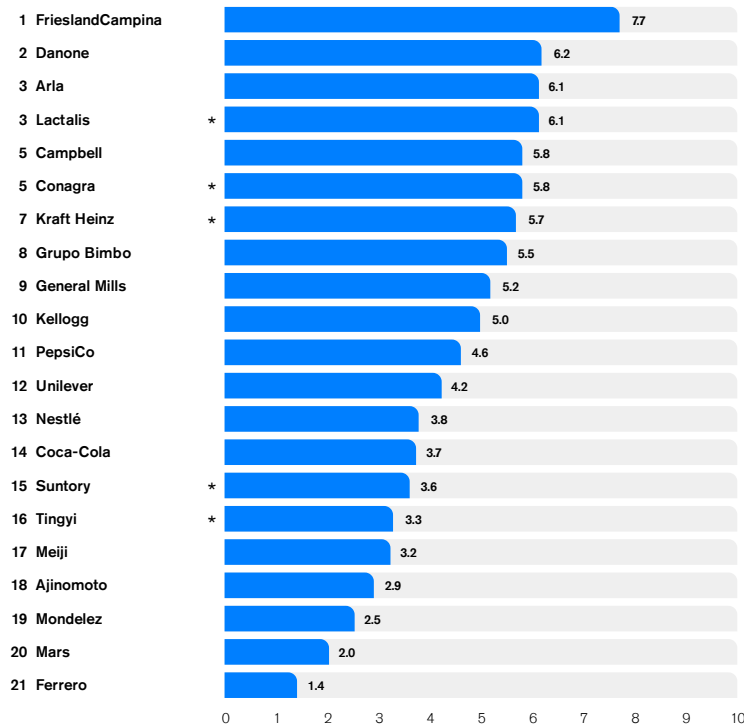
Two nutrient profiling systems were used that met the qualitative criteria developed by ATNI's Expert Group, from research done for the WHO:

- Health Star Rating (HSR) nutrient profiling system used in Australia, but applicable in any market, to determine how healthy each product is. Products are rated between 0.5 stars (least healthy) to 5 stars (most healthy). Any product that scores 3.5 or above is considered healthy.
- The WHO Regional Office for Europe Nutrient Profile Model (WHO EURO), relevant to any market, to identify which products are suitable to be marketed to children.

In total, 23,013 products were analyzed. Of these, 20,865 had sufficient nutrition information to be assessed using the HSR model and 22,137 had sufficient information for the WHO EURO model to be applied.

Overall Results

The Product Profile scores companies out of ten to provide comparability with the Corporate Profile.



The sales-weighted scores from the results from the TGI study (shown in Figure) are out of a total maximum of five (the maximum possible score on the HSR). These scores are therefore simply doubled to generate the Product Profile score. A score of ten out of ten on the Product Profile would indicate that a company's whole portfolio comprise products and/or sales of products with the maximum HSR of 5. The companies are then ranked based on these scores.

* Did not provide information to ATNI

How healthy are the companies' portfolios overall?

- FrieslandCampina has the healthiest portfolio and so tops the Product Profile with a score of 7.7 out of 10. It generates 100% of its sales in the nine countries assessed from dairy products which tend to score well on the HSR.
- It is followed by three other companies whose sales are also generated exclusively or predominately from dairy products in the nine countries assessed: Danone ranks second, (53% sales from dairy, 46% from bottled water), Lactalis (94% sales from dairy) and Arla (100% sales from dairy) share the third rank.
- Conversely, the three companies whose sales in the nine countries assessed are made up predominantly of confectionery rank lowest: Mondelez ranks at 19; it generates 49% of its sales in the nine countries from that category. Mars ranks at 20 and Ferrero at 21, with 89% and 85% of sales respectively generated from confectionery in the nine countries.

What percentage of the 21 companies' products analyzed are healthy?

- The Product Profile found that only 31% of the products met the healthy threshold (HSR score of 3.5 or higher).
- The percentage of healthy products in individual company's portfolios ranges from 75% for FrieslandCampina and 64% for ConAgra, to 0% for Ferrero.
- Only two companies are estimated to generate more than 50% of their sales from healthy products in the categories assessed, for all nine markets: FrieslandCampina (89%) and Lactalis (56%).

To what extent are the companies' products suitable to be marketed to children?

- Only 14% of the products analyzed met the nutritional standards to be marketed to children according to the WHO EURO criteria.
- Two companies had no products eligible for marketing to children at all – Ferrero and Meiji, while General Mills, Kellogg, Mars, Mondelez, PepsiCo, Suntory and Tingyi have less than 10% of eligible products.
- The WHO EURO Nutrient Profiling Model deems certain categories as prima facie not suitable to market to children, including, for example, confectionery, many spreads and sweet biscuits, and most savory snacks. This affects those companies that make a large number of these products such as Ferrero, Meiji and Mondelez.

To what extent do companies generate their sales from healthy products?

- Overall, most companies' portfolios and their sales are made up of products that do not meet the healthy standard.

Recommendations

The Product Profile results highlight five key ways in which companies could improve their impact on public health.

Reformulate products

- Improve the nutritional composition of all products and products categories, particularly those that are high-sales volume products and those marketed to children.
- Adopt and publish own SMART targets for reformulation focusing on each key nutrient, such as sugar and salt.
- Adopt Nutrient profiling system (NPS) or ensure own NPS is aligned with current knowledge

Improve the product mix

- Increase proportion of healthy products in the portfolio, or healthy categories.
- Invest in marketing healthier products or acquiring companies with healthier portfolios.

Stop marketing unhealthy products to children

- Stop marketing products to children that do not meet a healthy threshold
- Use appropriate WHO nutrient profiling model or equivalent

Shift marketing investment

- Companies should redirect marketing investment towards healthier products

Adopt comprehensive labeling for all markets

- Support a global policy to include all Codex-recommended nutrients on product labels (some regulations do not mandatory require food manufacturers to disclose information on trans fats, free sugars, etc).



BMS Marketing Report Global Index 2018

ATNI believes that it is essential for companies to contribute to optimal infant and young child nutrition. From conception to two years old, nutrition within the first 1,000 days of a child's life is particularly important.

Importance of breastfeeding and The Code

Breastfeeding is a crucial element of infant and child nutrition (IYCN). Increasing breastfeeding to near universal levels could prevent over 820,000 deaths of children under five each year. It provides children with a lifetime protection against a range of illnesses, and confers many health benefits on mothers.

That is why the [WHO recommends](#) that babies everywhere are breastfed exclusively for the first six months, at which point safe, appropriate complementary foods should be introduced to meet their evolving nutritional requirements. The WHO also notes that complementary foods should not be used as breast-milk substitutes (BMS), and infants and young children should continue to be breastfed until they are two or older.

Good infant and child nutrition is essential to achieving global nutrition goals, such as [those set by the WHO for 2025](#) on reducing wasting and stunting, and other goals related to combatting growing levels of overweight and obesity and reducing deaths and illness from diet-related chronic diseases. It is also key to delivering SDG 2 (Ending hunger) and SDG 3 (Good health and well-being), which will in turn contribute to the achievement of many other SDGs.

Inappropriate marketing of BMS can undermine optimal IYCN. Other factors associated with lower levels of breastfeeding include rising rates of female participation in the labor force, urbanization, and increasing incomes and aspirations, which have encouraged the adoption of convenience-oriented lifestyles and made baby formula and prepared baby foods more desirable. In many countries, the caché of premium products is an important symbol of social status.

Since publication of the 2016 Global Index, there have been several notable developments relating to BMS marketing. For example, WHA resolution 69.9 was passed in May 2016. The resolution clarifies the scope of BMS covered by and extends guidance on conflicts of interest. It also introduces new recommendations for marketing complementary foods and to deter cross-marketing.

Changes in company ownership and policy since Global Index 2016

Since the **Global Index 2016**, there have been some changes of ownership among the six major baby food companies assessed by the Global Indexes. Heinz and Kraft merged in July 2015 to form Kraft Heinz. Although this merger had happened by the time the last Global Index was published, much of ATNI's research had taken place prior to that date and as a result, the Heinz business was assessed separately. For this Index, the merged entity has been assessed. Mead Johnson Nutrition (MJN) was acquired in the summer of 2017 by RB and is referred to now as RB/MJN. As the new owner of MJN, RB developed a new BMS Marketing Policy and Procedures, this was published after ATNI had completed its research which has therefore not been taken into account.

Danone published a new BMS marketing policy in early 2016, in part spurred by the 2016 Global Index. Danone is now included in the FTSE4Good Indexes, having met the requirements for inclusion and is only the second baby food producer to do so, along with Nestlé. Nestlé also updated its BMS marketing policy in 2017 to provide more information about its management systems. In addition, it published 'The Nestlé Policy on Transparent Interactions with Public Authorities'. This new policy has stronger commitment regulators on BMS topics. FrieslandCampina also updated its Corporate Policy for the Marketing of Infant Foods in September 2017 and Abbott published its new policy in May 2017.

How ATNI assesses BMS Marketing

The approach used for the 2018 Global Index assessment of the world's six largest BMS manufacturers' marketing practices is very similar to that used for the 2016 Global Index.

It again evaluates the performance of the same baby food companies in two ways:

BMS 1: Policy commitments, management systems and disclosure relating to BMS marketing.

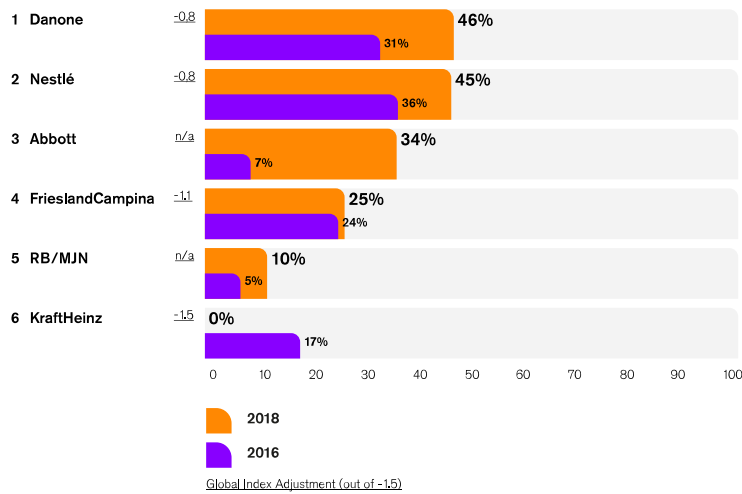
BMS 2: In-country studies of marketing practices in Thailand and Nigeria.

To perform well in these two areas, the companies need to:

- Adopt a comprehensive BMS Marketing Policy, fully aligned to The Code and subsequent relevant WHA resolutions (up to but not including WHA 69.9).6
- Apply that policy globally, to all subsidiaries and joint ventures, and to all formula products intended for infants up to two years of age and complementary foods for infants up to six months of age.
- Commit to upholding that policy in all markets and going beyond compliance with local regulations where the company's policy is more fully aligned to The Code and subsequent WHA resolutions than those regulations (while not contravening any local laws and standards).
- Put in place comprehensive best-practice governance and management systems to ensure full implementation of its commitments across the entire business i.e. consistently in all markets, high-risk and low-risk.
- Adopt clear policies and management systems on lobbying on BMS matters.
- Publish their policies, information about their governance and management systems, auditors' reports, position statements and other relevant documentation.
- Ensure that their policies and procedures are followed in all markets, such that there are no incidences of non-compliance with the recommendations of The Code, subsequent WHA resolutions or local regulations (where stricter than The Code) in the two countries where assessments of marketing were undertaken.

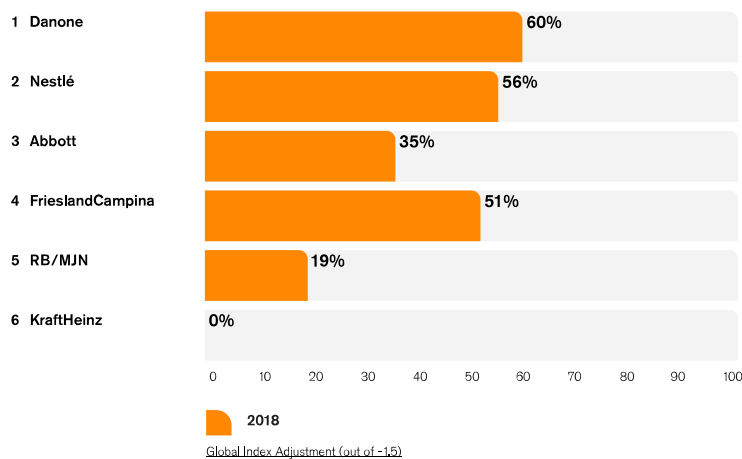
BMS Ranking 2018

Total BMS Score 2018



Danone leads the 2018 BMS Marketing sub-ranking with an overall score of 46%, a significant improvement on its score of 31% in 2016, when it ranked second. Nestlé's level of compliance is 45% overall, a 9% improvement on its score in 2016, though it has slipped to second place in this ranking. Abbott has jumped to the third place with an overall BMS Marketing score of 34%, compared to a score of only 7% in the last Index. FrieslandCampina ranks fourth, with a score of just 1% higher than 2016, of 25%. RB/MJN has doubled its overall score since the last Index to 10% and ranks fifth. Kraft Heinz scored zero and ranks last. Though several improvements were put in place, even the highest score of 46% is still far from complete compliance with recommendations of The Code.

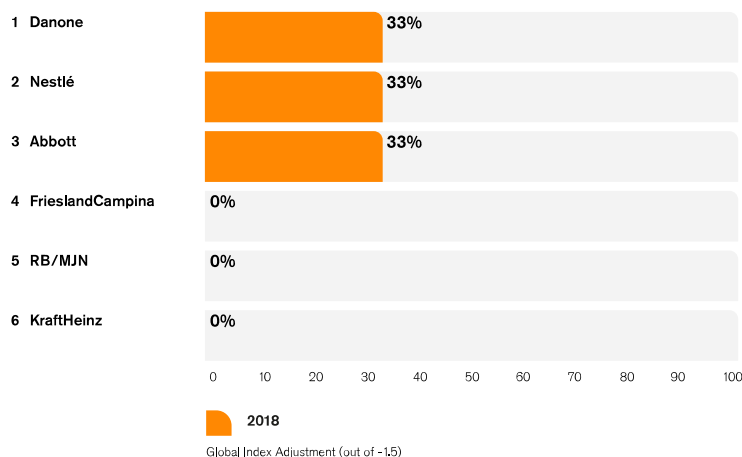
BMS 1



Danone ranks first on BMS 1 in the 2018 Index, displacing Nestlé. With the exception of Kraft Heinz, all companies improved their scores compared to the 2016 Index. Abbott improved the most and in addition, Danone, FrieslandCampina, Nestlé and RB/MJN have all improved their BMS 1 Corporate Profile scores compared to the 2016 Global Index.

Overall, as in 2016, the large variation in the companies' Corporate Profile scores indicates substantial differences in the content and scope of their policies, where they are applied, the stance companies take in relation to complying with local regulations in countries where they are weaker than their policies, as well as the strength and geographic application of various elements of their management systems. Their disclosure also varies considerably.

BMS 2



For the Marketing of BMS – Thailand report 2018, please [click here](#).

For the Marketing of BMS – Nigeria report 2018, please [click here](#).

How the BMS Marketing score is calculated and links to the overall Global Index score

Global Index 2018 BMS Scorecards

- The total BMS Marketing score is an average of the BMS Marketing Corporate Profile assessment score (BMS 1) and the 'in-country' assessments of marketing practices (BMS 2), carried out in Thailand and Nigeria by Westat, a specialist company contracted by ATNI – explained in full later.
- The total possible BMS Marketing score is 100%. The higher this score, the closer the company has come to achieving full compliance with the ATNI methodology, which reflects the recommendations of The Code, WHA resolutions and local regulatory requirements.
- The total possible score for each of the two elements (BMS 1 and BMS 2) is also 100%. An adjustment to the four F&B companies' final Global Index score is then made, proportionate to the BMS Marketing score, up to a maximum adjustment of -1.5. Had Abbott and RB/MJN been included in the Global Index, they would also have had an adjustment made to those scores.

Recommendations

Given that all six companies scored 60% or below on BMS 1, which measures the quality and completeness of their BMS marketing policies, management systems and disclosure, they all need to take steps to bring their marketing fully in line with The Code.

First, they should include all of their BMS products within the scope of their marketing commitments, particularly growing-up milks (GUMs) aimed at children from 12 to 24 months of age or, ideally up to 36 months, to bring their policies into line with the definition of BMS products set out in WHA resolution 69.9. No company currently does this.

Second, they should commit to apply their policies worldwide, i.e. in all countries, including low-risk countries, while at the same time committing to upholding those policies in countries where local regulations fall short of their own policies, or are entirely absent. This is particularly important given that only 39 countries currently have laws and regulations that embody all or most of the provisions of The Code.

Currently most companies only commit to applying their policies in so-called high-risk countries (with some exceptions in respect of certain products) and include caveats that mean they do not uphold their policies if regulation is in place, even if it is weaker than their policies, or absent.

Baby food producers also need to do more to ensure that their management systems deliver consistent compliance with their stated commitments given the extensive non-compliance found by ATNI in Thailand and Nigeria. It is particularly important that these companies establish clear policies with online retailers to ensure that their products are not promoted or advertised on those sites.

Most BMS manufacturers have significant scope to improve their disclosure of all relevant policies, audit reports and responses and corrective actions in relation to reports of non-compliance with their policies.

Future opportunities

ATNI will also continue to commission and publish in-country assessments on an ongoing basis. In the future we also hope to be able to incorporate the findings of NetCode based studies of BMS marketing conducted by others. We see opportunities to expand our assessment of baby food companies by, for example, developing an NPS for complementary foods and/or commissioning or utilizing studies done by other organizations relating to the marketing of baby foods.

There is also potential to broaden the scope of assessment of companies' contributions to infant and young child nutrition and/or supporting breastfeeding more broadly.

Danone ranks first in the 2018 BMS marketing sub-ranking

Despite some improvements, the world's six largest baby food companies continue to market breast-milk substitutes using marketing practices that fall below the standards of The Code.

Baby food manufacturers must ensure their marketing policies align with
The Code

Amplifying Impact

Companies urgently need to deliver on the Sustainable Development goals



End hunger, achieve food security and improved nutrition



Ensure healthy lives and promote well-being for all

ATNI encourages all stakeholders to actively use the 2018 Index results and provide their feedback to ATNI. We hope that the rated companies will commit to make changes based on our recommendations and that their investors will use them in their engagement with those companies to press for improvements in their policies, practices and disclosure. Further, we hope that governments and policymakers, NGOs, academics and others are able to use our analysis and findings in their work to encourage better diets worldwide.

The Global Access to Nutrition Index (ATNI) 2018 would not have been possible without the generous support of the Bill & Melinda Gates Foundation and the Dutch Ministry of Foreign Affairs (DGIS).

The Global Index 2018 was produced by the Access to Nutrition Foundation (ATNF) team, consisting of Inge Kauer, Marije Boomsma, Paul Vos, Simona Kramer, Ellen Poolman, Fiona Kirk, Magdalis Mercillia and Rachel Crossley. The ATNF team drew on the expertise and advice of the ATNI Expert Group. Their close engagement throughout the ATNI development process has been a source of invaluable guidance, and this report benefited greatly from their input. The views expressed in this report, however, do not necessarily reflect the views of the group's members or of their institutions.

BILL & MELINDA
GATES *foundation*



Ministry of Foreign Affairs

Acknowledgements

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Annex

Global Index

2018

Two multi-stakeholder groups – the Expert Group and the Independent Advisory Panel – have provided advice on many of ATNF’s development since January 2011. Because part of the intended impact of ATNF includes active engagement by various stakeholder groups with food and beverage manufacturers, the Indexes needed to be a useful tool for a range of interested parties. This led to the selection of Expert Group and International Advisory Panel members with a wide range of nutrition related expertise. In order to ensure the independence of the Index development process, no current executives from food and beverage companies were members of either group.

Members of each of these groups have served in their personal capacities and in an advisory role. The views in this report do not necessarily reflect the views of these groups’ members or of their institutions. The ATNI development team is responsible for the final scope and content of the Index.

Board

Paulus Verschuren

Chair of the Board of ATNI

Founder WorldFed NL; Former Special Envoy Food and Nutrition Security Ministry of Foreign Affairs, The Netherlands; Former Senior Director Unilever Global Health Partnerships; Former Executive Director International Life Sciences Institute – ILSI Europe

Keith Bezanson

Former President, International Development Research Centre; Former Director, Institute of Development Studies

Lauren Compere

Managing Director, Boston Common Asset Management

Inge Kauer

Executive Director, Access to Nutrition Initiative

Paula Luff

CEO Viso Strategies Corporation; Board of Philanthropy New York; Senior Associate with the Project on Prosperity and Development at the Center for Strategic and International Studies

Kathy Spahn

President and Chief Executive Officer, Helen Keller International; Board member of InterAction, International Agency for the Prevention of Blindness (IAPB), and the Bernadotte Foundation for Children’s Eyecare

Susanne Stormer

Vice President, Chief Sustainability Officer, Novo Nordisk, Denmark; Adjunct professor, Corporate Sustainability, Copenhagen Business School; Member of International Integrated Reporting Council.

Marc Van Ameringen

Former Executive Director Global Alliance for Improved Nutrition (GAIN)

Independent Advisory Panel

The mandate of the Independent Advisory Panel is to provide strategic, advice on the development of the ATNF. It has focused on how to make ATNF more useful and effective, what institutional arrangements should be made to sustain ATNF over time, and how to engage with a variety of stakeholder groups regarding the objectives and findings of the Access to Nutrition Indexes.

Paulus Verschuren

Acting Chair of the Board of the Independent Advisory Panel

Founder WorldFed NL; Former Special Envoy Food and Nutrition Security Ministry of Foreign Affairs, The Netherlands; Former Senior Director Unilever Global Health Partnerships; Former Executive Director International Life Sciences Institute – ILSI Europe

Cindy van den Boom

Senior Policy Officer, Ministry of Foreign Affairs of the Netherlands

Shiriki Kumanyika

Chair ATNI Expert Group, Access To Nutrition Initiative; Professor Emerita of Epidemiology, Department of Biostatistics and Epidemiology, Perelman School of Medicine, University of Pennsylvania

Juan Rivera

Founding Director, Center for Research in Nutrition and Health, National Institute of Public Health, Mexico

Marie Ruel

Division Director, Poverty, Health and Nutrition, IFPRI

Senoe Torgerson

Senior Program Officer, Bill & Melinda Gates Foundation

Victoria Quinn

Senior Vice President of Programs, Helen Keller International

Observer: Francesco Branca

Director, Department of Nutrition for Health and Development, World Health Organization

ATNI Expert Group

The function of the Access to Nutrition Initiative Expert Group is to provide input into the development of the company assessment methodology and to review the analysis and Index report. This group consists of members with expertise in various aspects of nutrition (including both undernutrition and obesity and diet-related chronic diseases) and the role of the food and beverage industry when it comes to nutrition.

Shiriki Kumanyika

Chair ATNI Expert Group Professor Emerita of Epidemiology Department of Biostatistics and Epidemiology, Perelman School of Medicine, University of Pennsylvania.

Boyd Swinburn

Professor Population Nutrition and Global Health at the University of Auckland and Alfred Deakin Professor and Director of the World Health Organization (WHO) Collaborating Centre for Obesity Prevention at Deakin University in Melbourne.

CS Pandav

Professor and Head Centre for Community Medicine, All India Institute of Medical Sciences (AIIMS).

Kapil Yadav

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Linda Meyers

Senior Science Advisor for the American Society for Nutrition (ASN).

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Mike Rayner

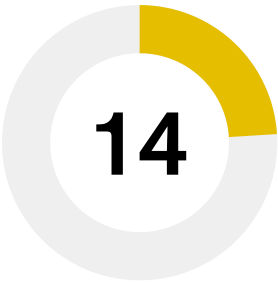
Director, British Heart Foundation Health Promotion Research Group, University of Oxford.

Terry T-K Huang

Professor School of Public Health, City University of New York.

Ajinomoto ^{i 12}

Reported product categories
Soup, Noodles, Concentrates, Frozen
Processed Food, Sauces, Dressings



Product Profile

↑ Rank 14 / Score 2.4

Rank 18 / Score 2.9

Rank 15 (2016)

Headquarters
Japan

Market capitalization
\$11,487 m

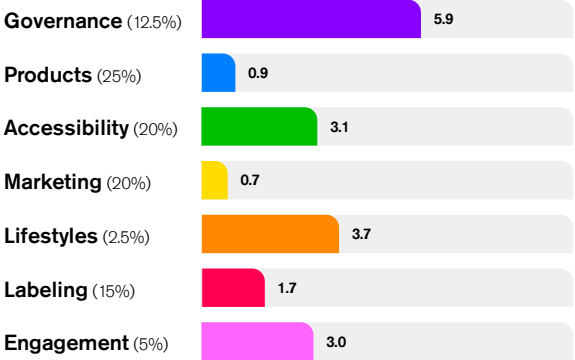
Reported revenue by geography ^{i 14}
Not available

Number of employees
32,734

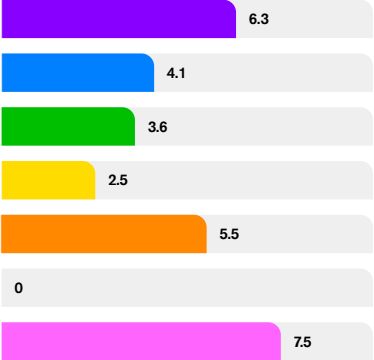
Total revenue ^{i 13}
\$10,158 m

Corporate Profile

Nutrition 15/2.2



Undernutrition 9/3.5



Main areas of strength

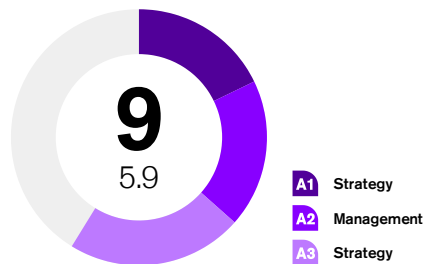
- Ajinomoto's score has increased from 1.7 in 2016 to 2.4 in 2018 and it now ranks fourteenth.*
- Stemming from its new Group Nutrition Policy adopted in 2017, the company has established many of the important governance and management systems needed to deliver its strategic commitment to focus on health and nutrition, and is in the early stages of implementing them.
- As recommended by ATNF, Ajinomoto is in the process of adopting an Nutrient Profiling System (NPS). It has committed to use it to develop new healthy options and to reformulate its existing portfolio.
- Since the last Index, Ajinomoto has set out a new roadmap for delivering healthier products. This includes a commitment to improve both their affordability and accessibility.
- The company has a health and wellness program for its employees in Japan that includes a variety of activities, such as seminars on nutrition and subsidies for gym memberships. It evaluates the effectiveness of its wellness program by collecting data from medical check-ups which it analyzes for possible indicators of lifestyle diseases. It is preparing an additional program, for which it will set participation goals, in collaboration with a health insurance union.
- One area in which Ajinomoto performs quite well is undernutrition. It has undertaken a strategic review of the commercial opportunities available by tackling undernutrition, and it is in the process of building systems, processes and capacity to roll-out a commercial undernutrition strategy, directed by a senior executive and with input from experts.
- Since the last Index the company has created the Ajinomoto Foundation, through which it funds a range of philanthropic programs to tackle undernutrition in priority countries. The programs focus on priority groups - infants and young children. It has already done studies in a few developing countries on specific micronutrient deficiencies.

Priority areas for improvement

- Ajinomoto is advised to set clear, SMART targets in all areas and ensure that it has systems to track and clearly report on progress to deliver on its reasonably strong commitments on health and nutrition.
- Ajinomoto ranks eighteenth on the Product Profile with a score of 2.9 out of 10, based on analysis of three of its major product categories in four countries, though excluding Japan which is its main market. As the Product Profile estimated that it derives only 17% of its total sales from healthy products, i.e. those that achieve an HSR of 3.5 stars or more, Ajinomoto appears to have significant scope to improve the healthiness of its portfolio.
- Once Ajinomoto had adopted an NPS, it should identify priority products, brands and countries for reformulation and set a baseline level from which to measure progress. It should also set targets for reformulation and report regularly on progress.
- Ajinomoto should make clear how it intends to ensure the affordability and accessibility of its healthy products, particularly for low-income consumers.
- The company still does not demonstrate a global commitment to responsible marketing by pledging to uphold the ICC Framework for Responsible Food and Beverage Marketing Communications. Ajinomoto is strongly encouraged to commit to adopt comprehensive policies on responsible marketing to all consumers and children in particular, and to publish these.
- Ajinomoto could boost its efforts in all markets to help its employees eat healthy diets and be active, particularly mothers returning to work who wish to continue to breastfeed their babies. It should commit to only support programs aimed at consumer diets and lifestyles designed and implemented by independent expert organizations. It should also commission evaluations of the effectiveness of all of these types of initiatives.
- Ajinomoto should adopt and publish a more extensive global labeling policy that goes beyond simply following local regulations and which embodies international best practice on both back- and front-of-pack labelling.

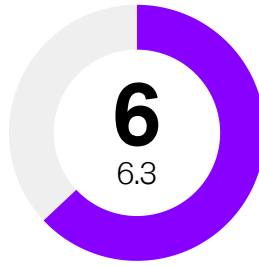
Category Analysis

Category A - Governance 12.5% - Nutrition



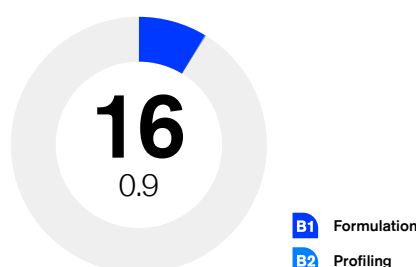
- Ajinomoto continues to have a clear commitment to, and strategic focus on, health and nutrition. Its mission statement has not changed, which is "To create good, affordable seasonings and turn simple but nutritious fare into delicacies." Moreover, the Ajinomoto Group's philosophy is "to create products of scientifically proven benefit in the interest of people's health." Consideration of nutrition issues seems to be a factor for acquisitions, disposals and joint ventures.
- The company has made many positive changes on governance since the last Index. It has a new Group Nutrition Policy, Nutrition Strategy and Guidelines, adopted in FY2017, and its overall business goal is to become a top ten global food manufacturer by 2020. It cites addressing global sustainability, food resources and health and well-being as key elements to achieving that goal.
- However, as there is no evidence that the company has undertaken a nutrition-related business risk assessment, Ajinomoto should do so and publish the results.
- Ajinomoto states that it develops products tailored to consumers in various countries, including low-income groups within developing countries. It further commits to playing a role in addressing obesity and other diet-related diseases, and pledges to contribute to the nutrition-related SDGs.
- Although the company provided ATNF with details on 2016 revenues generated from healthy products it does not disclose this figure publicly nor the approach used to determine the healthiness of its products. The Product Profile found that only 17% of its sales are from healthy products though only 5% of Ajinomoto's global sales were captured.
- Senior officials are charged with delivering the company's nutrition strategy. However, no evidence was provided to show that their compensation is linked to delivering it. Day-to-day implementation is allocated to an executive manager.
- While the company has drawn on expertise from the Ajinomoto International Cooperation Network for Nutrition and Health (AIN) since 1999, with representatives from a wide range of organizations and backgrounds, there is no evidence that it has a formal panel that advises the Board on its nutrition strategy and performance. The company should consider establishing such a panel.
- Implementation of the strategy is reviewed each year by the management but not audited by the internal audit department, a step the company could take to assess how effectively it is implementing its strategy and commitments.
- The company's reporting is relatively strong but could be improved further. It publishes annual global Sustainability Reports and an Integrated Report that includes commentary on its nutrition activities and their contribution to the business. Its reporting gives a clear sense of its nutrition strategy and a good outlook on its future plans and targets but does not report progress on its stated objectives and targets nor set out the challenges it has encountered and how it has overcome them. Furthermore, the material relating to its nutrition activities is not independently verified.

Category A - Governance 12.5% - Undernutrition



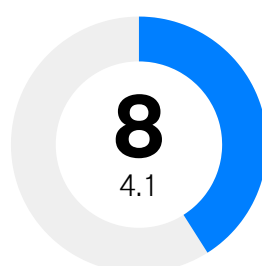
- Although the company states a commitment to address undernutrition in developing countries (as well as in developed countries) it has not yet published a comprehensive commercial undernutrition strategy. It has undertaken a strategic review of the commercial opportunities available by tackling undernutrition which has been reviewed by the Board.
- Importantly, it is in the process of building systems, processes and capacity to roll-out a commercial undernutrition strategy, directed by a senior executive and with input from experts. Its evolving approach builds on its experience of developing Ready-To-Use Therapeutic and Supplementary Food (RUTF/RUSF) for Severe Acute Malnutrition (SAM) in conjunction with UNICEF and WFP and other projects. The focus of its strategy will be children up to five years old, women of childbearing age, and priority countries with high levels of undernutrition, including 30 countries in Africa. This is a best-practice approach.
- The company also disclosed to ATNF some commitments and information about the sales of fortified products.
- The company is encouraged to ensure that it sets out clear objectives and targets for its commercial undernutrition strategy and reports on progress each year.
- Ajinomoto is pursuing several undernutrition initiatives but publishes only a broad-brush description of them rather than reporting in a clear, structured way against specified objectives and targets and with a clear outlook on its future plans.
- Ajinomoto's reporting on its non-commercial undernutrition activities is more comprehensive. This is because in 2016 the company transferred its undernutrition strategy and activities from the business to its Foundation. Most of its non-commercial activities (e.g. in Ghana) remain the same or have advanced compared to the 2016 Index. It should be noted that in 2016 these activities were assessed as commercial activities whereas now they are as non-commercial activities.
- It has a well-structured approach. The focus of its philanthropic work is infant and young children's nutrition within priority countries. It has already done studies in a few developing countries on specific micronutrient deficiencies.

Category B - Products 25% - Nutrition



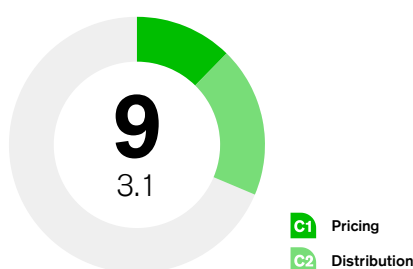
- The company reiterated its commitment to invest in R&D to advance the 'healthy features' of its products and 'to contribute to a world of health through delicious food' in its newly established and published Nutrition Policy and Nutrition Strategy Guidelines. However, it has not disclosed specific new targets in this regard, which it should, and then track and publish progress in achieving them.
- Ajinomoto aligns its product development and reformulation to national or regional guidelines and began to reformulate its products decades ago in response to public health concerns. It publishes some figures for new product development, for Japan only, but not globally. It could improve its disclosure by publishing such figures.
- The company provided to ATNF a figure for the proportion of products it believes comply with its own healthy standard, the assessment of which is carried out in accordance with the 'ASQUA quality management system of the Ajinomoto Group.' However, the company's figure was much higher than the figure generated by the Product Profile in which only 14% of the products assessed were found to be healthy using the Health Star Rating system. As details of Ajinomoto's internal system were not provided, and because Ajinomoto is in the process of developing its NPS, ATNF was not able to assess whether either of these systems is comprehensive and robust.
- Further, Ajinomoto provided to ATNF the percentage increase of the number of products meeting its healthy standard in the last two years. While it provided figures for the percentage of products suitable for adults it believes to be healthy, the company noted that none of its products in the U.S. or the E.U. are considered suitable to be marketed to children by CFBAL in the U.S. or the E.U. Pledge. Furthermore, it does not make such assessments for the rest of the world. The Product Profile found that 10% of its products are suitable to be marketed to children.
- The company has not set nutrition targets for its major product categories 'Sauces, Dressings and Condiments', and 'RTD Coffee'. Setting SMART targets based on the new NPS for relevant nutrients for each of its product categories, tracking progress in reaching them, and publishing these targets, should be a priority for Ajinomoto.

Category B - Products 25% - Undernutrition



- Ajinomoto has targets in relation to developing fortified products. The company stated that the new Nutrition Improvement Department is currently planning a number of projects aimed at developing new products to contribute in the improvement of malnutrition in developing countries. The company is commended for setting a specific FY2017-FY2019 R&D budget.
- The company should endeavor to ensure that its approach to fortification is based on international guidance (i.e. CODEX CAC/GL 07-1987) and related, equivalent guidance. In the future it should provide evidence that it utilizes raw ingredients inherently high in micronutrients, such as fortified staples. Once its NPS is in place and it can identify which of its products meet its healthy standard, the company should commit to fortifying only such products. It should also provide more quantitative data on the number of fortified products it has developed to tackle specific micronutrient deficiencies, and their levels of sales.
- The Ajinomoto Foundation partners with WFP, GAIN and other organizations to deliver more fortified foods to the undernourished.
- Overall, the company's non-commercial approach to addressing undernutrition in developing countries is robust and of a long-term nature. Its programs have been running for many years now and the company continues to focus on key countries. Ajinomoto also provided to ATNF the amount it spent on such programs.

Category C - Accessibility 20% - Nutrition



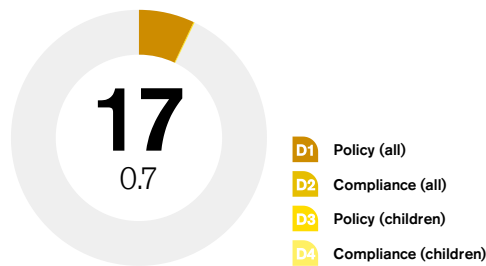
- In its publicly available and globally applicable Nutrition Policy and Nutrition Strategy Guidelines adopted in 2017, the company describes its roadmap to delivering healthier products. Within this it makes a commitment to improve both affordability and accessibility of its healthy products but does not make an explicit reference to low-income populations.
- Although it has not articulated any targets related to affordability, the company describes what it has already done to offer affordable prices for its umami seasoning in Indonesia, the Philippines and Vietnam.
- It also provided a few examples of having offered discounts, price promotions or coupons on healthy products (at the same or greater rate as for less healthy products). However these examples were in Japan only.
- The company states that it is developing and plans to disclose in future a formal and more detailed Product Accessibility Policy and as a result it has not yet set targets in this area. It confirmed it does analysis in both emerging and developed countries on how to make its healthy products accessible to low-income populations. However, the results of such analysis are not published. When the policy is established, Ajinomoto should ensure that it contains clear targets, has a focus on low-income populations in developed and developing markets, and allocates responsibility for implementing the policy to a senior executive.

Category C - Accessibility 20% - Undernutrition



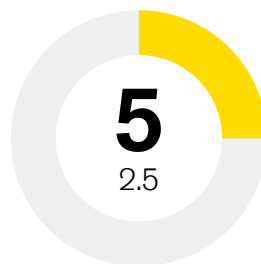
- While the company has not publicly outlined commitments relating to the affordability and accessibility of its fortified products (which it is encouraged to do) it does seem to address these considerations. For example, in Vietnam (a higher priority country) it reduced product sizes to enable low-income under-nourished populations to better afford them. Moreover, in Vietnam it produces zinc and calcium fortified seasonings similar to the original non-fortified products widely distributed throughout Vietnam. These are priced equally so that those who are susceptible to calcium deficiencies can afford them.
- It also noted that Ajinomoto in Vietnam has strong connections with a network of women's associations through which they disseminate their fortified products, directly reaching the most vulnerable population groups.
- Although these are good examples from one market, the company was not able to provide additional examples for priority developing countries. One way in which Ajinomoto could strengthen evidence of its commitment to tackling undernutrition through its commercial activities is by developing more such products in other countries and expanding its reporting on them.
- The company also seems to consider affordability and accessibility of fortified products through its philanthropic activities, of which the Ghana Nutrition Improvement Project is a good example.

Category D - Marketing 20% - Nutrition



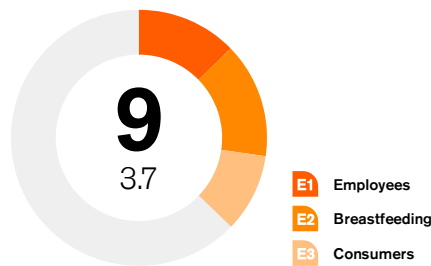
- Ajinomoto's Group Standards of Business Conduct, which are publicly available, are applicable to its global operations and detail the company's responsible marketing commitments. It indicates that products should be portrayed accurately and that the company should not be disingenuous when portraying the attributes of a product. However, the level of detail of its commitments falls far short of best practice, particularly when compared with the commitments contained within the ICC Framework against which ATNF assesses corporate performance. The company is encouraged to align its commitments with the ICC Framework.
- Although the company stated to ATNF that it conducts internal audits of compliance with its marketing commitments it did not disclose any supporting information and was given a score of zero in this area. Ajinomoto should publish more information about how it ensures that it complies with its marketing commitments.
- Although the Group Standards of Business Conduct state that it will uphold its responsibility in marketing to children, no additional detail is disclosed.
- The company does not appear to have more detailed child-targeted marketing commitments in place, contrary to best practice. This was also the case for the 2016 Index, illustrating that the company has not made any progress in this important area. However, the company notes that it has a very limited number of products that would be marketed to children, given that its major product categories are seasonings and condiments, ready-to-drink coffee, rice, pasta and noodle products. The Product Profile identified only nine products of the 101 assessed that were a healthy enough to be marketed to children, though due to the nature of these products it is unlikely these would be marketed to children directly.
- Although the company told ATNF that it audits adherence to its commitments on marketing to children, it did not disclose any supporting information.

Category D - Marketing 20% - Undernutrition



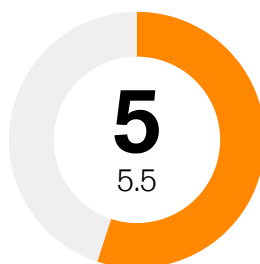
- The company's newly created Nutrition Improvement Department (April 2017) aims to create products as well as business strategies, including marketing strategy to combat undernutrition in developing countries. Although concrete examples are not yet disclosed, the commitment is in place.

Category E - Lifestyles 2.5% - Nutrition



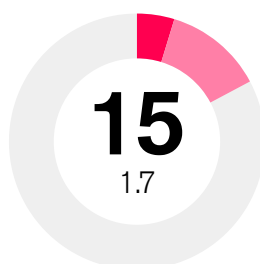
- Although the company commits to providing, "training related to the prevention of infectious diseases and nutritional improvement" in its Code of Business Conduct, it discloses almost no details on how this commitment is implemented in practice. Most of the company's employee educational programs focus on occupational health and safety. Ajinomoto also does not seem to have articulated the health or business outcomes it hopes to achieve through its programs.
- However, via feedback to ATNF, the company stated that it has a program for its employees in Japan that includes a variety of activities, such as seminars on nutrition and subsidies for gym memberships. It also stated that it is preparing a special health program for Ajinomoto employees in collaboration with a health insurance union, for which it will set participation goals.
- The company also confirmed that it evaluates the effectiveness of its wellness program by collecting data from medical check-ups and analyzed it for possible indicators of lifestyle diseases.
- Ajinomoto has a maternity policy for its Japanese operations which appears to align to local regulatory requirements but does not seem to have a formal unified global group-wide commitment. The company also commits to providing breastfeeding mothers with appropriate working conditions, such as flexible working conditions and breaks to express milk in Japan. However, these commitments do not appear to extend to offices or facilities in other countries.
- Ajinomoto should therefore adopt a comprehensive global policy that offers extensive paid maternity leave and the same flexible working arrangements and facilities to all women everywhere.
- The company publishes a commentary on how it supports breastfeeding mothers in its Sustainability Data Book 2016. This commentary should be extended as and when the company has adopted any new policy commitments, as recommended above.
- In terms of consumer-orientated nutrition education and active lifestyle programs, the company states that it uses the "guidelines of national and public agencies" in relation to communication strategies to educate consumers about healthy diets and nutrition.
- A commentary is provided in the company's Sustainability Data Book 2017 on how it promotes healthy and active lifestyles through the Ajinomoto Foundation. There is evidence of some programs to educate consumers about the importance of fresh fruits and vegetables and the benefits of healthy balanced diet but only in some of the markets where company operates. The Foundation should look to extend its support of such programs to all markets in which it operates.

Category E - Lifestyles 2.5% - Undernutrition



- The Ajinomoto Foundation, created in April 2017, has four main focus areas. One of these is a Food and Nutrition support project through the AIN program which provides funds for local and international organizations that 'implement projects to improve food and nutrition in developing countries and which contribute to public welfare through improving the quality of life of the people covered by the project.' The company states that the projects supported by the AIN program are designed to contribute to SDG 2: End Hunger and that, 'the AIN program is promoting projects with high social impact.'
- The programs it funds are usually located in higher priority developing countries, such as Ghana, Vietnam, and Bangladesh. These educate undernourished consumers about the benefits of consuming fortified foods, of maternal micronutrient supplementation, of exclusive breastfeeding, of safe, timely and adequate complementary feeding for infants and young children, and of infant and child micronutrient supplementation.
- Some of the programs are designed and implemented by an independent third party.
- The Sustainability Data Book 2017 includes information about several projects funded by the AIN program which include data on the accomplishments and impact assessment of the projects, indicating that at least some of the projects are evaluated independently.
- The Foundation is encouraged to expand its work in this area to increase its impact and to track and report on that impact.

Category F - Labeling 15% - Nutrition



F1 Facts
F2 Claims

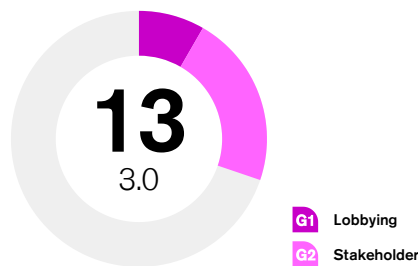
- Since the last Index the company has adopted two policies (the Nutrition Policy and the Package Description Policy) that outline a commitment to labeling. However, both only commit the company to complying with regulations in the markets in which it operates.
- There is no evidence that Ajinomoto commits (where legally allowed) to provide back-of-pack nutrition information on key relevant nutrients not required by regulations, such as added sugars or trans-fat (where relevant).
- The company does not voluntarily commit to providing information in terms of Guideline Daily Amounts (GDA) in all markets or to any kind of front-of-pack nutrition labeling. It also does not commit to providing nutrition information on a single serving or portion basis (or for each 100g or 100ml) and does not commit to stating the number of portions or servings contained in a package.
- Ajinomoto should adopt and publish a more extensive global policy that goes beyond simply following local regulations and which embodies international best practice on both back and front-of-pack labelling and set target dates for rolling the policy out across all markets.
- While the company states that its quality assurance system ensures that each product is compliant with local labeling laws, including regarding health and nutrition claims, it is not clear whether the company commits to following Codex guidance in countries where labeling laws are weak or absent. Based on ASQUA, the company does track which products carry health and nutrition claims but it does not disclose the number of products that carry them.

Category F - Labeling 15% - Undernutrition



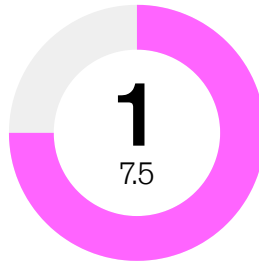
- The company does not commit to labeling products that either have naturally high inherent levels of micronutrients or that have been fortified with micronutrients and it does not disclose its approach to the use of health and nutrition claims for fortified products.
- The company explained to ATNF that it does not offer fortified products with health claims because Japanese regulations prohibit the use of health claims or function claims in dietary supplements or health-related products and allow only nutrient function claims on foods with added vitamins or minerals.
- Given that the company sells its products in multiple markets around the world, it should adopt a global policy that commits it to label any products with high inherent levels of micronutrients or that have been fortified with micronutrients as such, and to using nutrition or health claims on products that have been fortified only when they meet Codex standards.

Category G - Engagement 5% - Nutrition



- Through the globally applicable Group Standards of Business Conduct, Ajinomoto publishes a brief overview of its position on donations and sponsorship. Nutrition related lobbying and engagement is not addressed.
- Ajinomoto does not publicly disclose information related to its membership of industry associations, lobbyists (individuals or groups), think tanks, interest groups or other organizations that lobby on its behalf. It also does not disclose any financial support for these organizations, any potential governance conflicts of interest (or state that none exist) or Board seats at industry associations and on advisory bodies related to nutrition issues. It should do so.
- Although neither its Nutrition Policy nor Nutrition Strategy Guidelines explicitly state that the company commits to engage with stakeholders in developing its nutrition policies and programs, evidence points to the fact that it does so, although in a limited way. The company is encouraged to roll-out a comprehensive regular engagement program with both local and international stakeholders to gather their views on how it could improve its strategy, policies, performance and disclosure related to nutrition.

Category G - Engagement 5% - Undernutrition



- Ajinomoto provided evidence to ATNF of a commitment to collaborate with governments of developing countries to address undernutrition and provided two examples of having done so. For example, Ajinomoto lobbied Vietnamese government ministries to suggest a nutrition science education and national certification system for dieticians, modeled on the Japanese approach.
- Ajinomoto also provided some evidence of seeking input from NGOs on its projects, including the UN Development Program, Business Call to Action, Deutsche Gesellschaft für International Zusammenarbeit (GIZ) GmbH, and the UN World Food Programme.
- The company is encouraged to solicit feedback on a regular basis from undernutrition experts on its commercial undernutrition strategy to continually improve it.

Product Profile



18

Rank 18 / Score 2.9

Average HSR score products (sales-weighted)	Percentage of healthy products (sales-weighted)	Percentage of healthy products suitable to market to children (sales-weighted)	Number of products included in HSR and WHO EURO assessments		Number of countries included in the assessment
			HSR	WHO EURO	
1.5 stars	17%	12%	92	94	4

- Ajinomoto's average sales-weighted HSR is 1.5 (1.4 unweighted), generating a Product Profile score of 2.9 out of 10, and it ranks eighteenth. Of all the products assessed using the HSR system, seven (8%) were in the ready meals category, eight (9 %) were in the rice, pasta and noodles category and the remaining 77 were sauces, condiments and dressings.
- It is important to note that Ajinomoto's main home market, Japan, was not included in the analysis, which accounts for 48% of its food sales. The four markets included (China, Hong Kong, South Africa and the UK) make up only 5% of its global food sales.
- 17% of its sales of the products assessed met the healthy threshold (14% of its products by number). The proportion of its sales of products assessed suitable to market to children was 12% (10% of its products by number).
- In terms of categories, four of its ready meals (out of 7) achieved an HSR of 3.5 or more. All eight of the rice, pasta and noodle products did so, but only one of its products in the sauces, condiments and dressings category did so. However, all analyses were done using data per 100g/mL, which is an important consideration for Ajinomoto, as sauces, dressings and condiments are consumed in small amounts at a time and so are likely contribute less to daily nutrient intake compared to other food categories. Had serving size been taken into account, the results would likely have been different.
- The HSRs of these products varied considerably across countries however, from 0.5 in China to 3.2 in South Africa, which seems to indicate there is room to improve their formulations in some countries.
- All of its rice, pasta and noodles were found to be suitable to be marketed to children, as was one of its sauces, though such products are not typically marketed directly to children.
- Ajinomoto is in the process of developing and applying an NPS. It is not therefore possible at this time to compare the figures generated by the company's system to these figures.

For full details, see the company's Product Profile scorecard.

Reported product categories

Dairy, Soup, Concentrates



↑ Rank 11 / Score 3.3

Rank 14 (2016)



Product Profile

Rank 3 / Score 6.1

Headquarters

Denmark

Number of employees

19,000

Market capitalization

Not Available (Cooperative structure)

Reported revenue by geography ^{i 17}

Not Available

Total revenue ^{i 16}

\$10,102 m

Corporate Profile

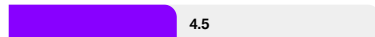
Nutrition

12/3.5

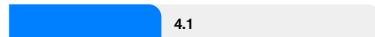
Undernutrition

12/2.2

Governance (12.5%)



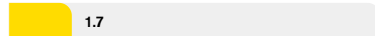
Products (25%)



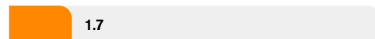
Accessibility (20%)



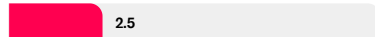
Marketing (20%)



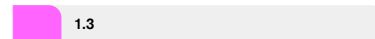
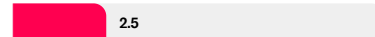
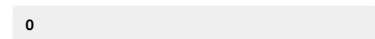
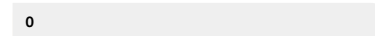
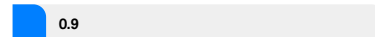
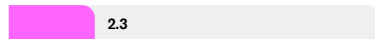
Lifestyles (2.5%)



Labeling (15%)



Engagement (5%)



Main areas of strength

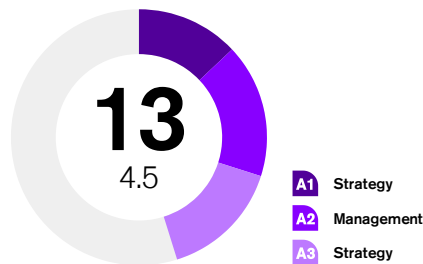
- Arla's score has increased from 1.9 in 2016, to 3.3 out of 10 in 2018. Since 2016, the company has strengthened its performance, particularly with respect to improving the affordability and accessibility of its healthy and fortified products for low-income populations. This has led to an overall ranking increase from fourteenth to eleventh place.
- The company reports that its health strategy, which was launched in 2014, is one of the contributing elements to both its vision and 'Good Growth 2020' business strategy which emphasizes nutrition and healthy foods. Through its health strategy, Arla states that it aims to, "help people eat healthily" by offering healthy and natural products and by being transparent in terms of nutritional information. The company's health strategy is complemented by its relatively strong Food Nutrition Criteria, which includes a formal Nutrient Profiling System (NPS).
- Since 2016 the company has enhanced its approach to making healthy products accessible and affordable, including fortified products designed for low-income consumers in developing countries. For example, Arla conducted a field study in the Democratic Republic of Congo (DRC) to evaluate the affordability of a specifically designed product aimed to address undernutrition among low-income consumers. Furthermore, the company has become a member of the GAIN Nordic Partnership, which aims to develop affordable and nutritious foods in collaboration with local manufacturers.
- Notably, Arla established within its confidential Responsible Marketing Policy the audience threshold for children below the age of 18 and 12 respectively, which is 30%. Defining the threshold for children aged 13-18 is considered best practice. Arla is the only company that address this age group. Arla's approach is aligned with the definition of a child that is outlined in the UN Convention on the Rights of a Child.

Priority areas for improvement

- Arla ranks shared third in the Product Profile assessment with a score of 6.1 out of 10, based on an assessment of its major product categories in nine countries. Arla was estimated to derive 47% of its total sales from healthy products, i.e. those that achieve a rating of 3.5 stars or more in the HSR system. Although this result is encouraging, Arla still has a little over half of its total portfolio that needs to be improved through product reformulation, innovation and/or portfolio changes.
- Regarding marketing to all consumers, Arla could further enhance its responsible marketing guidelines and bring them in line with the standards set out in the International Chambers of Commerce Framework for Responsible Food and Beverage Marketing Communications (ICC Framework). Furthermore, it should start monitoring the performance of its marketing practices targeted at all populations and children to ensure full compliance with declared standards.
- Arla should strengthen its program to support employee health and wellness by implementing strategic plans and making it available to all employees and family members globally. Further, it should implement a global policy and relevant conditions to support breastfeeding at work.
- Arla can further strengthen its labeling commitments, particularly with respect to front-of-pack (FOP) labeling. The company should implement FOP labeling in an interpretative format, providing indications of how healthy the product is. All labeling commitments and practices should extend to its global product portfolio and include target dates for rolling them out across all markets.
- Arla can improve its approach to addressing undernutrition by defining and disclosing commitments and objectives that are currently missing, for example in relation to product development, specific marketing strategies and nutrition labeling of products for the undernourished.
- During the engagement with ATNF, Arla shared many relevant policies and examples that are not publicly disclosed. The company could increase transparency, which would in turn improve its overall score.

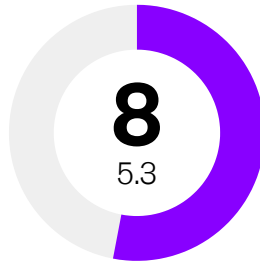
Category Analysis

Category A - Governance 12.5% - Nutrition



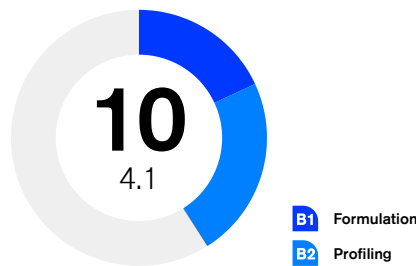
- The company's vision includes a commitment to, "bring health and inspiration to the world." Furthermore, the company's business strategy - Good Growth 2020 - also includes a commitment to "excel in eight dairy categories". This means enhancing healthy features of products in those categories. These commitments, underpinned by Arla's health strategy, indicate that the company has committed to grow its business through a focus on health and nutrition, among other things.
- Arla commits to playing a role in tackling the global challenges of obesity and diet-related chronic diseases and it also pledges to contribute to the Sustainable Development Goals (SDGs), specifically SDG 2.
- The company reports that it conducts limited nutrition-related risk assessment for some business processes on an ongoing basis, including the evaluation of nutrition-related taxes and some nutrition-related legislation. This is an improvement compared to 2016. Further improvement in this area would be to extend nutrition-related risk assessment to include a wider range of risks and disclose the results of this process.
- Arla could increase its score by disclosing the percentage of revenue derived from healthy products, according to the company's definition of healthy products, and report year-on-year changes in revenue levels.
- The company has a global nutrition strategy. It encompasses several important commitments, including the development of healthier products, stimulation of healthy diets, inspiring good food habits and accommodation of specific needs (e.g. overweight, malnutrition and digestive issues), as disclosed on Arla's corporate website. This strategy includes high-level objectives, such as the formulation of appropriate products (increasing nutritional value and managing the salt, sugar and fat content). To further improve its strategy, the company should include a focus on product marketing and labeling.
- One of the company's executives, who reports to the CEO, is accountable for the nutrition strategy. The Board of Directors oversees the implementation of the umbrella Good Growth 2020 strategy. Unlike in 2016, Arla now confirms that nutrition strategy implementation is a subject in its bi-annual management review. Overall, the company has a strong corporate governance system.
- Arla's top management consults nutrition experts to strengthen its nutrition strategy. In particular, the Steering Committee of Arla Food for Health (AFH) includes external experts from academia. In order to continue strengthening its nutrition strategy, Arla should include experts from disciplines other than nutrition, such as marketing, product labeling, product pricing and accessibility among others.
- Arla publishes nutrition-related information on its website and in its annual CSR report and annual CSR supplementary report. Reporting covers global operations and addresses challenges faced by the company in implementing its nutrition strategy. An area for improvement is to externally verify nutrition-related reporting. Furthermore, Arla is encouraged to expand its nutrition reporting to its annual report, highlighting how nutrition issues are adding value to the business overall.

Category A - Governance 12.5% - Undernutrition



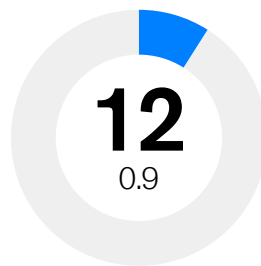
- Arla demonstrates considerable improvement in performance and disclosure of policies and programs related to undernutrition since the 2016 Index. It has recently conducted a strategic review of the commercial opportunities available to it in addressing undernutrition/developing products for the undernourished, which was reviewed by the Board of Directors. As a result of this review, the company's Good Growth 2020 strategy includes a focus on whey as a protein source, which is used by the company in various applications, including for products to combat undernutrition.
- Since 2016, Arla (Arla Food Ingredients; AFI) has formulated and disclosed a formal commercial strategy to address undernutrition that is centered around developing new products, "to help fight under-nutrition, lifestyle diseases, digestive problems and other health issues or to improve physical performance." This commercial approach is developed in partnership with GAIN Nordic and the Sun Business Network. It is at an early stage and is yet to be fully implemented in many developing countries.
- At the time of the company's performance assessment, it outlined a focus on developing products for vulnerable groups, specifically children and adolescent girls/women of reproductive age, in high-priority developing countries, such as Senegal, Nigeria, Ethiopia and Bangladesh. The CEO (AFI) oversees the undernutrition strategy and there is evidence that some input is solicited from external stakeholders to shape its strategy.
- The company provides limited disclosure of its undernutrition-related initiatives. It publicly discloses a commitment to tackling undernutrition in its CSR report for 2016 and on its website and reports on some activities in relation to this. Evidence was provided to ATNF that is not publicly disclosed, and the company should consider increasing its public reporting of those issues.

Category B - Products 25% - Nutrition



- Arla has a clear focus and commitment to invest in R&D and specifically to design healthy products. This commitment is embedded in its business strategy – the Good Growth 2020 strategy. Moreover, in line with best practice, Arla sets the percentage of revenue it aims to invest in nutrition-related product development activities. This approach (setting numerical targets for R&D spending on nutrition) demonstrates an improvement in the company's performance in 2018 compared to 2016.
- The company's approach to reformulating its existing products is aligned to national dietary guidelines for the products offered in many, but not all markets. Arla should ensure that its global product portfolio is aligned to national or regional dietary guidelines to ensure that the healthiest product recipes are offered in all markets.
- Arla does not publicly disclose the percentage of healthy products, according to its own definition of healthy. In the Product Profile assessment, 47% of sales are estimated to be derived from healthy products, based on an HSR of 3.0. These results indicate that, although the company demonstrates good performance in offering healthy options, it should still consider adopting strategies to ensure that the healthiness of the remaining half of its portfolio is improved. This suggestion is also confirmed by the fact that currently the company does not offer at least one healthy option across all of its brands.
- The results of the Product Profile assessment indicate that 35% of the company's sales are suitable to be marketed to children. Arla does not publicly disclose the percentage of products that meet the criteria for being suitable to be marketed to children in some of its markets, and the company reports that healthy product choices for children are not available across all its brands. Overall, Arla could improve its score in these aspects.
- Arla sets product reformulation targets for its largest product category - Dairy. These targets, for salt, saturated fat and sugar, are set for gradual improvement of its products until 2020. However, not all products have improvement targets for these nutrients. The company should consider establishing fruits, vegetables, nuts and legumes targets for relevant products in this category to accelerate intake of 'positive nutrients' by its consumers. The company is also encouraged to disclose the targets and progress towards achieving them.
- The company's NPS, the Food Nutrition Criteria, is used to guide its new product development and product reformulation, as well as to determine which products can be marketed to children. Arla's Food Nutrition Criteria was updated recently and covers main product categories. One of the strengths of its NPS is that it includes thresholds for both positive and negative nutrients, including calcium, protein, added sugar, salt and saturated fat. Arla should consider further strengthening its NPS by gaining input from nutrition experts and ensuring alignment with the strictest globally recognized standards. The company should also publicly disclose its NPS.

Category B - Products 25% - Undernutrition



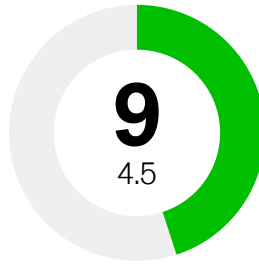
- Arla does not make any specific commitments or define any targets to fortify or reformulate products for undernourished populations, despite having some relevant activities in this area.
- There is no evidence that the company has a policy, in which it has committed to basing its approach to fortification on international guidance on fortification (i.e. Codex CAC/GL 09-1987) and related, equivalent guidance that reflects international agreement on best practice and/or national interpretation of those standards. Similarly, a policy committing to use ingredients with higher inherent levels of micronutrients, including fortified staple ingredients, and fortify only products of high underlying nutritional quality was not evident. The company should formally state its position on those subjects.
- Although no commitment was found, the company offers various examples of activities aimed to increase fortified products in developing countries. For example, Arla sponsors research to investigate the nutritional value of its products and/or ingredients for undernourished consumers, including children and pregnant women. The company should also consider launching fortified products as part of its commercial strategy, leading to a positive impact on the nutritional status of undernourished consumers.

Category C - Accessibility 20% - Nutrition



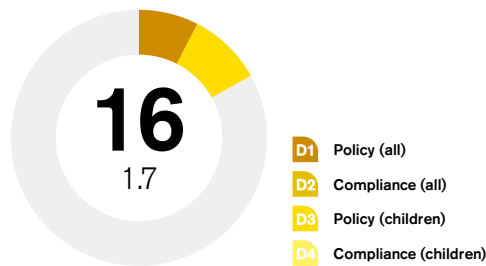
- Arla demonstrated substantial improvement in this category in 2018 compared to 2016. The company discloses a global commitment, embedded within its global health strategy, to address the affordability and accessibility of its healthy products across all markets in which it operates. This commitment is specifically targeted at people with low income levels. Moreover, Arla identified healthy and affordable food as one of its key material issues. To strengthen its commitments, Arla should codify its affordability commitment with respect to healthy products within a formal policy, applied to all product categories as relevant.
- The company's affordability strategy includes relevant targets regarding the number of consumers to reach with affordably priced healthy products. Further improvement would be to narrow the price differential on healthy versus unhealthy products and define the sales value target for affordably priced healthy products by a set date.
- Similarly, the company has specific initiatives to implement its accessibility strategy which include targets related to the number of new retail partners, as well as planned investment activities - all of which would contribute to the enhancement of access to healthy products.
- The company discloses on its website the analysis it has done on appropriate pricing of healthy products for low-income populations in developing countries such as Bangladesh, Senegal and Nigeria. For example, in Nigeria, the company has studied and formulated pricing for filled milk powder that enables low-income consumers to afford this product, which meets Arla's nutrition criteria. This level of transparency is welcomed, and to further enhance its reporting, the company is encouraged to provide details on similar studies performed in developed countries.
- Overall, Arla should consider increasing disclosure of examples on discounts, price promotions or coupons offered in relation to healthy products.

Category C - Accessibility 20% - Undernutrition



- Arla demonstrated substantial improvement in this category in 2018 compared to 2016. The company discloses a global commitment, embedded within its global health strategy, to address the affordability and accessibility of its healthy products across all markets in which it operates. This commitment is specifically targeted at people with low income levels. Moreover, Arla identified healthy and affordable food as one of its key material issues. To strengthen its commitments, Arla should codify its affordability commitment with respect to healthy products within a formal policy, applied to all product categories.
- The company's affordability strategy includes relevant targets regarding the number of consumers to reach with affordably priced healthy products. Further improvement would be to narrow the price differential on healthy versus unhealthy products and define the sales value target for affordably priced healthy products by a set date.
- Similarly, the company has specific initiatives to implement its accessibility strategy which include targets related to the number of new retail partners, as well as planned investment activities - all of which would contribute to the enhancement of access to healthy products.
- The company discloses on its website the analysis it has done on appropriate pricing of healthy products for low-income populations in developing countries such as Bangladesh, Senegal and Nigeria. For example, in Nigeria, the company has studied and formulated pricing for filled milk powder that enables low-income consumers to afford this product, which meets Arla's nutrition criteria. This level of high transparency is welcomed, and to further enhance its reporting, the company should provide details on similar studies made in developed countries.
- Overall, Arla should consider increasing disclosure of examples on discounts, price promotions or coupons offered in relation to healthy products.

Category D - Marketing 20% - Nutrition



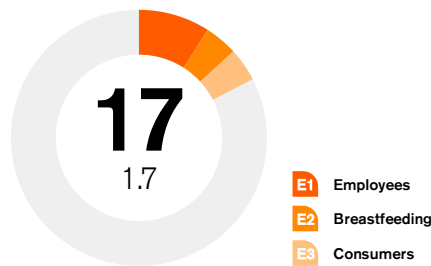
- Arla's performance and disclosure in this category has significantly improved since 2016. The company shared its Responsible Marketing Policy for all consumers during engagement with ATNF, which contains new elements compared to the 2016 Index. In addition, the company's publicly available Code of Conduct also includes commitments to responsible marketing practices, although less detailed. Together these documents, applicable for global operations, address a variety of commitments related to the representation of products. Arla should further strengthen its commitments and make them publicly available on its website.
- There is no evidence to suggest that Arla audits its compliance with its responsible marketing policy that is aimed at all populations. It should adopt a formal auditing process by contracting a third-party to ensure that its marketing practices are in line with its commitments.
- The company's confidential Responsible Marketing Policy has a designated section on responsible marketing to children. This policy includes various commitments, such as a commitment to represent food fairly and accurately. Although this policy could be further strengthened, overall this is an improvement of the company's performance compared to its performance assessed in the 2016 Index. Another positive development is Arla joining the EU Pledge in September 2017. Participation in such an industry association demonstrates the company's commitment to adopt relevant practices when it comes to marketing to children.
- The company states within its Responsible Marketing Policy its audience threshold of 30% for children and youth below the age of 18. For these children and youth, the company commits to advertise only healthy products. It is noteworthy that specifically addressing youth aged 13-18 represents industry leading practice, as all other companies assessed in this Index limit their commitments to children under 12.
- As a member of the EU Pledge, Arla has committed to comply with the following commitments: No communication related to products in primary schools, except where specifically requested by, or agreed with, the school administration for educational purposes. However, a similar commitment in relation to secondary schools or other places where children gather is not found. Arla could further develop its approach in this area.
- The company has not commissioned additional audits of its responsible marketing to children activities beyond auditing through the EU Pledge organization. To align with industry best practice, the company is encouraged to commission complementary audits, contracting an independent third-party.

Category D - Marketing 20% - Undernutrition



- There is no evidence that Arla has a commitment to developing and delivering marketing strategies appropriate to reaching undernourished populations in developing countries. The company should explore opportunities in creating a concentrated marketing strategy that would support its efforts in facilitating relevant information for undernourished consumers in developing countries.

Category E - Lifestyles 2.5% - Nutrition



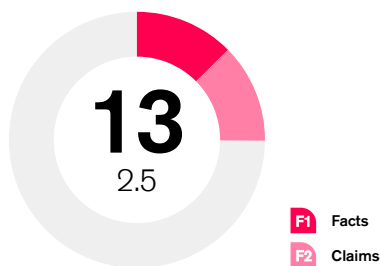
- Arla's performance in this category has improved compared to 2016 but there is still room for improvement to stimulate employees, consumers and the community at large to adopt healthy and active lifestyles.
- Since the 2016 Index, the company has adopted a formal program to support employee's well-being at work through targeted activities focused on nutrition, diet and activity. This program is available to some employees in its major markets of operation but not to their family members. However, there is no evidence of targets for employee participation rate. It is also unclear how the company evaluates the health impact of the nutrition, diet and activity elements of its program. Arla should reinforce its existing activities with concrete plans, targets and metrics and offer the participation to all employees worldwide, including their family members.
- As in the 2016 Index, Arla does not detail its specific commitments and practices to support breastfeeding mothers in its offices. Despite this, the company states that it offers flexible working conditions for new mothers. Arla should further build on its best practices by complying with local regulatory requirements in countries where it operates and implementing a uniform global approach to supporting breastfeeding mothers at work. For example, the company could adopt a global policy through which it offers at least six months paid maternity leave to support mothers to exclusively breastfeed and incorporate within that policy a commitment to provide safe, hygienic, private rooms that mothers returning to work can use to produce and store breastmilk.
- Arla's health strategy, launched in 2014, includes a commitment to, "promoting a healthy diet and inspiring good eating habits" among its consumers in its major markets. For example, the company runs Arla Foundation Food Camps to improve cooking skills and food knowledge among school children in Denmark. No evidence of programs focused on promoting active lifestyles was found, and the company is advised to start implementing such programs. To further step up its performance in this area, Arla should adopt a policy that excludes brand-level sponsorship of its programs, and ensure alignment to national dietary guidelines. Furthermore, the company should commit to exclusively supporting programs that are developed, implemented and evaluated by independent groups with relevant expertise.

Category E - Lifestyles 2.5% - Undernutrition



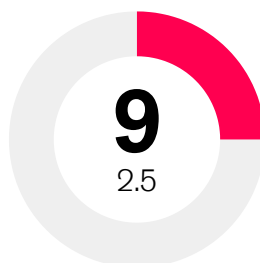
- Arla does not disclose whether it supports any nutrition education programs for undernourished consumers. Instead it focuses on disaster relief activities. The company's performance in this area has not improved compared to the 2016 Index.
- The company should consider adopting relevant commitments, strategies and plans, and establishing partnerships with third-parties to run educational programs targeting the undernourished in developing countries. These programs should focus on topics related to the benefits of having a diverse diet and consuming fortified foods/foods inherently high in micronutrients among others.

Category F - Labeling 15% - Nutrition



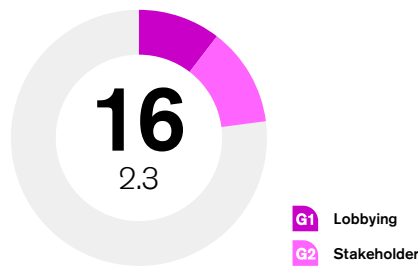
- The company's Code of Conduct has a very broad commitment to labeling, committing the company to represent ingredients in a clear format "to help consumers make well-informed decisions." A more detailed set of commitments, including in relation to the back-of-pack (BOP) and FOP labeling, is outlined in internal guidelines on product labeling. These commitments are applicable for European markets only, and the company should expand their applicability to all markets where it conducts business. Arla should also publish its labeling commitments.
- Arla has opportunities to further strengthen its commitments. For example, it should consider committing to providing information on the quantity of nutrients as a percentage of the Guideline Daily Amounts on its product packages. More importantly, Arla supports the concept of interpretative FOP labeling, but does not yet make a concrete commitment to implement this due to various hurdles it encounters. Despite these hurdles, ATNF believes Arla should make a commitment to implement interpretative FOP labeling within a specified timeframe and within legal possibilities, for the sake of optimal consumer information. If Arla decides to do so, like all other companies, it should ensure to not undermine existing local interpretative FOP labeling systems by implementing alternative or additional systems.
- In terms of health and nutrition claims, Arla has comprehensive internal guidelines, which among other things ensure that for countries, where no national regulatory system exists, it will place a health or nutrition claim on a product only when it complies with Codex. To further improve transparency and its score, the company should disclose its commitments and/or guidelines and track and publicly report the percentage of products that meet its healthy standard and that carry nutrition contents or health claims.

Category F - Labeling 15% - Undernutrition



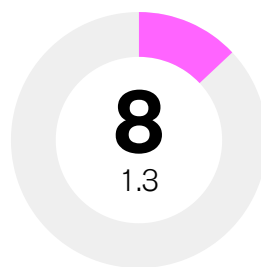
- Arla does not disclose labeling commitments related to fortified products. This is similar to the 2016 Index.
- In contrast, when it comes to health and nutrition claims, the company's confidential internal guidelines on this topic stipulate that compliance with Codex is mandatory when placing such claims in countries where no relevant national legislation exists. Arla should increase transparency of its practices to further enhance its score.

Category G - Engagement 5% - Nutrition



- The company does not provide evidence of a formal commitment to only engage with governments and policymakers with the intention to support measures to prevent and address obesity and diet-related chronic diseases. To improve its score in this category, Arla should adopt and publicly disclose formal advocacy commitments related to nutrition, such as on health and nutrition claims, FOP labeling and fiscal instruments related to nutrition. Similar to 2016, Arla discloses its partnerships with external industry associations and related board seats. However, financial support for these organizations is not published and the company should do so.
- There is no evidence of policies committing the company to engage with stakeholders in developing its own nutrition policies and programs. Similar to the 2016 Index, Arla does not detail how it uses input from stakeholders collected during engagement processes beyond a broad discussion of the benefits of stakeholder dialogue. To improve stakeholders' understanding of Arla's approach to collecting and acting on experts' feedback in this area, the company should formally outline how frequently and which stakeholders it aims to engage to solicit their feedback on its health and nutrition policies, strategies and performance, as well as report on how the feedback was used.

Category G - Engagement 5% - Undernutrition



- There is no disclosure of any commitments to engage developing countries in supporting them to address undernutrition. Arla should consider developing relevant strategies in this area.
- Due to the evidence of some commercial undernutrition strategies, it is assumed that Arla has engaged at least some organizations in gaining feedback on its approach. The company should increase disclosure of its stakeholder engagement activities related to addressing undernutrition in developing countries.

Product Profile



3

Rank 3 / Score 6.1

Average HSR score products (sales-weighted)	Percentage of healthy products (sales-weighted)	Percentage of healthy products suitable to market to children (sales-weighted)	Number of products included in HSR and WHO EURO assessments		Number of countries included in the assessment
			HSR	WHO EURO	
3.0 stars	47%	35%	108	121	4

- Arla's average sales-weighted HSR is 3.0 (2.6 unweighted), generating a Product Profile score of 6.1 out of 10, and it ranks shared third.
- 47% of its sales of the products assessed were estimated to meet the healthy threshold (36% of its products by number). The proportion of its sales of products assessed suitable to be marketed to children was estimated to be 35% (26% of its products by number). Arla's products assessed all fall within the 'Dairy' category. Therefore, the difference between sales-weighted and unweighted data is based only on differences in estimated sales between the four countries included in the analysis, among which the U.K. is its biggest market by far.
- Out of the four countries included in Arla's analysis, the U.K. had the highest mean HSR (3.2), the highest proportion of products receiving an HSR of 3.5 or more (52%), as well as the highest proportion of products suitable to be marketed to children (38%).
- Although the company's major markets in Northern Europe were not covered, the company is well-represented on the product category level as 'Dairy' is its single dominant product category.
- Arla ranks eleventh on the 2018 Global Index, showing improvements compared to 2016 and demonstrating a focus on nutrition and health. The results of the Product Profile assessment, with the caveat of not covering the company's main markets, show a picture that is relatively more positive compared with the company's performance overall. Still, Arla has room for further product reformulation improvement as less than half of its assessed products are healthy, regardless of sales-weighting. Arla should aim to increase the healthiness of its products as measured by the average HSR, as well as by the percentage of products that meet the nutritional criteria for suitability to be marketed to children.

For full details, see the company's Product Profile scorecard.

Reported product categories

Processed Food, Dairy, Meat



Product Profile

↓ Rank 18 / Score 0.5

Rank / Score

Rank 17 (2016)

Headquarters

Brazil

Market capitalization

Not available

Reported revenue by geography ⓘ²⁰

Brazil 44%, Middle East / Africa
20%, Asia 14%, Europe 11%,
Rest of World 10%

Number of employees

111,000

Total revenues ⓘ¹⁹

\$10,360 m

Corporate Profile

Nutrition

19/0.6

Undernutrition

14/0

Governance (12.5%)

2.0

Products (25%)

0.2

Accessibility (20%)

0

Marketing (20%)

0.5

Lifestyles (2.5%)

0.7

Labeling (15%)

0.7

Engagement (5%)

2.6

0

0

0

0

0

0

0

Main areas of strength

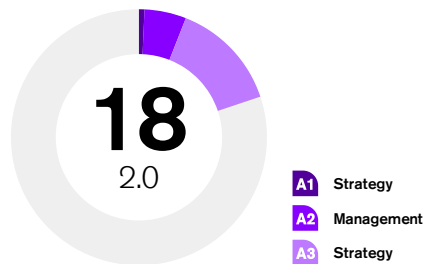
- Although BRF's reporting is not comprehensive, the company addresses nutrition issues in its annual report by setting a number of objectives for delivering its nutrition strategy.
- BRF's approach to reformulating its existing products is aligned with national dietary guidelines, such as those of the Brazilian Association of Food Industries and of the Ministry of Health.
- The company's responsible marketing policy is applicable to all consumers and all media, and prohibits advertising to children under six.

Priority areas for improvement

- BRF discloses limited information related to nutrition and did not provide information upon request. It decreased in score and rank compared with 2016 when it did engage actively with ATNF. It ranks eighteenth with a score of 0.5 currently.
- Although BRF claims that delivering better nutrition is part of the company's strategy, this commitment could be made more evident by codifying it in a mission statement or policy, outlining clear management structures, a set of clear objectives and SMART targets to operationalize its commitment. BRF's nutrition strategy is limited to Brazil and should be extended to apply globally.
- As only three BRF products were available for assessment in the nine countries covered, BRF was not included in the study.
- As in the 2013 and 2016 Indexes, BRF did not adopt a robust Nutrient Profiling System (NPS) to guide its reformulation efforts. It should adopt a well-verified NPS and use it to underpin the reformulation of its existing portfolio as well as new product development.
- BRF should put in place publicly available affordability and accessibility strategies with commitments, measurable objectives and targets to improve the affordability and availability of their healthy products for all consumers.
- BRF has a limited policy for either all consumers or children and therefore should adopt best practice policy globally. It should commission audits of its compliance with its policy as well and publish the findings.
- BRF should disclose any formal labeling policies. It should publish a clear policy on Back of Pack (BOP) and Front of Pack (FOP) labeling, applied globally and state by when it intends to roll them out.
- BRF's efforts to address undernutrition could be strengthened by developing and providing fortified foods that address specific needs for undernourished people in priority developing countries. It could also support other initiatives designed to prevent and address undernutrition in priority markets.

Category Analysis

Category A - Governance 12.5% - Nutrition



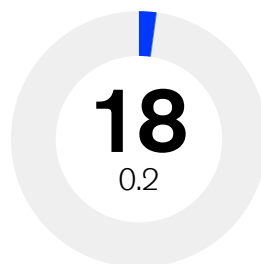
- While the company indicates its goals are to develop "healthier products" and combat "nutritional villains", the company does not disclose evidence of having a clear commitment to, and strategic focus on, health and nutrition, articulated in its mission statement and/or strategic commitments to grow through a focus on health and nutrition. There is an indication that BRF is committed to delivering more healthy foods; however, this commitment should also be made in relation to low-income populations.
- BRF discloses in broad terms that the Sustainable Development Goals (SDGs) are incorporated into its strategy and operations. However, it does not explicitly commit to contribute to SDGs 2 and 3. In order to play a role in combatting the nutrition crisis, BRF could align its commitments with global recognized goals, such as the SDGs.
- There is no evidence to suggest that BRF conducts regular nutrition-focused business risk assessments.
- BRF's nutrition strategy, which contains some relevant objectives, is focused on product formulation and labeling and is disclosed within the company's 2016 Annual Report, which is approved by and validated by the global CEO. However, the company does not include information about its corporate nutrition strategy, addressing the availability and affordability of healthy products, responsible marketing, promotion of healthy lifestyles, or its stance on lobbying or engagement. It needs to develop a comprehensive nutrition strategy that encompasses all of these areas.
- It is unclear how senior the person ultimately accountable for implementing the company's nutrition strategy is. BRF should clearly state who has formal accountability for implementing the company's nutrition strategy.
- The company states that BRF has a partnership in Brazil with a nutritional consultancy, to develop new products and to adapt its current product line in terms of nutrition. It also discloses that it approaches medical professionals (nutritionists, pediatricians, cardiologists and others) to share information related to BRF product launches and actions. However, the company lacks a systemic and comprehensive approach to gathering and incorporating independent expert input to its policies and strategies. It is recommended that such an approach should be put in place.
- There is no evidence that the company's nutrition strategy delivery is subject to standard internal audit and annual management review. Therefore, the company should develop this, or make this publicly available if it is already in place.
- The company publishes nutrition related information in its annual report, which also incorporates disclosure on sustainability issues. The nutrition reporting is not subject to verification or external review; it is recommended to put this in place.

Category A - Governance 12.5% - Undernutrition



- No relevant information regarding undernutrition was found in the public domain. It is recommended that BRF should develop a governance structure to support the company's effort to address undernutrition, and such efforts should urgently be scaled up.
- BRF does not publish any information regarding its nutrition strategy or governance.
- It is recommended BRF commits to address undernutrition and sets objectives and targets as part of its core commercial business and philanthropic programs, with oversight assigned to its Board or other senior executives.
- It is recommended BRF takes a well-structured approach with a focus on higher priority countries and on critical population groups, pledging to work within regional and national frameworks to address specific fortification needs and undernutrition issues more broadly.
- It is recommended BRF carries out extensive research and publicly discloses information about these activities to identify the needs of key populations with specific micronutrient deficiencies.

Category B - Products 25% - Nutrition



B1 Formulation
B2 Profiling

- BRF states that it is committed to invest in R&D to improve the nutritional quality of its products, but does not have a target for this investment. BRF could strengthen its scoring by defining a clear approach to reformulating existing products against well-defined nutritional targets to decrease 'negative nutrients' (salt/sodium, trans-fat, saturated fat, added sugars/calories) and increase 'positive nutrients' (fruits/vegetables/nuts/legumes, whole grains).
- BRF states that in Brazil (which accounted for nearly half of the company's total sales in 2016), it is aligned with the Brazilian Association of Food Industries standards and Ministry of Health standards, to improve the flavor and nutritional content of the foods it produces.
- The company revised its nutrition strategy in 2016 based on consumer needs. As a result, it worked on developing products with reduced sodium, fortification, access to protein and with fewer preservatives. For example, the company states that through its Sadia brand's new positioning "Sadia, healthier every day", BRF relaunched approximately 40 products in the ready-to-eat meals, wieners, hams, seasoned chicken, cooked sausage and fresh sausage categories with 30% less sodium. However clearly set targets and baselines are missing.
- While BRF states that it has begun to adjust the nutritional value of its products, BRF does not publicly disclose its NPS and it is unclear whether it uses one to reformulate its products.
- The employment of a comprehensive and appropriately set up NPS, applied to all products, as the basis for the company's product reformulation efforts and its definition of healthy products would strengthen BRF's score.

Category B - Products 25% - Undernutrition



- BRF has committed since 2014 to have a structured program to donate food to nonprofit organizations that serve primarily low-income populations, though a geographical area target is not specified.
- BRF should set targets to increase its R&D efforts to develop or introduce fortified products or products inherently high in micronutrients and commit to increase the number or volume of fortified foods available to undernourished populations.
- To increase scoring, BRF should commit to align its approach to fortification with international guidance, to seek to use ingredients with high inherent levels of micronutrients and to fortify only products of high nutritional quality.
- To improve scoring, BRF should provide evidence of introducing new products commercially, of funding non-commercial programs and of aiming to deliver appropriately fortified products to priority populations in priority countries.
- It is recommended BRF discloses commitments and an explanation of what they have done to increase the number or volume of fortified foods available to undernourished populations, through both commercial and non-commercial activities.

Category C - Accessibility 20% - Nutrition



C1 Pricing
C2 Distribution

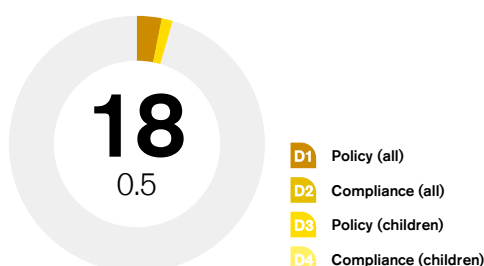
- BRF does not publish any information about its approach to improving the accessibility (through pricing and distribution) of its healthy products.
- It is recommended that BRF formalizes written commitments, measurable objectives and targets to improve the affordability and availability of its healthy products for all consumers worldwide. For example by defining targets on price point for healthy products and setting a goal on how many low-income consumers should be reached.
- It should publicly disclose its commitments, objectives and targets on accessibility and affordability.
- It is recommended that BRF apply its approach to affordability and availability for low-income consumers to all markets in which the company operates, including developed and emerging markets. It should provide evidence of relevant examples.

Category C - Accessibility 20% - Undernutrition



- No information is disclosed on improving the affordability and accessibility of BRF's fortified products for low-income populations.
- BRF should have a commercial commitment and objectives to improve the affordability of its healthy products that address micronutrient deficiencies in developing markets. It should be able to provide examples of delivering against its commitment and disclose this information.
- In addition, it is recommended BRF has a commercial commitment with respect to improving the distribution of its products specifically formulated or appropriate for specific undernourished groups, disclosing examples of doing so.
- To increase scoring, BRF should fund other organizations or otherwise support non-commercial programs that improve the distribution of products specifically formulated or appropriate for specific undernourished groups and disclose this funding and activity.

Category D - Marketing 20% - Nutrition



- The company's confidential responsible marketing policy (shared with ATNI in 2016), includes a range of commitments related to the responsible representation of products but is limited and has scope for significant improvement.
- The company discloses a policy on responsible marketing which includes a section dedicated to children, as part of its feedback for the 2016 Global Index. Furthermore, in 2009, the company pledged to adhere to the Brazil Public Commitment on Food and Beverage Advertising to Children (Brazil Pledge), which covers the following media channels: TV, radio, print and third-party internet sites.
- The company mentions supporting the role of parents or other guardians to guide diet and lifestyle choices (or not to undermine the role of parents or others responsible) and commits to using responsible marketing techniques. There is no evidence of responsible marketing commitments that specifically relate to schools or places where children gather.
- There is no evidence to suggest that BRF audits its compliance with its own responsible marketing commitments for the general population or for children.
- It is recommended that BRF commissions or takes part in industry-level independent audits of compliance with its marketing policies and discloses individual compliance levels for traditional and new media.

Category D - Marketing 20% - Undernutrition



- BRF does not publish any information on any commitment to developing and delivering marketing strategies appropriate to reaching undernourished populations in developing countries.
- BRF should make an explicit commitment to developing and delivering marketing strategies appropriate to reaching undernourished populations in developing countries and disclose this commitment publicly.
- It is recommended BRF provides evidence of taking steps to understand and reach undernourished consumers in developing countries with appropriate products.

Category E - Lifestyles 2.5% - Nutrition



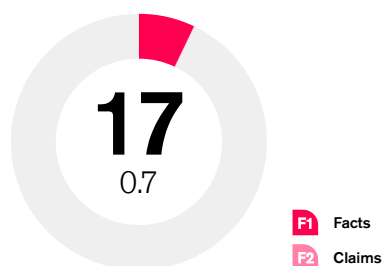
- The company states that it offers some initiatives at its sites in Brazil that are focused on a healthy lifestyle, such as gyms, pilates classes, support groups for weight loss, nutritional care, home office for corporate operation, etc. However, there is no evidence of a company-wide employee health and well-being program that includes targets and monitoring mechanisms.
- The company discloses the percentage of maternity and paternity leave that employees globally are entitled to and was taken, which was 100% in most regions. However, BRF does not disclose a policy on providing breastfeeding mothers with appropriate working conditions, or state a commitment to ensure six months or more of paid maternity leave. It is recommended this should be put in place.
- The company states that it runs the "Saber Alimenta" program (in partnership with the Jamie Oliver Food Foundation), which is a food education program for schools, which disseminates healthier nutritional habits through training educators. There is no evidence of programs supported by the company that are focused on promoting active lifestyles which is recommended to be put in place.

Category E - Lifestyles 2.5% - Undernutrition



- BRF does not disclose any policies to guide the types of undernutrition-focused programs it will fund through philanthropic giving.
- The company does not disclose a written policy and guidelines regarding the type of programs related to undernutrition that it will sponsor or fund through any philanthropic giving or commercial activities.
- BRF should commit to support well-designed programs educating undernourished consumers about the importance of breastfeeding, micronutrient fortification and healthy diets.
- It is recommended BRF publishes its commitments as well as the content and results of the programs they support.

Category F - Labeling 15% - Nutrition



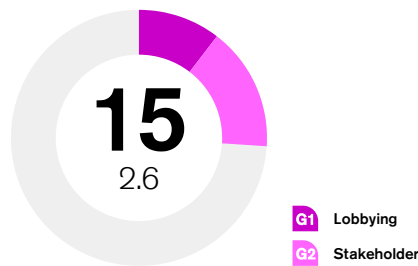
- BRF does not disclose a formal labeling policy, but states that all labels globally should contain information regarding the composition (ingredients), nutrition table (including information on nutrients, portion and percentage of recommended daily allowance). It should clarify all key nutrients included, as well as whether this refers to either BOP only, or BOP and FOP.
- BRF did not disclose a policy or any details regarding its use of health and nutrition claims in markets where use is not regulated. It should do so, stating that in countries where no national regulatory system exists, such claims will only be placed on products if they are in full compliance with the relevant Codex standard.
- BRF should disclose the degree to which the full labeling policy is implemented, at the level of markets with full roll-out.
- To improve scoring, BRF should adopt and publish a global policy on the use of both health and nutrition claims. It should state that in countries where no national regulatory system exists, such claims will only be placed on products if they are in full compliance with the relevant Codex standard.
- BRF should ensure it tracks and discloses the number of products that carry health and nutrition claims.

Category F - Labeling 15% - Undernutrition



- BRF does not disclose any formal labeling policy and commitments regarding the labeling products that either have naturally high levels of micronutrients or that have been fortified with micronutrients.
- BRF does not disclose a formal labeling policy or any commitments it has made to ensure that products that have naturally high levels of micronutrients (or that have been fortified with micronutrients) for all markets are labeled as such.
- It is recommended that BRF adopts and publishes a global policy on labeling that includes a commitment to label the micronutrient content of all products sold in developing countries fortified with, or naturally high in, micronutrients.
- BRF should adopt and publish a global policy on the use of both health and nutrition claims. It should state that in countries where no national regulatory system exists, these claims will only be placed on products if they are in full compliance with the relevant Codex standard.

Category G - Engagement 5% - Nutrition



- BRF publishes its Code of Ethics and Conduct on its website; however, this Code does not outline a commitment about lobbying in relation to nutrition.
- BRF discloses information on being a member of several associations but does not provide information about its financial contributions to them, seats on boards etc. The company should disclose all lobbying activities on nutrition issues, membership and financial support of industry associations or other lobbying organizations and board seats on such bodies.
- Although the company broadly reports on the efforts it takes to ensure industry and public policy agreements regarding the "healthiness in the food industry", there is a lack of focus on how this work is aligned to prevent and address obesity and diet-related chronic diseases. In general, there is no evidence of a position paper regarding public advocacy on a nutrition related subject, such as front of pack labeling.
- The company discloses that stakeholder engagement is a pillar of the company's sustainability strategy. BRF has created the BRF Institute which is committed to the corporate coordination of local development promotion activities, guaranteeing shared management of the company's social investments and community relations. However, the company does not clearly state the form of engagement BRF has with stakeholders, and these engagement activities are limited to the company's home country (Brazil). The company should therefore conduct comprehensive, well-structured stakeholder engagement focused on improving its business strategy and performance, and provide evidence and examples showing how stakeholder engagement has led to improvements of policies and practices.

Category G - Engagement 5% - Undernutrition



- BRF does not disclose any commitment to play an active and constructive part in developing countries by supporting government efforts to address undernutrition. The company does not provide any evidence of one-to-one discussions with key organizations working on undernutrition, in order to solicit input to inform any commercial strategy it may have on undernutrition.
- BRF should commit to playing an active part in supporting the efforts of developing country governments to address undernutrition and publicly disclose a narrative about such activities.
- It is recommended that BRF provides evidence of engagement with relevant organizations on undernutrition and publicly disclose a narrative on its engagement with stakeholders on undernutrition.

Product Profile



Rank / Score

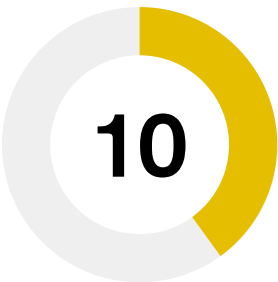
Average HSR score products (sales-weighted)	Percentage of healthy products (sales-weighted)	Percentage of healthy products suitable to market to children (sales- weighted)	Number of products included in HSR and WHO EURO assessments		Number of countries included in the assessment
			HSR	WHO EURO	

As only three Brasil Foods products were available for assessment in the nine countries covered, Brasil Foods was not included in the study.

Campbell ^{i 21}

Reported product categories

Soups, Sauces, Beverages, Baked Goods, Snacks, Baby Food



Product Profile

↑ Rank 10 / Score 4

Rank 5 / Score 5.8

Rank 12 (2016)

Headquarters
U.S.

Market capitalization
Not available

Reported revenue by geography ^{i 23}
United States 77%, Other countries 13%, Australia 8%

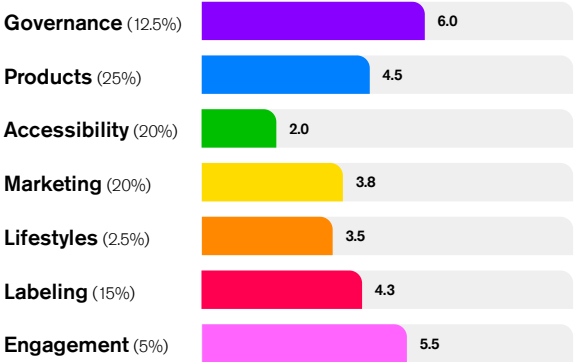
Number of employees
18,000

Total revenues ^{i 22}
\$7,961 m

Corporate Profile

Nutrition 10/4

Undernutrition 20/-1



Main areas of strength

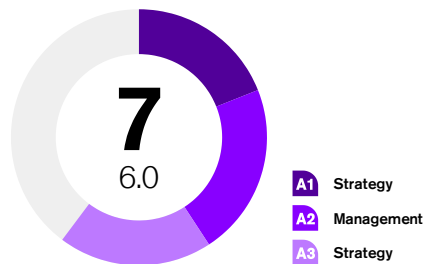
- Campbell's score has increased from 2.4 in 2016 to 4.0 out of 10 in 2018. The company now ranks tenth, an improvement compared with the 2016 Global Index. It shared more information than for the 2013 or 2016 Indexes, which had a positive impact on its performance.
- Campbell's has made a strategic commitment to "be the leading health and well-being food company." To achieve its ambition, in FY2015, it developed new corporate 'Strategic Imperatives' which include offering fresh packaged food, and adding vegetables and wholegrains to its products to respond to consumer trends. This commitment to grow through a focus on healthy foods is exemplified through recent acquisitions. Campbell's also reports that it generates increasing levels of sales from products that 'promote positive nutrition' and have 'limited negative nutrients'.
- Through its Consumer Goods Forum membership, the company makes a broad range of global nutrition-related commitments on the accessibility and availability of healthy products, product reformulation and fortification for vulnerable populations, product information and responsible marketing, and education about healthier diets and lifestyles.
- By the end of FY2016, Campbell's had removed all partially hydrogenated oils from all relevant products and met a salt reduction target. Campbell's shared more information and evidence on its maximum thresholds for levels of 'negative nutrients' and minimum levels for 'positive nutrients', which were developed with guidance from experts and tailored to different countries' national dietary guidelines. This is a positive step.
- Campbell's provides back- and front-of-pack nutrition labeling in line with its labeling policy on all of its products globally. This is a leading practice in terms of the level of product coverage among the companies assessed.
- Campbell's reported which topics it engages with regulators on and provided evidence of comprehensive and well-structured stakeholder U.S. engagement.

Priority areas for improvement

- Campbell's has not set clear targets for the number of products that will meet its thresholds by a certain date for its three types of 'nutrition and wellness choices'. It is encouraged to set such targets and report annually on its progress in meeting them.
- It is also encouraged to set and disclose consistent maximum and minimum thresholds for products for all markets in which it operates, covering all key nutrients, and targets for reformulation with dates for achieving its targets. The company should also move towards using an NPS that analyses and enables comparison of products' overall nutritional quality in all markets.
- Campbell's is urged to formalize its commitments on accessibility and affordability within a policy and to articulate clear targets in this area.
- Campbell's does not commit to exclusively supporting nutrition education and healthy lifestyles programs for consumers designed and implemented by third parties but rather maintains involvement and allows branding of these programs. The company is encouraged to exclude all brand-level sponsorship for such programs and commission evaluations of them by third parties with relevant expertise.
- The company could strengthen its child-directed marketing commitments by adopting a stricter audience threshold and committing not to market in secondary schools. To achieve best practice, it should commission independent audits of its compliance by a completely independent third-party and disclose the results.
- Campbell's ranks shared fifth on the Product Profile with a score of 5.8 out of 10, based on an assessment of its major product categories in seven countries. Campbell's was estimated to derive 40% of its 2016 sales from healthy products, i.e. those that achieve a Health Star Rating of 3.5 or more which illustrates that it has significant scope to improve the healthiness of its portfolio through product reformulation, innovation and/or acquisitions or disposals.

Category Analysis

Category A - Governance 12.5% - Nutrition

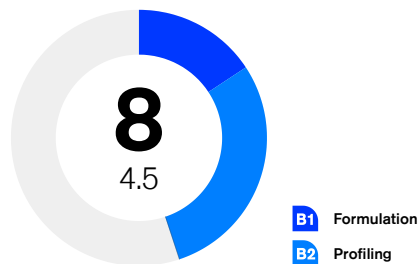


- To achieve its goal of being, 'the leading health and well-being food company', Campbell's has expanded its healthy product offerings in number of categories. This strategic commitment to nutrition-oriented business growth is clearly established and illustrated by the emphasis the company has placed on nutrition in its acquisitions and market expansion. These include the acquisition of Snyder's-Lance, Pacific Foods of Oregon and Garden Fresh Gourmet in the last three years.
- Campbell's recognizes it has a role to play in tackling the global challenges of increasing levels of obesity and diet-related chronic diseases and acknowledges the SDGs. However, there is no evidence that it acknowledges the priorities set out in the WHO Global Action Plan for the Prevention and Control of Non-Communicable Diseases 2013-2020.
- Through its membership of the Consumer Goods Forum, Campbell's has expanded the scope of its nutrition-related commitments. Nevertheless, the company does not have a comprehensive set of objectives with specific timelines for their delivery, nor does it report its progress against them.
- The company has some strong governance in place. The CEO is accountable for the company's nutrition strategy and it conducts internal audits and annual management reviews of its strategy. However, the company lags behind its peers in certain elements – it does not seem to conduct nutrition-related risk assessments, the remuneration of the CEO is not linked to performance on nutrition objectives and day-to-day responsibility for implementing its nutrition strategy is not allocated to an executive who has direct communication lines with the Board.
- Campbell's is one of few companies to commission external reviews of the nutrition content of its CSR report. This is a new practice since 2016 and an example of leading practice. However, within its public reporting, Campbell's does not clearly convey how its approach to preventing and addressing obesity and diet-related chronic diseases translates into firm group-wide objectives. Campbell's could improve the quality of its reporting by publishing an overview of all of its nutrition objectives along with their scope, magnitude, target progress, and an explanation of their connection to the overall nutrition strategy.

Category A - Governance 12.5% - Undernutrition



Category B - Products 25% - Nutrition

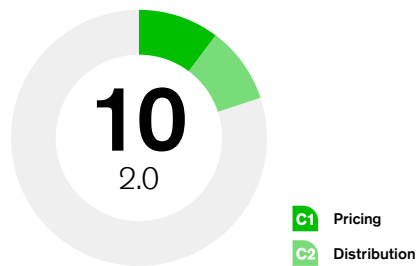


- Campbell's commits to invest in R&D to improve the nutritional quality of its products and this commitment was reaffirmed by the CEO during the company's Investor Day 2017. Despite the Board-level commitment, the company does not seem to have set targets to increase R&D spending on nutrition, making it hard to assess how substantial its commitment is.
- Campbell's commits to offering consumers 'nutrition and wellness choices'. It uses three definitions and sets of thresholds for the composition of such products: i) products with limited negative nutrients; ii) products that promote positive nutrition; and iii) healthy products. It has a set of thresholds per relevant nutrient for each of the types referred to, developed with advice from experts and aligned to national dietary guidelines. However, it does not use an NPS to calculate one score of overall nutritional quality for all products and categories. The company should move to such an NPS and publish relevant details.
- The company reports on the level of global and U.S.-retail sales of healthy products (using all three of its definitions for such products). In financial year 2016, they together accounted for 28% of sales globally (the company reported an updated, higher figure in feedback to ATNF based on more recent results). It was also able to show that this figure has increased by more than 10% in between 2014 and 2016 due to inclusion of global data, innovation, acquisition, and reformulation. The Product Profile estimated that the company generated 40% of its sales from healthy products in the seven markets assessed. This indicates that the company's metrics do not overestimate the sales of healthy products. Nevertheless, both metrics show that more than half of the company's sales are generated from products of lower nutritional quality and the company should actively work on solutions to increase the sales from healthy products.
- Campbell's has made good strides in reformulating its products. It participated in the US National Salt Reduction Initiative (NSRI) between 2012-2014. The NSRI developed targets to guide sodium reduction in 62 packaged food categories. Campbell's met these targets for several product categories - breads and rolls, broth and stock and canned chili, pasta and hash. Further, by the end of financial year 2016, Campbell's had removed all partially hydrogenated oils from its products. In the cases of salt and trans-fat reformulation, the geographic scope of these product improvements remains unclear.
- However, the company does not have targets to reduce the levels of saturated fats or sugar in its products further, nor to add whole grains or fruits, vegetables, nuts and legumes to any of its products. The company therefore has the opportunity to strengthen its product formulation commitments by developing such targets that are global in scope, cover all product categories and for which specific baselines and target years are defined for achieving them. The company should then publicly report each year on its progress.

Category B - Products 25% - Undernutrition



Category C - Accessibility 20% - Nutrition

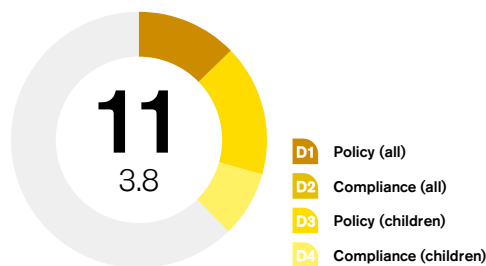


- Since 2016, Campbell's strengthened its commitment to address accessibility and affordability of healthy products and now commits to address these topics globally. Furthermore, Campbell's provided more examples of improving affordability of healthy products which had a positive impact on company's performance and score.
- Through its membership of the Consumer Goods Forum, Campbell's commits to continuing to develop and improve affordability and availability of existing products and services to support the goal of healthier diets and lifestyles, and to provide healthier choices of products for a range of budgets.
- The company shared a number of examples of improving the affordability and accessibility of healthy products in the U.S. indicating that the company has developed an approach to increase the consumption and sales of its healthier products. However, Campbell's does not have a policy or targets in place. It could do much more in both of these important areas.

Category C - Accessibility 20% - Undernutrition

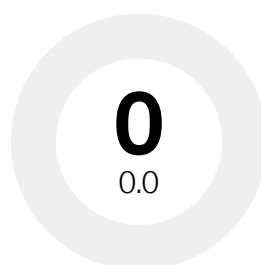


Category D - Marketing 20% - Nutrition

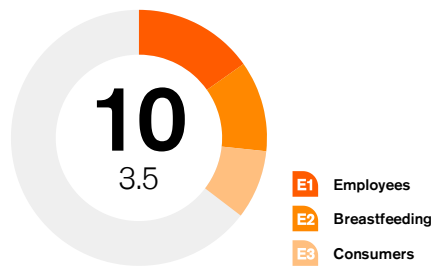


- Since the 2016 Index, the company has strengthened its performance on criteria related to responsible marketing to all consumers by providing more evidence to ATNF compared with 2016. Campbell's provided evidence of a global policy that covers wide range of media (the company omits DVDs/CDs/games, cinema, sponsorship and product placement) and includes some commitments as articulated by the ICC. Despite the improvement, the company does not seem to audit (or commission audits) of its compliance with its standards. To strengthen its performance, the company could publish the policy related to responsible marketing to all consumers, expand the media covered, pledge to adhere to the ICC framework and commission annual independent audits on compliance with its policy.
- Globally, the company supports the Consumer Goods Forum (CGF) and its Resolution on Responsible Marketing, marketing pledges in Australian and Canada, and, in the U.S., Campbell's home market, it commits to CFBAI and the Children's Advertising Review Unit (CARU).
- In addition to these pledges, Campbell's has its own, globally applicable policy on responsible marketing to children. The publicly available global policy includes less comprehensive commitments related to responsible marketing techniques than the detailed commitments associated with the CARU Guidelines.
- Globally, Campbell's does not advertise any products to children aged two to six. In markets such as U.S., Canada and Australia it only markets products that meet the CFBAI's nutrition criteria to children age 7-12. The company sets a 35% global threshold for audience proportion to determine whether programs or media have a child audience. To improve its performance, Campbell's could extend its responsible marketing policies and practices as applicable in the U.S. to children across all of its markets. In addition, it should also expand the scope of covered media and strengthen the audience threshold to when children make up more than 25% of a general audience. Further, it should expand commitments to prohibit marketing near primary and in secondary schools or other places popular with children.
- The CFBAI audits the compliance of all signatories with its pledge and publishes its industry-wide compliance findings; however, Campbell's does not publish its individual compliance level. The company does not disclose details of this audit, therefore the extent of its scope and rigor are unclear. Providing more evidence about its internal audits and disclosing its individual compliance level for TV and digital marketing in the public domain, could have a positive impact on the company's performance.

Category D - Marketing 20% - Undernutrition



Category E - Lifestyles 2.5% - Nutrition

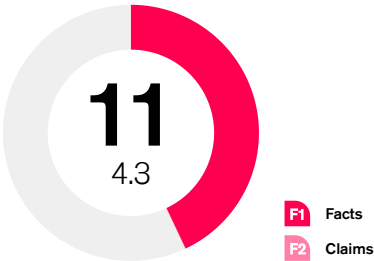


- Campbell's commits to supporting staff health and wellness and offers programs that are available globally to all employees. The company also articulates health outcomes it aims to achieve through these health and wellness programs. As in 2016, clear participation targets and evaluations of employee program effectiveness are not evident. The company should move towards best practice by commissioning independent evaluations of the health impacts of these programs to help ensure that its resources are being effectively deployed and delivering the greatest health impacts possible.
- In 2016, Campbell's introduced in the U.S., "gender-neutral Paid Parental Leave Policy that provides 10 weeks of fully paid leave for primary caregivers." The company has similar provisions across the globe, however, they vary per region based on local regulation. Campbell's offers breastfeeding mothers at work flexible working hours to accommodate breastfeeding, shortened work days and dedicated breastfeeding rooms. To strengthen its performance, the company could go beyond complying local legislation and adopt a global policy with a standard period of paid maternity leave and facilities consistent in all markets.
- Most of Campbell's educational and physical activity programs focus on the U.S. As a Consumer Goods Forum participant, it commits, in addition to its own programs to support public health and civil society initiatives. These promote active, healthy living, particularly that which informs consumers about good hygiene as well as achieving energy balance through healthier diets and lifestyles and increased physical activity. In some cases, independent third parties are responsible for the content and implementation of the nutrition education and physical activity programs. The company's approach to consumer education could be strengthened by developing formal guidelines, committing to only supporting programs developed and implemented by third parties and which do not carry brand-level marketing. This would demonstrate that the company is taking responsibility for helping to improve consumers' lifestyles beyond the immediate scope of its business.

Category E - Lifestyles 2.5% - Undernutrition



Category F - Labeling 15% - Nutrition

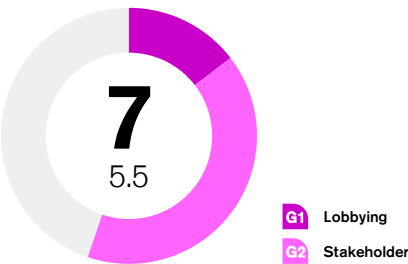


- Globally, Campbell's commits to the CGF Resolution on Product Information and commits to provide certain nutritional information on front-of-pack and back-of-pack labels. Beyond this commitment, the company does not have globally applicable labeling policy; it follows multiple market-specific initiatives in its major markets. Therefore, it has an opportunity to adopt a globally consistent labeling policy that goes beyond complying only with local labeling requirements and labels all nutrients important to nutrition and health.
- In the U.S., the company participates in the 'Facts Up Front' initiative providing levels of calories, sodium, saturated fat and sugars per serving on the front of its food packages. However, these commitments are limited to the company's home market. Additional information is provided for Australia where Campbell's commits to using the Health Star Rating system. Any similar company-wide commitments are not reported. Therefore, the company is encouraged to adopt a global policy that commits to using an interpretative front-of-pack format, to align with best practice. Like all companies, Campbell's should ensure to not undermine existing local interpretative FOP labeling systems by implementing alternative or additional systems.
- The company reports publicly that 100% of its products globally provide nutrition information on the labels in accordance with its commitments. This is a leading practice for level of product coverage among the companies assessed on the 2018 Global Index.
- Campbell's could improve its management of the use of health and nutrition content claims. In its international markets, it is unclear which guidelines it follows when making claims and it does not specify whether it follows Codex guidelines in markets where the use of claims is not regulated.

Category F - Labeling 15% - Undernutrition



Category G - Engagement 5% - Nutrition



- Campbell's participates in public policy debate in the U.S. on many issues such as product labeling, health, wellness and nutrition policy both directly and through the external Campbell's Political Action Committee. The company does not disclose information on its lobbying activities outside the U.S.
- Campbell's discloses a partial list of financial contributions beyond US\$10,000 made to industry associations and lobbying organizations in the US, but not a complete list as stakeholder groups and private-public partnerships are disclosed only. Moreover, it does not set out whether it has any governance conflicts of interest or holds board seats on industry associations and/or advisory bodies related to nutrition issues. To strengthen its approach, the company could commitment to lobby only in support of public health initiatives in all markets.
- Campbell's provides examples of engagement with stakeholders on topics such as health, nutrition and wellness, food access, responsible marketing and labeling. The company could disclose more examples of stakeholder engagement beyond U.S.

Category G - Engagement 5% - Undernutrition



Product Profile



5

Rank 5 / Score 5.8

Average HSR score products (sales-weighted)	Percentage of healthy products (sales-weighted)	Percentage of healthy products suitable to market to children (sales-weighted)	Number of products included in HSR and WHO EURO assessments		Number of countries included in the assessment
			HSR	WHO EURO	
2.9 stars	40%	24%	1462	1469	7

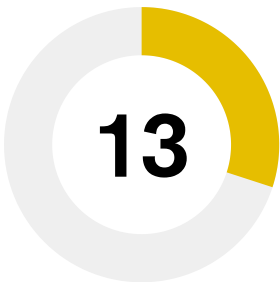
- Campbell's average sales-weighted and unweighted HSR is 2.9, generating a Product Profile score of 5.8 out of 10, and it ranks shared fifth.
- It is estimated that just under half of its product portfolio (47%) meets the HSR healthy standard and 40% of its sales are generated from products that meet the healthy threshold. The proportion of its sales of products assessed suitable to market to children was 24% (28% of its products by number). The lower sales-weighted figures illustrate that products with poorer nutritional quality may have contributed more to annual 2016 sales than products of higher nutritional quality.
- The market in which Campbell's has the highest proportion of healthy products was the U.K. where 86% of its portfolio meets the healthy threshold. This figure increased to 92% when results were weighted by sales. New Zealand was the market with the lowest mean HSR both before and after sales-weighting.
- The highest proportion of products eligible for marketing to children (71%) was found in the U.K., followed by Mexico with 48%. Australia and New Zealand the lowest proportion. None of its products in the categories 'Juice', 'Savory Snacks' and 'Sweet Biscuits, Snack Bars and Fruit Snacks' were found to be suitable to be marketed to children.
- In terms of the overall nutritional quality of categories, Campbell's healthiest categories are 'Ready Meals' (3.5), followed by 'Juice' (3.4), with 'Sweet Biscuits, Snack Bars and Fruit Snacks' having the lowest mean HSR of all of Campbell's product categories (1.1).
- Campbell's ranks better on Product Profile (shared rank of 5) than on the Corporate Profile (rank of 10). The difference in score and rank between the two elements of the ATNI methodology shows that while the company has somewhat limited commitments and disclosure about its nutrition-related activities, just under half of its portfolio consists of products which are considered healthy. Nevertheless, the company derives the majority of its sales from products of relatively low nutritional quality and only 28% of its products are suitable to be marketed to children. This clearly indicates that there is further room for improvement in the nutritional profile of its products.

For full details, see the company's Product Profile scorecard.

Coca-Cola ^{i 24}

Reported product categories

Carbonates, Dairy, Concentrates, Juice, Sports and Energy Drinks, Ready-to-drink Coffee and Tea



Product Profile

↓ Rank 13 / Score 3

Rank 14 / Score 3.7

Rank 12 (2016)

Headquarters
U.S.

Market capitalization
\$178,408 m

Reported revenue by geography ^{i 26}
North America 46%, Asia Pacific 12%, Corporate 12%, Europe 12%, Latin America 10%, Eurasia & Africa 6%

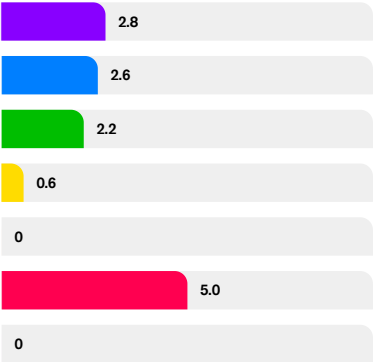
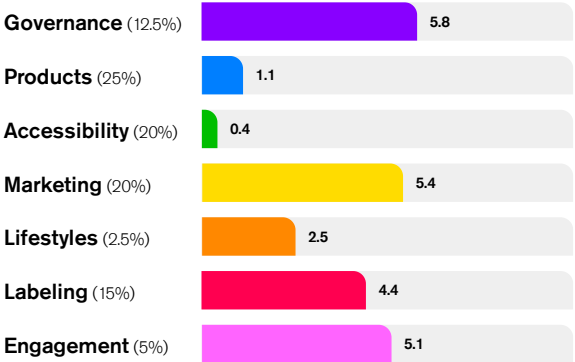
Number of employees
100,300

Total revenues ^{i 25}
\$41,863 m

Corporate Profile

Nutrition 13/3.1

Undernutrition 11/2.3



Main areas of strength

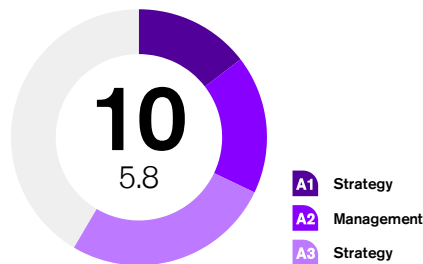
- The score of the Coca-Cola Company (Coca-Cola) has increased from 2.4 in 2016 to 3.0 out of 10 in 2018. Since 2016, the company has strengthened its performance in some categories, most notably in Category D responsible marketing to all consumers.
- As in 2016, Coca-Cola performs strongly on nutrition governance and strategy. The company commits to supporting the nutrition-related SDGs and recognizes that it has a role to play in addressing obesity. The company has adopted a new strategy, the 'Way Forward', which includes a stronger focus on sugar intake reduction than in the past. In addition, Coca-Cola is one of the few companies to publish separate reports in its major markets.
- The company has continued its efforts to develop new low- or no-calorie products. It reduced sugar in 200 products in 2016 and defined a target to reduce sugar in 500 products in 2017, out of a total product portfolio of 3,600 products.
- The company has strengthened its responsible marketing commitments by extending it to cover marketing to all consumers. As in the past, Coca-Cola shows strong performance by not marketing any products to children under 12.
- Coca-Cola has implemented a new employee health and well-being program that integrates aspects of healthy diets, physical activity and mental well-being. In addition, it has made a new commitment to assist breastfeeding mothers by providing parental leave arrangements and other facilities.
- Despite limited public disclosure, Coca-Cola has shared relevant evidence of a new commercial program to address undernutrition through specifically fortified products, a positive development since 2016. Its approach builds on earlier pilots and non-commercial programs, focusing on children over two. In addition, the company runs a philanthropic program to address undernutrition in school-age children in the Philippines.

Priority areas for improvement

- Coca-Cola ranks fourteenth in the Product Profile assessment with a score of 3.7 out of 10, based on an assessment of its major product categories in nine countries. The company was estimated to derive only 13% of its total sales from healthy products, i.e. those achieving a rating of 3.5 stars or more in the Health Star Rating (HSR) system. This indicates that Coca-Cola has significant scope to improve the healthiness of its portfolio through product reformulation, innovation and/or portfolio changes.
- The company's nutrition strategy lacks several nutrition objectives, e.g. regarding affordability/accessibility and consumer-oriented nutrition education programs, and limited information is disclosed. The company should address this and could further improve its nutrition governance, for example by linking CEO compensation to performance on these objectives.
- Coca-Cola has not defined a comprehensive set of product reformulation targets. Its commitments to reduce sugar in a number of products are short-term and lack relevant details. The company is encouraged to show leadership by defining ambitious, long-term and globally applicable targets.
- As in 2016, Coca-Cola has not implemented an NPS, nor has it defined nutritional criteria for healthy products. The company should do so to have a clear basis for its nutritional strategy, making its portfolio healthier.
- Coca-Cola should formalize and disclose commitments on the type of consumer-oriented nutrition education programs and healthy lifestyle programs it will support. It should step up its efforts in this area by supporting independently developed and implemented programs.
- Coca-Cola should disclose a commitment to follow Codex guidance for health and nutrition claims where weak or no regulation is in place. It should also track and disclose information about the number of products carrying such claims.
- Coca-Cola should define and disclose commitments on various aspects of addressing undernutrition, such as product development and specific marketing strategies, and it should disclose more information on its approach.

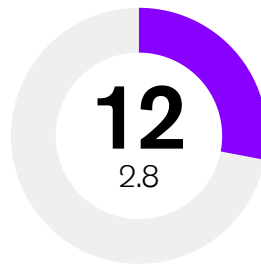
Category Analysis

Category A - Governance 12.5% - Nutrition



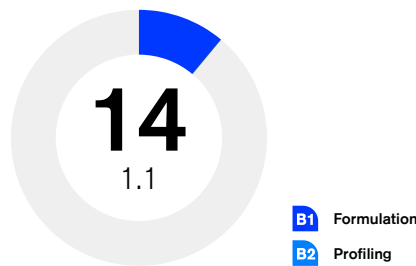
- Coca-Cola has adopted the 'Way Forward' plan as its long-term business strategy. The company links its growth ambition to encouraging and enabling consumers to control their intake of added sugar from beverages. This is a change compared to 2016, illustrating a strategic focus on nutrition and health. The company does not make an explicit commitment to deliver more healthy products. The company could show vision and leadership by doing so.
- Coca-Cola recognizes that it has a role to play in addressing obesity and commits to contribute to the SDGs, clarifying on its website how it contributes to SDG 2 and SDG 3.
- The company discloses extensive nutrition-related business risk assessments in its annual report, showing that nutrition considerations are integrated into its business strategy. However, the company has room to improve its transparency, e.g. by disclosing how nutrition considerations play a role in mergers and acquisitions, and how much of its sales are derived from healthy products.
- Senior executives on the Board oversee the nutrition strategy, which contains a limited set of objectives and is subject to annual management review. Coca-Cola could further improve by defining a comprehensive set of nutrition-related objectives that cover aspects such as affordability/accessibility, consumer education and lobbying. To implement industry-leading practice, the company should specifically link CEO compensation to performance on nutrition-related objectives.
- Similar to 2016, there is no evidence to indicate that Coca-Cola takes advice from external experts on its nutrition strategy in a systematic manner, although some input is solicited. The company should install a formal panel with a broad range of relevant expertise to gather regular advice on preventing and addressing obesity and diet-related chronic disease on a strategic level.
- The company regularly publishes its progress on implementing its nutrition strategy for its global operations in its annual report and other publications. The company is commended for providing separate annual sustainability reports for its major markets, which includes reporting on sugar reduction and supporting health from a local perspective. The reporting is done in part through Coca-Cola bottlers, as this approach is most relevant for its local stakeholders and reflects the integrated approach of Coca-Cola and its bottlers. The company could further improve its reporting by arranging external verification of the nutrition reporting.

Category A - Governance 12.5% - Undernutrition



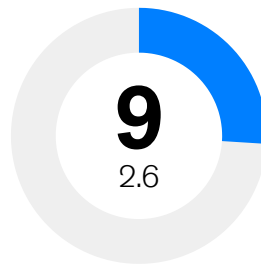
- Coca-Cola does not make an explicit commitment to address undernutrition commercially, nor has it formalized its approach in a policy. However, the company provided evidence to ATNF of relevant, long-term programs and of having undertaken a strategic review to explore commercial opportunities.
- Coca-Cola has provided evidence to ATNF of working on a new commercial roll-out of a program focused on children over two in multiple higher-priority developing countries, based on pilots and non-commercial programs spanning more than a decade. The company could improve by focusing on women of childbearing age and children under two, and by disclosing information about this program and its strategy to address undernutrition publicly.
- Coca-Cola's philanthropic program focuses on school-age children in the Philippines and is disclosed on its website.
- Although evidence of interaction with relevant technical experts was provided, Coca-Cola has room to improve through setting up a formal panel of experts with a broad range of expertise. This will allow it to obtain structural and strategic advice on preventing and addressing undernutrition, as well as providing feedback on existing initiatives and programs.
- The company collaborates with the Global Alliance for Improved Nutrition (GAIN) to address undernutrition in low-income countries.

Category B - Products 25% - Nutrition



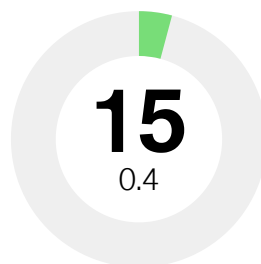
- Coca-Cola's score in this category is comparable to 2016. Its approach remains largely unchanged and the company has made incremental improvements.
- The company continues its efforts to reduce sugar in its products. Zero and low-calorie beverages now make up around 30% of its product portfolio and the company reports to have reduced sugar in 200 products in 2016. However, it should include more detail in its reporting, e.g. stating how much sugar was reduced in these products. Coca-Cola does not articulate long-term commitments or targets to increase spending on R&D to develop healthier products. The company could define long-term targets to improve the healthiness of its product portfolio.
- Coca-Cola does not report a definition of healthy products based on nutritional criteria. However, the company does now acknowledge the WHO recommendation to limit added sugars to 10% of daily energy intake and applies it as the basis for its product reformulation approach. For the ATNI methodology, low- or no-calorie products have been accepted in the company's assessment of healthy products.
- Coca-Cola reports to offer low- or no-calorie options across the majority of its brands. The company could improve by offering healthy product choices across all brands without exception.
- Reformulation targets were assessed for Coca-Cola's 'Carbonates' and 'Juice' major product categories. No evidence was found of globally applicable reformulation targets, but five-year local sugar reduction targets have been defined that apply to the 'Carbonates' category in the EU and India. The company currently does not report on its progress towards these targets. Furthermore, the company articulates an objective to reduce sugar in 500 products in 2017 without further specification, e.g. regarding the level reduction or the scope of products covered.
- Furthermore, the company states high-level goals of increasing protein and micronutrients as 'positive nutrients' in its products but no evidence was found of concrete 'positive nutrient' reformulation targets that are considered relevant to the ATNI methodology. The company should define a comprehensive set of product reformulation targets that cover all relevant nutrients for all products globally and report publicly on its progress.
- The company-reported percentage of healthy products, based on a definition of low- and no-calorie products, did not differ substantially from the Product Profile results with 29% of the product portfolio being considered healthy (based on an HSR of 3.5 or above). For transparency and as a basis for the company's nutrition strategy, the company should define healthy products based on nutritional criteria that is aligned with internationally accepted systems such as the HSR.
- Related to the previous point, Coca-Cola has not yet adopted an NPS to guide product reformulation and innovation. No healthy multiplier was applied, as was the case in the 2013 and 2016 Global Index. It is important that the company adopts an internationally recognized NPS, taking 'positive nutrients' and 'negative nutrients' into account and adapting it to the company context.

Category B - Products 25% - Undernutrition



- The company commits to tackle undernutrition and micronutrient deficiencies in developing countries through long-term initiatives to develop new fortified products, especially for undernourished children. It does not define specific targets to increase its R&D efforts. Coca-Cola does not commit to only fortify products of high underlying quality, or to base its approach on international guidance. The company should make public commitments related to these aspects.
- Coca-Cola provided evidence of having performed research to develop nutritional solutions to undernutrition. The company should disclose this information publicly.
- Products developed as part of Coca-Cola's commercial undernutrition strategy were not yet on the market at the time of assessment. Launching these products is necessary to positively and concretely impact the nutritional status of undernourished consumers and would increase the company's score.
- Coca-Cola provided evidence of developing products specifically formulated for undernourished groups as part of its philanthropic Nurisha program in the Philippines and discloses information about the program on its website.

Category C - Accessibility 20% - Nutrition



C1 Pricing
C2 Distribution

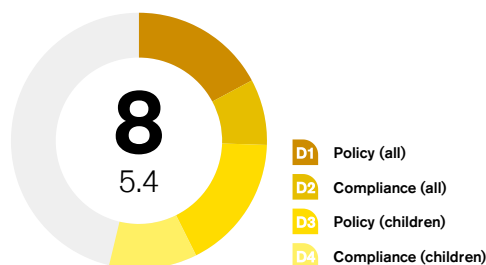
- Coca-Cola does not make any commitments to address the affordability or accessibility of its healthy products for low-income consumers, nor does it define objectives related to it. The only related information the company discloses is a target to offer low- or no-calorie options in every market with annual reporting on progress. However, this is not considered concrete enough to score as a relevant commitment or objective.
- It is recommended that Coca-Cola formalizes written commitments, measurable objectives and targets to improve the affordability and availability of its healthy products for all consumers worldwide. The company should explore the possibilities within its business model, as it works with bottlers and retailers. A clear definition of healthy products should be articulated in its approach.
- It should publicly disclose its commitments, objectives and targets on accessibility and affordability.
- It is recommended that Coca-Cola applies its approach to affordability and availability for low-income consumers to all markets in which it operates, including developed and emerging markets. It should also provide evidence of doing so.

Category C - Accessibility 20% - Undernutrition



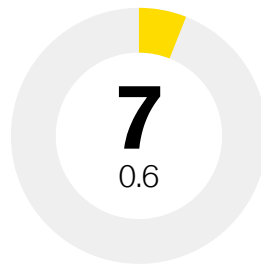
- Coca-Cola provided evidence of a commitment to improve the affordability and accessibility of products specifically formulated for specific undernourished groups, as part of a commercial program that is under development. The company is encouraged to publicly disclose its commitments, to define and disclose concrete objectives and to report on its progress.
- Coca-Cola's Nurisha program delivers specifically fortified products to school-age children in the Philippines, which is a relevant non-commercial program to improve accessibility.

Category D - Marketing 20% - Nutrition



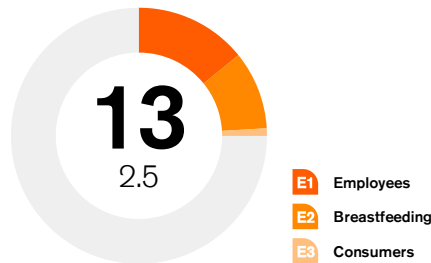
- Coca-Cola commits to follow the ICC framework explicitly in its global marketing policy. This is an improvement compared to the 2016 Global Index assessment as the ICC framework covers a wide range of commitments on responsible marketing to all consumers. The company is commended for this change, but should go beyond ICC commitments, e.g. by committing not to use models with a BMI of under 18.5. Furthermore, it could increase its transparency by describing in the policy what the commitment to follow the ICC framework means concretely within the company context.
- The company does not audit its compliance with the ICC framework regarding marketing to all consumers. However, the company audited the implementation of its marketing policy on the process level through a competent third-party. Although not relevant for scoring, Coca-Cola is commended for disclosing this information. However, the company should also implement a formal external audit of its marketing compliance to all consumers.
- Coca-Cola covers responsible marketing to children explicitly in its marketing policy. In addition, it pledges to global IFBA commitments, E.U. Pledge commitments and CFBAI commitments in the U.S. Coca-Cola is one of the few companies that commits to not marketing any products to children under 12. It applies a strong set of commitments, however it applies an audience threshold of <35%. It could improve further by lowering it to the leading practice level of <25%. In addition, no commitment was recognized to avoid using own fantasy or animation characters with a strong appeal to children, as characters already in use are excluded. This is a point it could improve on.
- The company is committed to avoid marketing activities in primary schools. Coca-Cola is encouraged to extend this commitment to places near primary schools, in or near secondary schools and to other places popular with children. In addition, industry-leading practice extends responsible marketing commitments beyond the age of 12.
- Compliance with the IFBA, CFBAI and E.U. pledge commitments are assessed on an annual basis by third-party auditors commissioned by those organizations. Coca-Cola could improve by commissioning independent third-party audits and formulating a commitment to corrective action in the case of non-compliance.

Category D - Marketing 20% - Undernutrition



- Coca-Cola did not provide evidence of a commitment to develop and deliver marketing strategies specifically intended to reach undernourished consumers. It did provide evidence to ATNF of having generated consumer and marketing insights to design effective marketing strategies in relation to its commercial program that is under development. The company could increase its score by disclosing its commitment publicly. In addition, it should further develop specific marketing strategies to reach undernourished consumers and to drive desired behavior change, for example by engaging behavioral specialists.

Category E - Lifestyles 2.5% - Nutrition



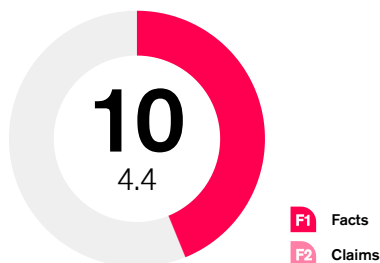
- Coca-Cola has implemented a new global employee health and well-being program that integrates aspects of healthy diets, physical activity and mental well-being, and disclosed information about it on its corporate website. It is available to all employees globally. The company can further improve by disclosing expected health and business outcomes, by tracking employee participation and by extending the program's availability to family members.
- Since 2016, the company has expressed a commitment to providing breastfeeding mothers with appropriate working conditions and facilities at work. However, Coca-Cola did not provide evidence of a formal policy and commitments refer only to the company's home market, the U.S. Coca-Cola should formalize its commitments in a formal policy, setting a minimum standard for paid maternity leave around the world and arranging comprehensive facilities to support breastfeeding mothers globally.
- No evidence was found of commitments to support integrated, comprehensive consumer-oriented healthy diet and active lifestyles programs and campaigns globally, which is a decrease in performance compared to 2016. Coca-Cola only provided some examples of running programs that educate about the benefits of a healthy diet and of being active, leaving room for improvement. It should commit to support programs that are aligned to national dietary guidelines, that exclude brand-level sponsorship and that are developed, implemented and evaluated by independent organizations with relevant expertise.

Category E - Lifestyles 2.5% - Undernutrition



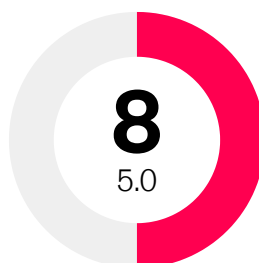
- Coca-Cola did not share evidence of commitments to supporting undernutrition-focused consumer education programs, or of funding relevant programs.
- Coca-Cola should commit to supporting well-designed programs educating undernourished consumers about the importance of breastfeeding, micronutrient fortification and healthy diets.
- Coca-Cola is encouraged to publish its commitments as well as the content and results of the consumer education programs it supports.

Category F - Labeling 15% - Nutrition



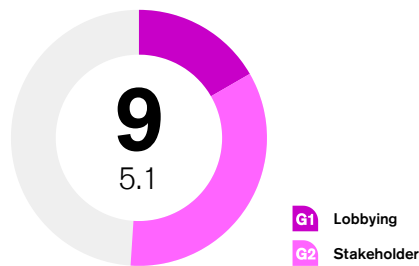
- As in 2016, Coca-Cola commits to disclose back-of-pack (BOP) and front-of-pack (FOP) nutritional information and to provide guidance for consumers expressed in daily amounts of key nutrients. The company discloses its labeling commitments on its corporate website, as well as through its membership of IFBA.
- Coca-Cola has nearly completed its roll-out of its BOP and FOP labeling commitments. It reported the progress on the implementation of its FOP labeling commitments as one of its 2020 goals, using externally verified data.
- Coca-Cola is part of an initiative to develop a new FOP labeling system in the EU but does not make a commitment to implement interpretative FOP labeling globally. The company should do so and, like all companies, it should ensure to not undermine existing local interpretative FOP labeling systems by implementing alternative or additional systems.
- As in 2016, Coca-Cola does not make a commitment to follow Codex guidance for health and nutrition claims where no or weak regulation is in place, nor does it not appear to track or publish data on the number of products carrying health and nutrition claims. It is recommended to publish an explicit commitment in relation to follow Codex guidance on the use of health and nutrition claims, and to track and disclose the number of products with such claims.

Category F - Labeling 15% - Undernutrition



- Coca-Cola discloses its commitment to labeling micronutrients for products that are targeted at consumers at risk of undernutrition, as part of its global commitment to label fortified products and to follow Codex guidance.
- A public commitment to use nutrition or health claims on fortified products only when they meet Codex standards in countries where the use of claims is not regulated or is weaker than those standards was not found.

Category G - Engagement 5% - Nutrition



- Coca-Cola does not make a commitment to only engage with governments and policymakers with the intention to support measures to prevent and address obesity and diet-related chronic diseases. It should make an explicit commitment not to lobby against public health-supporting initiatives. The company provides a brief narrative on its activities and discloses a relevant Code of Business Conduct.
- Coca-Cola provides transparency on its membership of organizations that lobby on its behalf, as well as on financial support of these. It could improve by disclosing any potential governance conflicts of interests and Board seats it holds on industry associations or advisory bodies that work on nutrition issues. It should also report on policy positions used in lobbying on key nutrition issues.
- Overall, evidence of the company's stakeholder engagement for the purpose of developing its nutrition policies and programs is limited. Coca-Cola discloses that stakeholder engagement has led to prioritizing topics, including addressing obesity. However, available evidence does not demonstrate that a comprehensive, well-structured approach is in place. The company should ensure that extensive engagement with international and local stakeholders is in place and disclose relevant information.

Category G - Engagement 5% - Undernutrition



- Coca-Cola does not articulate a clear commitment to supporting governments in their efforts to address undernutrition. It is encouraged to do so and should disclose information about its activities.
- Coca-Cola should also provide evidence of engagement with relevant organizations on undernutrition to inform its strategy and publicly disclose a narrative on this topic.

Product Profile



14

Rank 14 / Score 3.7

Average HSR score products (sales-weighted)	Percentage of healthy products (sales-weighted)	Percentage of healthy products suitable to market to children (sales-weighted)	Number of products included in HSR and WHO EURO assessments		Number of countries included in the assessment
			HSR	WHO EURO	
1.8 stars	13%	16%	1188	1219	9

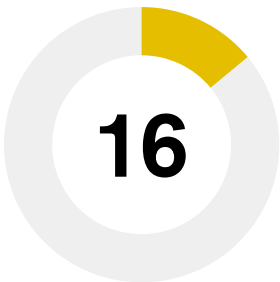
- Coca-Cola's average sales-weighted HSR is 1.8 (2.4 unweighted), generating a Product Profile score of 3.7 out of 10, and it ranks fourteenth.
- The estimated percentage of products that meet the healthy threshold, weighted by sales, is 13% (29% unweighted). The proportion of products suitable to be marketed to children, based on WHO EURO nutritional criteria, was estimated to be 16% based on sales-weighted data (12% unweighted).
- Examined by category, the highest mean HSR was seen in the 'Processed Fruit and Vegetables' category (3.6), followed by 'Juice' (3.4) and 'Dairy' (3.3), with 'Carbonates' having the lowest mean HSR (1.5). Carbonates represented the largest selling category across the nine countries, while estimated sales for 'Dairy' and 'Processed Fruit and Vegetables' were relatively low.
- Of the nine countries included in Coca-Cola's analysis, the U.K. had the highest mean sales-weighted HSR (2.2) followed by China (2.1), while South Africa had the lowest (1.4). For seven of the nine countries the overall mean HSR fell after sales-weighting, indicating that the majority of product sales in those countries were derived from less healthy products. Similar results were found for the percentages of healthy products (having an HSR of 3.5 or more) in all countries except India.
- India had the highest proportion of products eligible for marketing to children (25%) followed by South Africa with 20%, while the U.K. and Australia had the lowest proportion (6% and 8% respectively). Under the WHO EURO criteria, no fruit juice products are eligible for marketing to children. The 'Bottled Water' category had the highest proportion of products eligible for marketing to children for Coca-Cola products.
- The Product Profile assessment shows that Coca-Cola generates a low proportion of sales from healthy products and overall only 29% percent of its portfolio is considered healthy. Although the company reports to focus on sugar reduction, it should step up its efforts to improve the healthiness of its portfolio through product reformulation and other means, guiding its efforts by implementing a clear definition of healthy products.

For full details, see the company's Product Profile scorecard.

Conagra ^{i 27}

Reported product categories

Bakery, Canned / Preserved Food,
Confectionery, Oils and Fats, Pasta,
Ready Meals, Sauces, Snacks



Rank 16 / Score 1.4

Rank 16 (2016)



Product Profile

Rank 5 / Score 5.8

Headquarters
U.S.

Market capitalization
\$17,213 m

Reported revenue by geography ^{i 29}
Not available

Number of employees
12,600

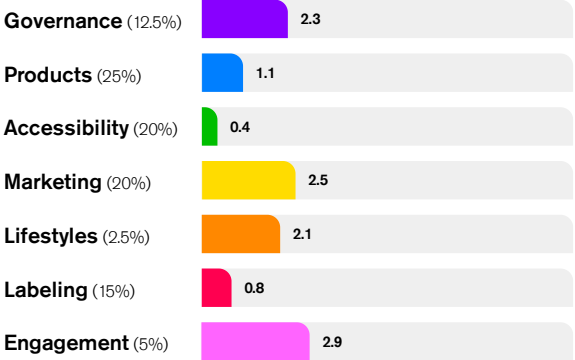
Total revenue ^{i 28}
\$11,643 m

Corporate Profile

Nutrition

16/1.4

Undernutrition 20/-1



Main areas of strength

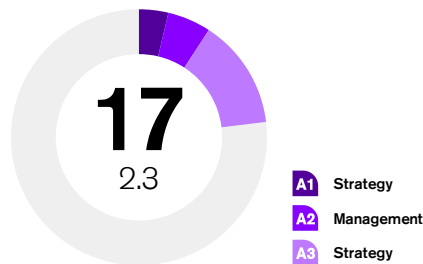
- ConAgra Brands' score increased slightly from 1.4 in the 2016 Global Index to 1.5 out of 10 in the 2018 Global Index and it maintained its sixteenth place in the ranking.
- ConAgra Brands' 'Citizenship Strategy' incorporates a commitment to, "make safe, delicious, affordable and nutritious foods while providing the information to make choices for a healthy lifestyle." The company focuses its health and nutrition activities around three focus areas - portion and calorie control, dietary variety and heart health.
- In the U.S., ConAgra Brands participates in the Children's Food & Beverage Advertising Initiative (CFBAI) and the Children's Advertising Review Unit (CARU). ConAgra Brands does not market to children under the age of six where children make up more than 35% of the audience.
- In the U.S., ConAgra Brands continues to be committed to provide both back-of-pack (BOP) and front-of-pack (FOP) nutrition labeling. Its BOP labeling includes all key nutrients recommended by the Codex Guidelines on Nutrition Labeling. Information is provided on the basis of recommended daily values. Furthermore, ConAgra Brands labels its products according to the 'Facts Up Front' program in its home market – the U.S., which is an industry designed and run labeling system displaying some nutrition information on the front of food and beverage packages.

Priority areas for improvement

- Since the 2016 Index, ConAgra Brands has made a few improvements to its approach to tackling health and nutrition challenges, reflected in the minor improvement in its score. As the company did not engage with ATNF during the research phase its score is based only on published information.
- The company lacks a Board-approved nutrition policy with measurable objectives on a broad range of nutrition-related topics. It does not appear to assign formal oversight for nutrition to the Board of Directors or CEO.
- As in the previous Index, ConAgra Brands does not appear to have a Nutrient Profiling System (NPS). It therefore lacks an effective framework to guide its product reformulation and R&D. The company could strengthen its performance by setting targets to reduce levels of negative nutrients and to increase positive nutrients in relevant products.
- The company does not emphasize healthy products in its activities to improve access to food. As one of the company's important business lines is to manufacture foods sold under retailers' own brand names, often at relatively low prices, this is an area ConAgra Brands should focus on as a priority.
- Commitments and examples of activities related to affordability and accessibility of healthy products, health and nutrition claims, support for healthy lifestyles and stakeholder engagement remain limited or non-existent.
- ConAgra Brands ranks shared fifth in the Product Profile with a score of 5.8 out of 10, based on an assessment of its major product categories in five countries. ConAgra Brands was estimated to derive 45% of its total 2016 sales from healthy products, i.e. those that achieve a Health Star Rating (HSR) of 3.5 stars or more. These findings illustrate that while ConAgra Brands' portfolio comprises a relatively high proportion of healthy products, it has scope to improve further through product reformulation, innovation and/or acquisitions or disposals.

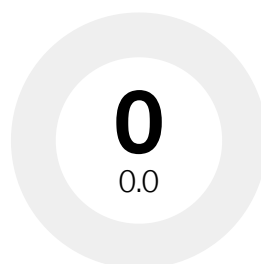
Category Analysis

Category A - Governance 12.5% - Nutrition

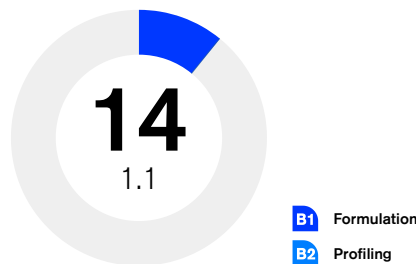


- 'Good Food', which ConAgra Brands defines as safe, delicious, affordable and nutritious food, is an integral part of the company's 'Citizenship Strategy.' The nutrition element of 'Good Food' comprises three main topics - portion and calorie control, dietary variety and heart health - which guide ConAgra Brands' approach to addressing nutrition and health issues. However, this 'Citizenship Strategy' focus does not seem to be a core driver of the company's commercial growth strategy which aims "to increase margins, improve the top line and build a winning company."
- The lack of strategic commitment to grow through a focus on health and nutrition is evident in several areas. ConAgra Brands does not seem to consider nutrition and health in mergers and acquisitions nor does it seem to recognize the Sustainable Development Goals (SDGs) or the priorities set out in the WHO Global Action Plan. Furthermore, ConAgra Brands' publicly available nutrition strategy remains limited and lacks clearly articulated objectives beyond its three main topic areas.
- The company could improve its nutrition governance by assigning formal oversight of its approach to the Board of Directors or CEO and delegating day-to-day responsibility for implementing it to an executive manager who reports directly to the CEO and/or the Board. The company could also link the remuneration of its CEO to performance on nutrition objectives.
- The ConAgra Brands scope of reporting remains as limited as it was in 2016. The company reports annually on its approach to tackling nutrition issues but these reports are still not integrated into the company's financial reporting and do not provide a clear sense of the company's activities nor how they relate to its business goals or future plans. ConAgra Brands should expand the coverage of its work to address nutrition issues and consider commissioning an external review and/or verification of its Citizenship Report.

Category A - Governance 12.5% - Undernutrition

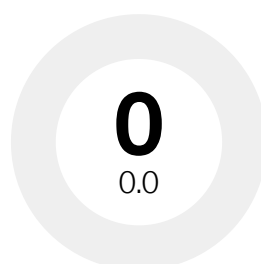


Category B - Products 25% - Nutrition

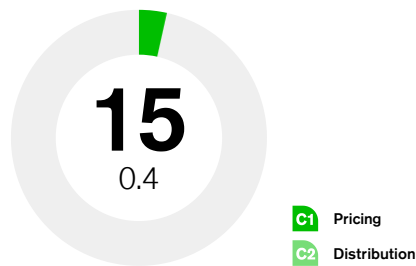


- ConAgra Brands' approach to improving its products is centered around portion and calorie control, dietary variety and heart health. The company continues to make a commitment to invest in research in health and nutrition but does not disclose targets to increase R&D spending on nutrition, making it hard to assess how strong its commitment is.
- The company does not appear to have an NPS to guide its product reformulation and product development activities, highlighting a gap between ConAgra Brands and the leading companies assessed. It is important that the company adopts a well-verified NPS, which covers all products in all markets and encompasses both positive and negative nutrients. Implementing an NPS would also allow the company to clearly define what a 'healthy product' is, which products offered are healthy and how healthy products relate to ConAgra Brands' focus on portion and calorie control, dietary variety and heart health.
- ConAgra Brands has not made any progress in reporting on its product reformulation targets since 2016. The company set a sodium reduction target in 2009 which was met in 2013. Since the company seems not to have adopted company-wide targets to reduce key negative nutrients, such as saturated fat, trans-fat and/or sugars, nor to increase the levels of fruits, vegetables, nuts, legumes, wholegrains and/or fiber in its products. To align with best practice, ConAgra Brands should place greater emphasis on reformulating its products to enhance their nutritional quality and reporting on progress.
- The company reports some examples of new product launches and provides information on the percentage of products that fall within the scope of its health and nutrition approach.
- In fiscal year 2016, the company reported that 65% (in fiscal year 2017 this has increased to 67%) of products fell within one of its ConAgra Brands health and nutrition focus areas. The Product Profile estimated that 64% of products by number, in the countries assessed, were healthy. However, when sales-weighted, the figure dropped to 45%, indicating that the company generates more sales from products of lower nutritional quality. The company is encouraged to increase the percentage of healthy products in its portfolio, invest in the increasing sales from these products and provide a clear definition of what ConAgra Brands considers to be a healthy product.

Category B - Products 25% - Undernutrition

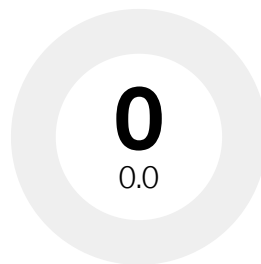


Category C - Accessibility 20% - Nutrition

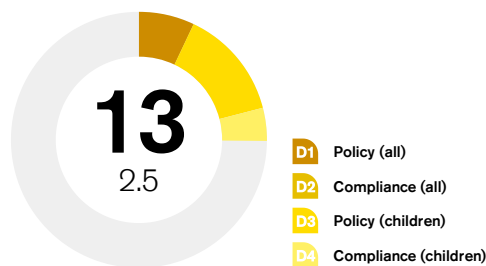


- ConAgra Brands provides limited information about any approaches it may have to enhance the accessibility or affordability of its healthy products through specific pricing and distribution initiatives. ConAgra Brands has very general commitments to improve the affordability of its healthy products but it is unclear how these commitments translate into practice.
- The company could strengthen its performance in this area by defining a commitment and specific objectives to improve the accessibility and affordability of its healthy products and support these with examples of activities. As indicated above, having a definition of healthy which is linked to a robust NPS could improve the company's approach to accessibility and affordability.

Category C - Accessibility 20% - Undernutrition

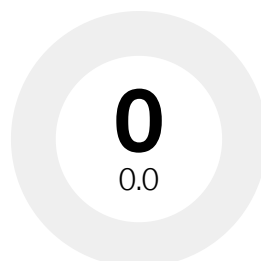


Category D - Marketing 20% - Nutrition

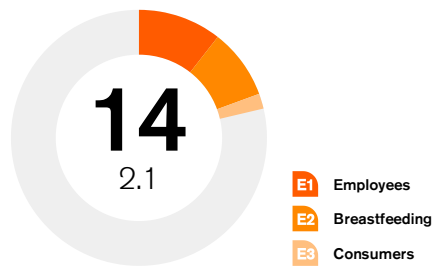


- ConAgra Brands' Code of Conduct includes commitments to responsible marketing to all consumers, but it does not fully encompass the International Chamber of Commerce (ICC) Code of Advertising and Marketing Communication Practice nor does it specify which media are covered. The company also does not seem to audit (or commission audits) of its compliance with its policy. More transparency about the advertising pledges and practices relating to all consumers would allow a complete assessment of ConAgra Brands' performance.
- ConAgra Brands participates in the Children's Food & Beverage Advertising Initiative (CFBAI) and supports the Children's Advertising Review Unit (CARU). It does not advertise any products to children aged two to six. It only markets products that meet the CFBAI's nutrition criteria to children aged 7 to 12. The company sets a 35% threshold for programs or media that have a child audience.
- As ConAgra Brands continues to derive most its revenues from the U.S. (about 87% in financial year 2016), application of CFBAI standards and nutrition criteria cover most of its business. However, to improve its performance, ConAgra Brands is encouraged to extend its responsible marketing policies and practices to children across all its markets. In addition, it should also expand the scope of covered media and strengthen its definition of a child audience, i.e. to when children make up more than 25% of a general audience. It should also expand commitments to prohibit marketing in and near primary and secondary schools or other places where children gather. Most importantly, marketing practices should be underpinned with an appropriate NPS.
- ConAgra Brands conducts a self-assessment of its compliance with the CFBAI pledge and this is submitted to the organization on an annual basis. This does not meet best practice, which is to commission independent audits and to publish compliance levels.

Category D - Marketing 20% - Undernutrition

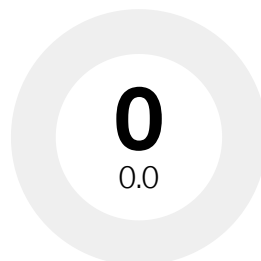


Category E - Lifestyles 2.5% - Nutrition

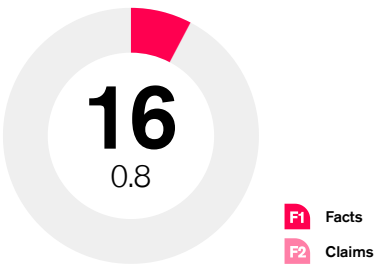


- ConAgra Brands makes a commitment to support employee health and wellness. Nevertheless, the programs offered are limited. The company also does not set participation targets for these programs. ConAgra Brands could improve its performance by setting out the business and health outcomes these programs are expected to deliver and by commissioning an independent evaluation. Transparency could be improved through the disclosure of the quantitative results to demonstrate the impact per employee. The program could also be extended to include employees' family members
- ConAgra Brands has a policy commitment to support breastfeeding mothers with appropriate working conditions and facilities at work, as well as to provide up to three months of paid maternity leave. However, these commitments are applicable only to employees in the U.S. The company could improve its performance by adopting and publishing a consistent global policy and by providing paid maternity leave for six months or more.
- ConAgra Brands' educational activities are managed by its ConAgra Brands Foundation. The company focuses on areas which are in line with its Citizenship Strategy and consequently supports programs on nutrition education, cooking skills and healthy & active lifestyles. The company's approach to consumer education could be strengthened by developing formal guidelines and by committing only to supporting programs developed and implemented by third-parties which do not carry brand-level marketing. This would demonstrate that the company is taking responsibility for helping to improve consumers' lifestyles beyond the immediate scope of its business.

Category E - Lifestyles 2.5% - Undernutrition



Category F - Labeling 15% - Nutrition

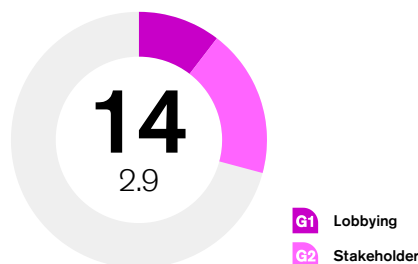


- Since 2016, ConAgra Brands has not strengthened its approach to labeling or placing health and nutrition claims on products.
- ConAgra Brands has committed to follow U.S. Food & Drug Administration (FDA) and U.S. Department of Agriculture (USDA) regulations requiring standardized declaration of nutrients in the U.S. only. Therefore, the company commits to provide both BOP and FOP nutrition labeling. As the U.S. labeling legislation is closely aligned with Codex, ConAgra Brands provides BOP labeling information on all key nutrients as recommended by Codex (energy, protein, carbohydrates, added/free sugars, trans-fat, saturated fat, dietary fiber and sodium).
- The company participates in the 'Facts Up Front' initiative in the U.S., and provides levels of calories, sodium, saturated fat and sugars per serving on the front of its food packages. However, these commitments are limited to the company's home market. Any similar company-wide commitments are not reported. Therefore, the company should adopt a global policy which commits to provide full nutrition labeling on all products globally, as it does in the U.S. It should also commit to using an interpretative FOP labeling format, which is considered best practice and to disclosing more information about the implementation of its labeling commitments across all markets.
- ConAgra Brands has not disclosed any information on the use of either health or nutrition claims, although the use of such claims is regulated in its major markets. The company could strengthen its performance by publicly disclosing a policy in which it commits only to placing a health or nutrition claim on a product when it complies with relevant Codex standards for countries where no national regulatory system exists, or standards are weaker than those of Codex.

Category F - Labeling 15% - Undernutrition

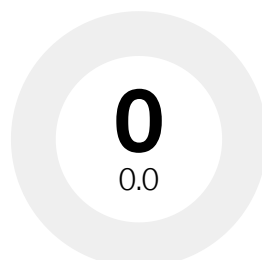


Category G - Engagement 5% - Nutrition



- ConAgra Brands could improve its transparency around its commitments and activities relating to lobbying and influencing governments and policymakers on nutrition issues. The company does not report publicly which topics it engages and does not make an explicit commitment not to lobby against public health topics. To strengthen its approach, the company could commit to lobby only in support of public health initiatives in all markets.
- The company only discloses its membership in U.S. trade associations to which it paid dues of \$50,000 or more and financial contributions to these organization. Moreover, it does not set out whether it has any governance conflicts of interest or holds board seats on industry associations and/or advisory bodies related to nutrition issues. The company could extend the scope of reporting beyond the U.S.
- ConAgra Brands demonstrates limited engagement with stakeholder groups and engages with researchers and other professionals in the nutrition community through publications and presentations at scientific meetings. In addition, the company reports that progress on topics relating to product development, including delivering against portfolio-wide nutrition improvement objectives are shared with an external Scientific Advisory Board. However, how these engagements feed into developing its nutrition policies and/or programs is unclear based on the public reporting. Nevertheless, the company could improve its performance by disclosing more on the nature of these engagements and broaden the scope of stakeholders consulted by engaging with stakeholders beyond the U.S., the company's home market.

Category G - Engagement 5% - Undernutrition



Product Profile



5

Rank 5 / Score 5.8

Average HSR score products (sales-weighted)	Percentage of healthy products (sales-weighted)	Percentage of healthy products suitable to market to children (sales-weighted)	Number of products included in HSR and WHO EURO assessments		Number of countries included in the assessment
			HSR	WHO EURO	
2.9 stars	45%	34%	1036	1151	5

- ConAgra Brands' average sales-weighted HSR is 2.9 (3.2 unweighted), generating a Product Profile score of 5.8 out of 10, and it ranks shared fifth.
- In 2016, 45% of sales of the company's products assessed met the healthy threshold (64% of its products by number). The proportion of its sales of products assessed suitable to market to children was 34% (37% of its products by number). The reductions in the sales-weighted HSR scores illustrate that its products with slightly lower HSRs accounted for a relatively larger proportion of sales than those with higher HSRs.
- ConAgra Brands' sales in India and Mexico were on average healthy, with a mean of 3.5 and 3.6, respectively. New Zealand had the lowest mean HSR both before and after sales-weighting of results (2.3). The highest proportion of products eligible for marketing to children was found in the U.S. (39%) – not sales-weighted.
- In terms of categories, ConAgra Brands' healthiest category on average is 'Processed Fruit and Vegetables' (4.1), followed by 'Edible Oils' (3.9) and 'Spreads', with 'Dairy' having the lowest mean HSR of all ConAgra Brands product categories (2.1).

- None of its products were eligible to be marketed to children in New Zealand and South Africa. Additionally, no products within the categories 'Breakfast Cereals', 'Savory Snacks' or 'Spreads' were found eligible to be marketed to children.
- ConAgra Brands ranks considerably better on the Product Profile (shared rank of 5) than on the Corporate Profile (rank of 16). The difference in score and rank between the two elements of the ATNI methodology shows that while the company discloses little about its nutrition-related activities, more than half of its portfolio consists of products which are considered healthy by the HSR system. Nevertheless, the company appears to derive the majority of its sales from products of lower nutritional quality. A number of product categories do not have any products healthy enough to be marketed to children. This clearly indicates that ConAgra Brands has room to improve the nutritional profile of its products.

For full details, see the company's Product Profile scorecard.

Danone

BMS ⓘ 30

Reported product categories

Baby Food, Dairy, Water and
Beverages



Rank 3 / Score 6.3

Rank 3 (2016)



Product Profile

Rank 2 / Score 6.2



BMS Marketing

Rank 1 / Score 46%

Headquarters

France

Market capitalization

\$39,162 m

Number of employees

99,187

Total revenues ⓘ 31

\$21,944 m

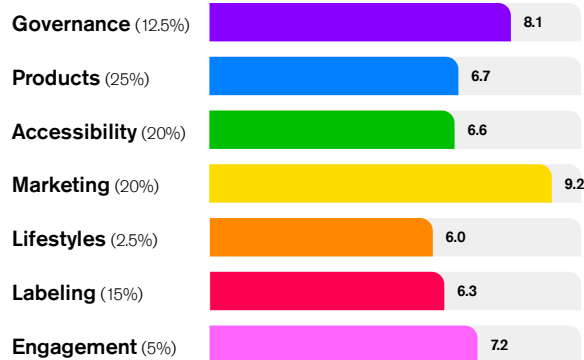
Reported revenue by geography ⓘ 32

Asia Pacific / Latin America /
Middle East 40%, Europe 39%,
North America 20%

Corporate Profile

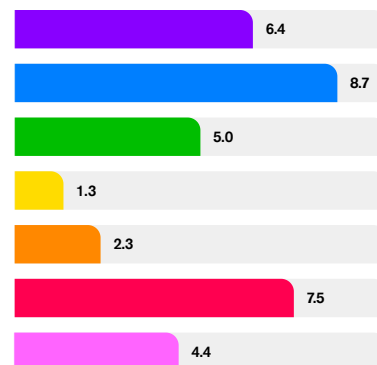
Nutrition

2/7.3



Undernutrition

4/5.6



Main areas of strength

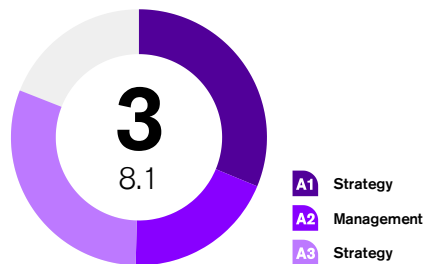
- Danone is commended for making improvements in all Index categories, as well as on undernutrition and marketing of breast-milk substitutes (BMS). These changes have led to a substantially increased 2018 Index score of 6.3 (including the adjustment of -0.8 for BMS marketing), up from 4.9 in the 2016 Index. As in 2016, Danone ranks third.
- It is clear that Danone is committed to contributing positively to diets and health and that this underpins its growth aspirations. Its mission, commercial strategy and management systems, particularly the Danone 2020 strategy and plan, are set up to deliver that goal.
- Compared to other companies, Danone ranks well on the Product Profile, at second: 53% of its products meeting the healthy threshold of (HSR of 3.5 or more), contributing an estimated 41% to its 2016 revenues.
- In 2017 Danone adopted clear 2020 targets to improve its products, underpinned by a relatively strong NPS. It intends 100% to meet its Nutrition Targets by 2020 and reports on the percentage of products that have met each target, illustrating good transparency.
- Affordability and accessibility are embedded within strategic planning for the whole business, with a specific focus on low-income populations. Danone is in the process of setting 2030 targets, including a target to reach a specified number of consumers with affordably priced healthy products by 2030.
- Danone achieves the full score for marketing to all consumers, the only company to do so. In relation to marketing to children, it also scores well.
- Danone demonstrates a clear commercial commitment to addressing undernutrition, conducting comprehensive research studies in each market to assess the nutritional needs of local population and developing a customized product strategy for each market. In addition, its innovative Danone Communities Fund supports social enterprises that aim to reduce malnutrition and access safe drinking water, among other things.

Priority areas for improvement

- Danone ranks second in the Product Profile assessment with a score of 6.2 out of 10, based on an assessment of its major product categories in seven countries. Danone was estimated to derive 41% of its total sales in those countries from healthy products, i.e. those that achieve a rating of 3.5 stars or more in the HSR system. Despite the company's relatively good performance, there is significant scope to further improve the healthiness of its portfolio.
- Danone should review whether its NPS sets sufficiently stringent thresholds for determining the healthiness of products, given that its system does not seem to be as strict as the HSR system used in the Product Profile.
- The company should put more emphasis on ensuring that its healthy products are as accessible and affordable as less healthy options, particularly by developing tailored pricing and distribution strategies for such products. Further focusing its efforts on higher priority countries would help to address undernourished populations in countries with greatest need.
- To improve its policy on marketing to children, Danone should apply it to young people up to 18 and lower its child audience threshold to 25%. It could do more to ensure it is using online media responsibly and cease using fantasy and animated characters with a strong appeal to children in its marketing, except in relation to healthy products. It should also extend that commitment to point-of-sale marketing and packaging.
- Danone should stop branding consumer-focused programs to encourage healthy diets and active lives and only fund independently designed, implemented and evaluated programs.
- Danone is encouraged to extend its BMS marketing policy to include growing-up milks and to all markets for all products. It should further revise its policy to encompass all of the recommendations of The Code and subsequent World Health Assembly resolutions and make sure it has a full suite of management tools, such as procedures and instructions to staff, to implement each of its commitments.

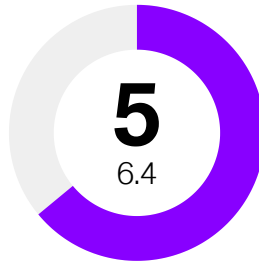
Category Analysis

Category A - Governance 12.5% - Nutrition



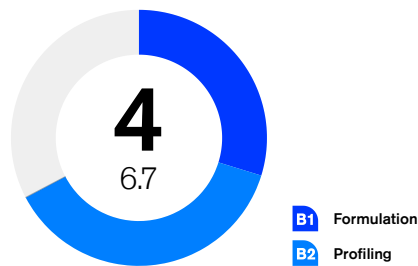
- Danone's overarching mission and strategy focus very clearly on health and nutrition. Its global mission, reinforced in the Danone Manifesto, is to, "bring health through food to as many people as possible", including low-income populations. In 2017, Danone adopted a new 2020 strategy identifying three areas of strategic growth, one of which is, "to support healthier eating and drinking behaviors". It focuses only on what it considers to be healthy categories. These are dairy, plant-based products, water, specialized nutrition for early lives and patients with a broad range of medical conditions. Moreover, through the acquisition of WhiteWave in the US in 2017 it added more healthy products to its portfolio.
- Danone reports various figures for volumes and revenues derived from healthy products, but these figures are substantially higher than those generated by the Product Profile, which estimated that of 41% of 2016 revenues were attributable to healthy products in the markets studied. Although differences in the methodology for calculating this figure may play a role, the findings suggest that Danone's definition of healthy is not as strict as that used by the HSR system and should be reconsidered.
- The company clearly demonstrates its intention to contribute to international targets and goals by linking its 2020 commitments and targets to the priorities set out in, inter alia, the WHO Global Action Plan for the Prevention and Control of Non-Communicable Diseases 2013-2020, and the relevant SDGs.
- Danone carries out regular extensive risk analyses which encompass risks related to nutrition to ensure that the business is aware of those risks and responding appropriately.
- Danone's senior management is responsible for the ultimate delivery of its nutrition strategy and its day-to-day implementation. It states that, "90% of subsidiaries have a person accountable for the health & nutrition matters." However, it does not allocate accountability for implementing its strategy to a Board level executive nor does it explicitly link the compensation of the CEO to achieving its 2020 targets. It should consider making these changes.
- Danone also states that it draws on 138 advisory panels on the local level and consults 2,115 external scientific experts around the world. However, their expertise appears to be focused on nutrition rather than encompassing other important elements of nutrition strategy, such as responsible marketing, pricing and distribution. It should broaden the advice that it takes.
- The company publishes regular updates on its progress in implementing its nutrition strategy via various annual reports, including in its financial report and in other documents. Importantly, its nutrition reporting is independently verified by an external auditor. Danone could further improve by undertaking formal annual internal audits of its progress in achieving its targets and ensuring that all executive managers review those audits and commit to any improvements necessary, across all relevant business functions.

Category A - Governance 12.5% - Undernutrition



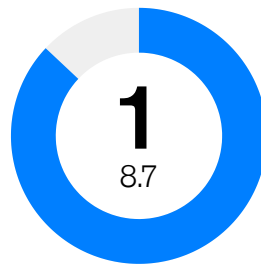
- The company has a commitment to address undernutrition as outlined in its overarching Danone Food, Nutrition and Health charter, with further commitments set out in its policy on micronutrient fortification (published in September 2017). Its approach to addressing undernutrition through its core business appears to be strategic, well-structured and comprehensive. It was covering 54 countries by the end of 2016 with a focus on the highest priority countries with the highest levels of malnutrition.
- A committee chaired by an executive and which reports to the CEO has responsibility for implementing the strategy. Danone draws on the expertise of external experts in developing its strategy on undernutrition and works with the Global Alliance for Improved Nutrition (GAIN) in some areas.
- Danone conducts comprehensive market research studies in each of its countries of operation to assess the nutritional needs of local population. The results of such studies are then reviewed by the Board. It then develops a customized product strategy for each market, which is reviewed by the Board. This approach is best practice.
- It also addresses undernutrition in a structured and strategic way through the Danone Communities Social Business Fund, the objective of which is "to finance and develop local businesses, with a sustainable business model, focused on the social objectives of reducing poverty and malnutrition and improving access to clean and safe drinking water." This work is also focused on the highest priority countries.
- Although Danone clearly takes the local context into account in each country, it does not yet pledge to work within regional and national frameworks in support of goals set by the international and/or national nutrition community to address specific fortification needs and undernutrition issues more broadly. It should orient its work in this way. Further, it has scope to work with additional international non-profit organizations with expertise in undernutrition.
- While the company provides some commentary about the work of the Danone Communities Social Business Fund, its disclosure about its approach to tackling undernutrition through its core business is less extensive and should be expanded.

Category B - Products 25% - Nutrition



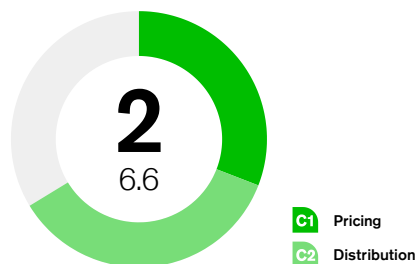
- As of December 2016 (and therefore not included in its 2016 Index score), Danone adopted a single NPS, developed with independent expert input. The system is called Nutritional Targets 2020 and replaces multiple systems the company had in the past. Details about the system are also now available in the public domain. This NPS is considered to be relatively strong as it applies to all relevant categories globally and assesses both positive and negative food components.
- However, Danone reports that 67% of its sales volumes in 2016 was generated by products compliant with its NPS, i.e. that meet its Nutritional Targets 2020. This figure is considerably higher than the equivalent figure generated by the Product Profile of 53%. This is likely to be because Danone included products and categories that the Product Profile excludes such as baby foods and foods for special medical needs and because Danone's Product Profile is based on only seven countries. However, it may also be because Danone's NPS is not as strict as the HSR system used to assess the healthiness of products. Danone should review its NPS and align it to the criteria and algorithms in well verified international systems such as the HSR system.
- Danone commits to further improving the nutritional quality of its products through its Nutritional Targets 2020. It reports that it spends 1.5% of its consolidated sales on R&D. It has committed to ensure that 100% of its products meet its Nutrition Targets by 2020 and has improved the nutritional quality of 26% of its products by volume in the last three years.
- The company incorporates nutritional guidelines set out by the WHO, FAO, and Eurodiet. Thresholds are set for key nutrients by product category across all products globally. The company further disclosed to ATNF the percentage of sales volumes of products that met those thresholds.
- Danone has made good progress on achieving its targets and reports publicly on this. In relation to those categories for which targets have been set, 70% of products are now in line with Danone's sugar target, 97% are in line with the saturated fat target and 85% are in line with its salt target. However, it has not set a target for increasing levels where possible of positive nutrients, which it should do.
- All of its carbonates, juices and sports drinks have less than 100kcal per serving, a good achievement.
- Danone does not yet offer at least one product in all brands that meet its healthy standard for adults and it should focus more on achieving this goal. It should also do more to ensure that it can identify and increase the number of products that meet the standard for children.

Category B - Products 25% - Undernutrition



- The company published a new policy on micronutrient fortification in September 2017 which includes a wide range of commitments to address undernutrition. It bases its approach to fortification on Codex guidance and national regulations.
- Danone provided ATNF with some examples of fortified products launched in both higher and lower priority countries in the past few years. It seeks to use ingredients with high inherent levels of micronutrients and commits only to fortify products of high underlying nutritional quality, identified using its NPS. It has developed initiatives to increase the number and volume of foods that address specific micronutrient deficiencies in different countries.
- Danone Communities Social Business Fund also contributes to the delivery of fortified products to under-nourished children and adults in Bangladesh and China. It supports various other projects in other high-priority countries focused on young children but as a BMS company, with the potential for such programs to be perceived as part of the company's marketing activities, these initiatives do not contribute to the Index score.

Category C - Accessibility 20% - Nutrition



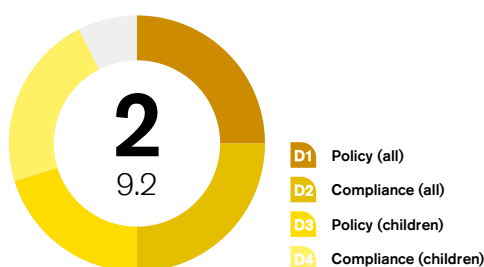
- Danone includes affordability and accessibility considerations within its strategic planning across the whole business and all categories, with a specific focus on low-income populations. It is currently in the process of setting its 2030 targets, including a target to reach a specified number of consumers with affordably priced healthy products by 2030. These targets were informed by analysis it had done on appropriate pricing of healthy products for low-income populations in both developed and developing countries in the last three years. They also were informed by similar research on accessibility, but only in developing countries.
- However, the company does not focus its work on higher priority developing countries and should aim to do so.
- A member of the Executive Committee is responsible for the accessibility strategy and this information is publicly disclosed.
- However, the company was not yet able to provide evidence of offering discounts, price promotions or coupons on healthy products at the same or greater level as for less healthy products. Furthermore, it did not provide evidence of improving the accessibility of its healthy options through its core business. It should aim to gather and publish evidence of this nature. Danone has room to improve its transparency in this area.

Category C - Accessibility 20% - Undernutrition



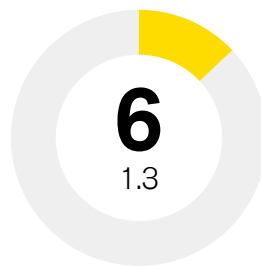
- Danone's overarching commitments on accessibility and affordability, described above in the Nutrition section, apply to both its healthy and fortified products. While it has set objectives relating to improving accessibility, it has not done so in relation to affordability, and should do so.
- The company provided examples of improving the affordability of products that address micronutrient deficiencies, but similar to the findings in 2016, it could demonstrate its commitment to this issue by providing more examples in higher priority countries. It was also not able to provide examples of expanding the accessibility of fortified products. Further focusing its efforts on higher priority countries would help to address the needs of the under-nourished in these countries with greatest need.
- Danone Communities Social Business Fund works towards addressing the affordability and accessibility of fortified products through projects such as the Grameen project in Bangladesh. It could amplify its impact by supporting more initiatives that expand the accessibility of fortified products, micronutrient powders and supplements, or supporting school feeding programs.

Category D - Marketing 20% - Nutrition



- Danone is commended for achieving a full score in relation to marketing to all consumers, i.e. it meets best practice in terms of its policy and disclosure measured by D1 and D2. It is the only company to do so on both criteria.
- In terms of marketing to children, Danone also scores well. It publishes a global pledge on advertising aimed at children which covers commercial communications on TV and radio, print, third-party internet and company-owned websites but not in-store marketing and sponsorship. These exclusions should be removed. It has signed up to the Children's Food and Beverage Advertising Initiative (CFBAI) and was a founding member of the EU Pledge in 2007. It has also become a member of the International Food and Beverage Alliance (IFBA) since the last Index. Further, Danone makes a specific commitment that "by 2020, each country in which Danone operates will have disclosed and embedded a local comprehensive policy on responsible marketing practices." This is not an action that the Index gives credit for but is commended.
- Danone's policy makes many but not all of the best-practice commitments in terms of marketing techniques it will and won't use. The Index gives credit for this. There is scope here to do more in relation to online media and restrict use of celebrities or other people of influence. Danone should also only sponsor activities popular with children in conjunction with healthy products and remove the exclusion of not using fantasy or animated characters in point-of-sale marketing and packaging.
- Danone commits not to advertising on TV or radio programs where the audience is made up of more than 35% children under age 12, unless products meet its healthy standard. The company should extend these commitments to cover young people up to the age of 18 and adopt a stricter audience threshold of 25%, as leading companies do.
- The company prohibits marketing in and near primary and secondary schools, one of few companies to make the latter commitment. It agrees only to supply marketing material when in agreement with school management and only in relation to products that are considered healthy. It also commits only to market healthy products in or near places popular with children. Danone could improve further by committing not to market in or near settings popular with children, as recommended by the WHO.
- Danone states that its marketing to children is audited by an independent third party as well as other by other third parties commissioned by industry pledges. It publishes the results of these audits. To improve further, it could extend its monitoring of the use of online media by children under 12 to ensure that it does not market to young children.

Category D - Marketing 20% - Undernutrition



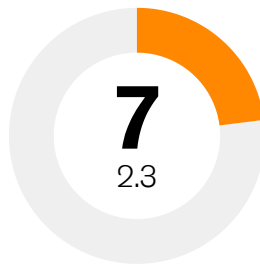
- Danone has not made an explicit commitment to developing and delivering marketing strategies appropriate to reaching under-nourished populations in developing countries although it has done research to generate consumer and marketing insights relating to under-nourished consumers in developing countries. It has also worked with behavioral specialists to inform design of communications to drive desired behavior change, a commendable best-practice approach to marketing. It has scope to do more, for example by using multiple communication channels from mass to social media to reach under-nourished consumers and working with creative agencies to ensure its marketing communications are compelling and attractive to under-nourished consumers.
- Its disclosure is not extensive in this area and could be more informative.

Category E - Lifestyles 2.5% - Nutrition



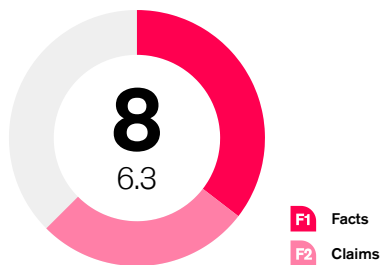
- The company formally commits to "promote the value of healthy diets and adequate exercise among its employees" and articulates the health outcomes it expects its global Health@Work program to deliver. This program offers a range of healthy diet, healthy body and healthy behavior elements. However, it does not set out the business benefits it hopes to generate through this program or report on the benefits it delivers and should do so.
- Danone reports that 45 of 49 subsidiaries give their employees access to a health and wellness program. A total of 51,349 employees have had access to these programs (69% of the eligible staff). This is more than a 20% increase in participation since 2014. To extend the impact of this program, it could also offer participation to employees' family members.
- The company commissioned an independent audit of one of its programs 'Eat Like a Champ' in 2016, which is a rare and welcome step among Index companies. The results are being prepared for publication in peer-reviewed journals.
- Danone has a good Parental Policy, published in 2017. It guarantees paid maternity leave and by the end of 2020 will offer all Danone mothers in all countries where it operates a minimum of 18 weeks paid maternity leave. Its policy also commits to providing appropriate working arrangements for breastfeeding mothers. This demonstrates its support for the World Health Organization's recommendation that babies should be exclusively breastfed for the first six months of life.
- To fully demonstrate its support for exclusive breastfeeding, the company could extend the paid maternity leave provision to six months. It also has scope to publish more about what terms it offers and its progress in rolling out lactation facilities across the world.
- Danone commits to supporting nutrition education and healthy diet programs that are aligned to national dietary guidelines. Although it offers many such programs its commitment does not exclude brand-level sponsorship, i.e. some of its programs carry branding and could therefore be considered to be a form of marketing. It publishes its commitments about the types of healthy eating programs it will fund but does not commit to exclusively support programs developed and implemented by independent organizations (rather than designing and delivering such programs itself). Danone should stop branding those programs and only fund programs designed and implemented by independent, expert organizations.
- The company commissions independent evaluations of some of its programs to determine whether they have delivered health impacts. However, it does not do this for all programs and should make this an integral element of each program's design. It also does not disclose the results of those evaluations, which it should do.

Category E - Lifestyles 2.5% - Undernutrition



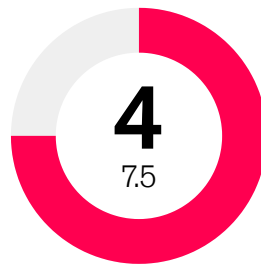
- Danone does fund programs that educate consumers about the health benefits of consuming fortified foods and foods inherently high in micronutrients. It also funds programs to educate on the health benefits of maternal micronutrient supplementation at different stages of life. However, it does not yet focus these initiatives on the highest priority countries. It should aim to do so. Some, but not all, of the programs Danone supports are independently evaluated and it should aim to ensure that all benefit from an independent evaluation (covering program design, material development and impact measurement). This would enable Danone to determine whether the programs are as effective as possible and if they could be improved to deliver greater impact.

Category F - Labeling 15% - Nutrition



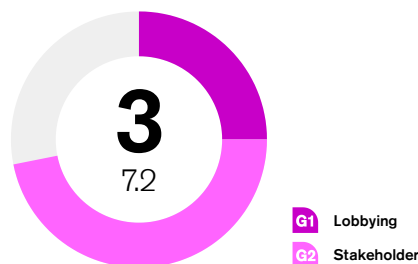
- The company has a strong labeling policy outlining its commitments in terms of back- and front-of-pack labelling which it updated in 2017. It has nearly completed its roll out of back-of-pack labels with full nutrition information and a high percentage have serving size guidance on the labels.
- The company also commits to provide numeric information for some nutrients on the front-of-pack and provides data to ATNF on its progress in rolling out this commitment. Some of this data is publicly available. It should extend its commitment by pledging to put interpretative front-of-pack labels on all products by a set date. Danone should ensure to not undermine existing local interpretative FOP labeling systems by implementing alternative or additional systems.
- The company stated that it only places nutrition or health claims on products in line with Codex guidance but does not disclose this commitment or related information, which it should do.
- Danone tracks the number of products that carry nutrition claims and publicly discloses this data, but it stopped tracking the number of products that carry health claims. This was due to the complex regulations controlling such claims across geographies and the resulting value of tracking and reporting this data. It also does not publicly disclose whether complaints have been made against the company for any mis-use of claims and doing so would improve its score in this area.

Category F - Labeling 15% - Undernutrition



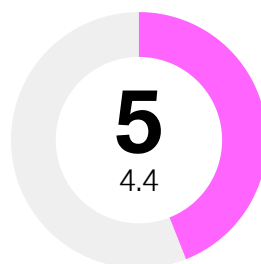
- The company publishes a policy that commits to labeling products (in all relevant markets) that either have naturally high levels of micronutrients or that have been fortified with micronutrients.
- Danone also stated to ATNF that it commits to using nutrition or health claims on products that have been fortified only when they meet Codex standards in all markets. However, it does not publish this commitment and is encouraged to take this step.

Category G - Engagement 5% - Nutrition



- Danone publishes its global Policy on Advocacy which it updated in 2017. It outlines its key commitments in this area which are quite strong. It also outlines its membership of some relevant memberships of trade associations, organizations and business platforms.
- Danone could improve its transparency by disclosing its financial support for organizations that lobby on its behalf and any Board seats it holds on industry associations or advisory bodies that work on nutrition issues. It should also report on any lobbying it has been involved with and publish its public policy positions on key nutrition issues.
- Overall, the company's stakeholder engagement is comprehensive and includes both local and international stakeholders. However, it does not yet publish examples of how this engagement has explicitly been factored into its business practices. Nevertheless, it stated that it is working on its transparency in this area and on new methods to measure progress.

Category G - Engagement 5% - Undernutrition



- Danone has a unified approach to regulation and legislation development, therefore the commitments and approach outlined above also apply to addressing undernutrition.
- The company provided ATNF with an example of supporting a government's efforts to introduce a policy to address undernutrition.
- Danone also provided evidence of engaging with various stakeholders to inform its approach to tackling undernutrition.

Product Profile



2

Rank 2 / Score 6.2

Average HSR score products (sales-weighted)	Percentage of healthy products (sales-weighted)	Percentage of healthy products suitable to market to children (sales-weighted)	Number of products included in HSR and WHO EURO assessments		Number of countries included in the assessment
			HSR	WHO EURO	
3.1 stars	41%	22%	759	773	7

- Danone's average sales-weighted HSR is 3.1 (3.4 unweighted), generating a Product Profile score of 6.2 out of 10, and it ranks second. Of all the products assessed using the HSR system, 84% were in the dairy category and 13% were waters. The remaining 3% were made up of 14 ice creams and frozen desserts sold only in the US and 7 juices, sold only in the UK. Danone's Early Life Nutrition (ELN) products, baby foods, are not included in this analysis.
- 41% of its sales of the products assessed met the healthy threshold (53% of its products by number). The proportion of its sales of products assessed suitable to market to children was 22% (25% of its products by number).
- In terms of categories, half of its waters achieved an HSR of 3.5 or more, as did 54% of its dairy products.
- Of the seven countries in which Danone's products were analyzed, it had the highest sales-weighted mean HSR in Hong Kong of 5 (because all products assessed were plain water) and the lowest in Australia of 2.25, where it sells dairy and plain water.
- Danone has the highest proportion of healthy products (HSR > 3.5) in Hong Kong (all plain water) and the USA (70%). In China only two out of the 27 products assessed there (7%) received an HSR ≥ 3.5.
- The highest proportion of products eligible for marketing to children other than in Hong Kong (again 100%) was found in the US (33%). Two products were eligible for marketing to children in China and only nine products (8% of those assessed) in Mexico.
- The figures that Danone provided on the volume and value of its sales of healthy products were higher than those generated by the Product Profile, which could be for a number of reasons. Danone should look again at its Nutrient Profiling System to make sure it aligns to independent systems such as the Health Star Rating system.

For full details, see the company's Product Profile scorecard.

Breast-milk Substitutes (BMS) Marketing



1

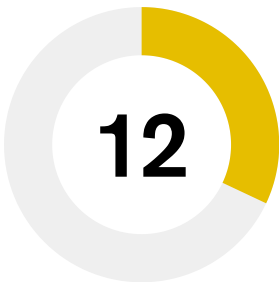
Rank 1 / Score 46%

Rank	BMS Marketing	Adjustment to Global Index Score	BMS 1	BMS 2	Level of compliance in country studies	
		Max. of - 1.5			Thailand	Nigeria
1	4.6%	0.81	60	33	Low	High

- Danone is one of four Index companies included in the ATNI BMS Marketing sub-ranking. Its score is based on two assessments. These are BMS 1 which assessed the company's BMS marketing policy commitments, management systems and disclosure; and BMS 2 which assessed its marketing practices in Thailand and Nigeria during 2017.
- Danone ranks first on the BMS sub-ranking with a level of compliance with the ATNF methodology of 46%.
- It published a new BMS Marketing policy in 2016, following publication of the last Index, and improved related management systems and disclosure, resulting in a score of 60% on BMS 1.
- In the two in-country studies of marketing practices, it achieved a level of compliance of only 33%, having been rated as having a low level of compliance with The Code and local regulations in Thailand, but a high level of compliance in Nigeria.
- To improve, Danone should extend its policy to include growing-up milks and to cover all markets for all products. It should further revise its policy to make sure it encompasses all of the recommendations of The Code and subsequent WHA resolutions, and make sure it has a full suite of consistent management mechanisms, such as procedures and instructions to staff linked to each of its commitments.
- To bring its marketing practices into line with The Code in Thailand and Nigeria it should ensure that all of its product labels include all necessary information and do not include health or nutrition claims. In Thailand, and in all other markets, Danone should particularly take steps to ensure that online retailers do not offer point-of-sale promotions. It should also stop donating equipment and materials to healthcare facilities.

Ferrero ^{i 33}

Reported product categories
Confectionery, Spreads



↓ Rank 12 / Score 3.2
Rank 9 (2016)



Product Profile

Rank 21 / Score 1.4

Headquarters
Italy

Market capitalization
Privately owned

Reported revenue by geography ^{i 35}
Not available

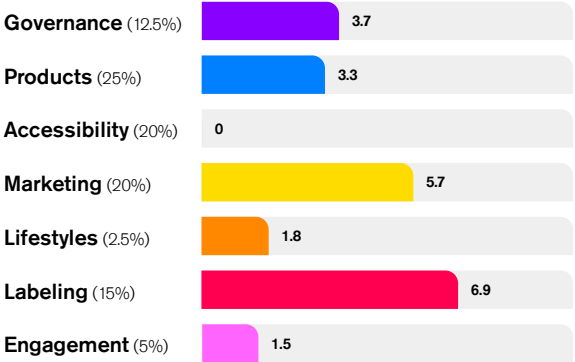
Number of employees
34,543

Total revenue ^{i 34}
\$10,865 m

Corporate Profile

Nutrition 11/3.6

Undernutrition 14/0



Main areas of strength

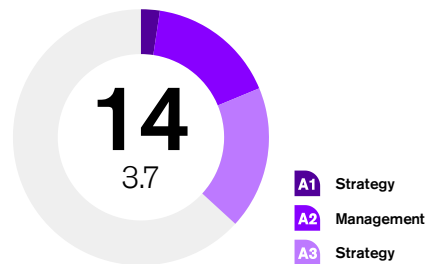
- Ferrero's score has increased from 2.6 in 2016, to 3.2 out of 10 in 2018. Despite this increase, the company fell in the overall ranking from ninth to twelfth place.
- Ferrero scores relatively well on marketing to all consumers, as it applies the International Chamber of Commerce (ICC) framework for responsible food and beverage communication to a wide range of media.
- Ferrero is also a signatory to the EU Pledge on Marketing to Children, a member of the International Food & Beverage Alliance (IFBA) and of CFBAI. During 2016, it strengthened local advertising pledges in several key emerging markets. It also publishes its own policy on responsible marketing to children in the "Ferrero Advertising and Marketing Principles". With this policy it commits worldwide not to advertise its products to audiences with more than 35% of children under 12 years and not to advertise in primary schools. It publishes the results of its compliance with the IFBA policy on marketing to children in its CSR reports and commits to corrective actions if needed, which is commended.
- Ferrero makes its own relatively strong front-of pack (FOP) and back-of-pack (BOP) labeling commitments and implements the IFBA commitments, on a global basis. Moreover, the company commits to provide additional nutritional information on FOP labels in various markets. It had rolled out its IFBA labeling commitments globally by early 2017.
- The company states that it does not use health claims and that where no local regulations exist, it will apply Codex rules regarding nutrition claims.

Priority areas for improvement

- Ferrero ranks 21st in the Product Profile assessment with a score of 1.4 out of 10, based on an assessment of its major product categories in nine countries. None of its products meet the threshold for healthy used by the Health Star Rating (HSR) system (as it sells mainly confectionery and chocolate-based products) and none are suitable for marketing to children.
- In order to play a greater role in improving diets and health around the world, Ferrero should develop a strategy to improve the nutritional quality of its portfolio. Although options to increase the healthiness of products such as confectionery are limited, the company is encouraged to optimize levels of relevant 'negative nutrients' and 'positive nutrients'. Further, it could add new healthier options, e.g. by developing entirely new healthier product lines or by acquisitions.
- While the company has strong responsible marketing commitments, Ferrero should extend its responsible marketing policy to all children and apply it in and near secondary schools and other places popular with children. It should also strengthen its definition of a child audience to a threshold of at most 25%.
- Ferrero should also plug the gaps in its policy on marketing to children by committing not to use promotional toys, games and similar devices at all. Furthermore, it should also extend its policy to cover all relevant media channels and adopt more sophisticated tools to ensure that its online marketing does not reach children under 12.
- The company has the scope to strengthen its nutrition and health programs for both employees and consumers and to commission independent evaluations of all of them. It should also adopt a stronger global policy to support breastfeeding mothers in all of its workplaces.
- Ferrero could do more on labeling by including on multi-packs the number of servings in those packs and by moving to interpretative FOP labeling.
- Overall, the company should expand reporting and disclosure on its nutrition-related activities.

Category Analysis

Category A - Governance 12.5% - Nutrition



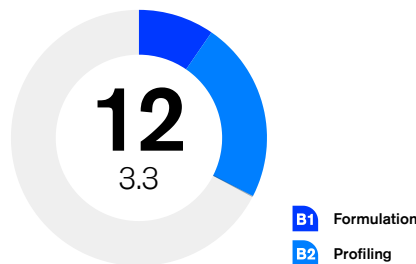
- Ferrero does not appear to have made any new strategic commitments since the last Index nor to have improved its nutrition governance or management systems. Overall, its disclosure remains limited, making assessment difficult.
- Although Ferrero mentions in a broad 'core values' statement that it focuses its research and product investment on nutritional value and portion sizes, neither its mission nor growth strategy indicates a strong focus on health and nutrition.
- Ferrero is a member of the IFBA and the European Platform for Action on Diet, Physical Activity and Health, and through these organizations recognizes the priorities set out in the WHO Global Action Plan.
- Ferrero's materiality matrix included in its 2016 CSR report includes nutrition and health, promotion of active lifestyles as well as responsible marketing. However, there is no further analysis of the nature and likely scale of the nutrition-related risks it faces, such as nutrition-related taxes and potential regulation of marketing of products high in sugar and/or fat. It should include such a risk assessment in its overall annual risk assessments and publish its conclusions.
- The company's nutrition policy is disclosed in its 2015 CSR Report, with commitments and some objectives related to product formulation, portion sizes, the provision of accurate nutritional information, consumer education, the promotion of physical activity and sports and responsible marketing.
- According to that Report, in 2011 Ferrero created a scientific committee for nutrition, chaired by the company's vice president and composed of several executives. However, there is no evidence that the company links the remuneration of the CEO and/or those senior executives to performance on nutrition targets/objectives, which it is encouraged to do.
- The implementation of the company's nutrition strategy, established in 2011, is subject to a standard annual management review. However, no evidence has been found that Ferrero's Board or management solicits external experts' input on the design or delivery of the company's nutrition strategy. It should put a panel in place.
- Ferrero does not report on the percentage of the company's total 2016 global revenues generated by 'healthy products' because it does not refer to or market any products as 'healthy.' Instead, it publishes figures in its CSR reports relating to volumes that are below certain weights and calorie limits, e.g. that 70% of its volumes are offered in servings that provide less than 100 kcal and over 95% in servings that provide less than 150 kcal.
- Nutrition-related topics are covered in Ferrero's annual CSR reports that encompass its global operations. Future reports could be improved by including a clear explanation of how its focus on health and nutrition is adding value to its business or helping to address nutrition-related risks.

Category A - Governance 12.5% - Undernutrition



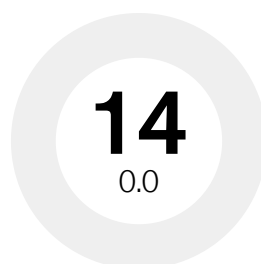
- Ferrero sells its products in some low-income African and Asian countries but does not appear to have any initiatives to address undernutrition in those countries. ATNF does not consider Ferrero's products suitable to be fortified. Ferrero states that it does not fortify its products as it believes that the best way to provide metabolically useful micronutrients is through the naturally available trace elements in its products. Ferrero also states that it 'invests in research and process engineering to preserve the natural level of vitamins and minerals in non-trivial quantities.'
- Nevertheless, the company could fund or otherwise support non-commercial initiatives, through its CSR initiatives or philanthropic giving. Although its 2015 CSR report explains that it has developed social enterprises in Cameroon, India and South Africa which aim, among other things, 'to develop humanitarian projects in support of the education and well-being of children' there is no evidence that it addresses undernutrition or micronutrient deficiencies through those projects. Ferrero should consider extending this work to fund or partner with international or local NGOs, or institutes focused on nutrition and health, to support their programs to provide undernourished people with appropriately fortified products and/or diets rich in micronutrients, or programs that educate such populations about various aspects of diet and health.

Category B - Products 25% - Nutrition



- By the time ATNF had completed its research, the company had not made any recent public commitments to increasing R&D funding to improve the nutritional quality of its products or new product development, though it did so subsequently.
- The company's Nutrient Profiling System (NPS) is based on the independently developed Naturally Nutrient Rich (NNR) model, adapted to take serving size and other factors, such as glycemic index values, fiber content and EU Recommended Daily Allowance (RDA) values into account. The system considers both positive and negative nutrients. It generates the 'Ferrero Between Meals Eating Episodes (BMEE) Score.' It states that it does not refer to or market any products as 'healthy.'
- The company uses the BMEE to guide new product development and to evaluate the nutritional quality of some, but not for all of its products. It also uses it to determine whether products are suitable to be marketed to children.
- The company provided information that more than 50% of its products met its BMEE score by the end of FY 2016. However, the Product Profile found that none of its products have an HSR of 3.5 or more, i.e. the threshold for healthy. The parameters and algorithms of these two systems are clearly very different.
- Through the framework of the European Platform on Diet, Physical Activity and Health, Ferrero committed to reducing the levels of trans-fatty acids and salt, and to eliminating all hydrogenated fats by the end of 2006. It achieved its target of removing trans-fats and stated that it had reduced salt levels for confectionery to below the category average by 2010 but it has not sought to reduce them further.
- Ferrero told ATNF that its approach going forward is not to reformulate its standard products, but to expand the range, with innovative versions of its existing products, such as making some of its confectionery with sugar replacements. As a result, it has not set targets to reduce saturated fats, added sugars or calories across its range of products. It should explore options for more rapid improvement of its portfolio. It has also not set any targets for adding positive nutrients.
- Although a high proportion of its products meet its own standards to be marketed to children (i.e. those with less than 130 kcal per individually wrapped portion or those with above 54 on the 'Ferrero BMEE Score'), the company does not advertise them to children under 12 in the U.S. or the EU. The Product Profile found that none of its products are suitable to be marketed to children according to the WHO Euro model. This again highlights differences between the company's NPS and the WHO Euro model.

Category B - Products 25% - Undernutrition



No relevant information was found. Please refer to section A for assessment.

Category C - Accessibility 20% - Nutrition



C1 Pricing
C2 Distribution

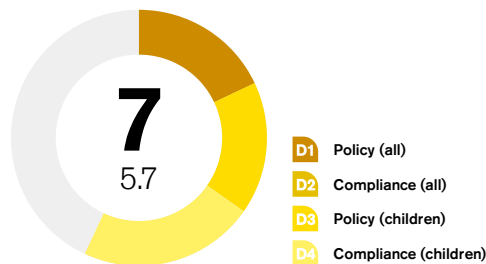
- Ferrero does not have any commitments relating the affordability or accessibility of its products. Unless it develops products other than confectionery that are rated as healthy on an independent well-verified NPS, there is no need for Ferrero to develop a policy on the affordability and accessibility of its healthy products.

Category C - Accessibility 20% - Undernutrition



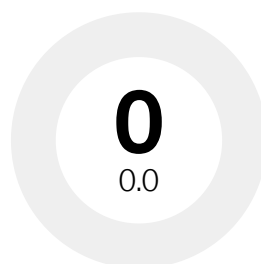
No relevant information was found. Please refer to section A for assessment.

Category D - Marketing 20% - Nutrition



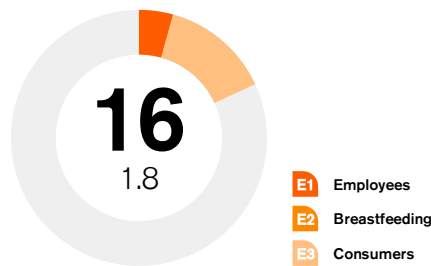
- Ferrero scores relatively well on responsible marketing to all consumers. It discloses its Advertising and Marketing Principles in which it includes a statement that it applies the ICC Framework for Responsible Food and Beverage Communication which applies to a wide range of media channels and includes a diverse set of commitments related to the representation of products. However, it does not provide a link to or put the ICC Framework on its website. It would be easier for stakeholders to access these important commitments if it did so. Also, the company does not seem to audit its compliance with this policy, which it should begin to do, ideally by commissioning an independent agency to conduct audits annually.
- Ferrero also scores relatively well on marketing to children. Ferrero is a signatory to the EU Pledge, a member of the IFBA and of CFBAI in the U.S. Further, it stated to ATNF that in the course of 2016, it signed strengthened local advertising pledges in key markets, such as Brazil and India and with the Gulf Cooperation Council (GCC), to reinforce their application of the general IFBA Policy by clearly including companies operating at local level. It also publishes its own policy on responsible marketing to children in the "Ferrero Advertising and Marketing Principles."
- However, the company should plug the gaps and exclusions in its policy by committing not to use promotional toys, games and similar devices at all (including for Kinder Surprise), as well as extending its policy to cover its own social media channels, in-store marketing, point-of-sale marketing and sponsorship, and to clearly differentiate advertising and content on virtual media. It should also adopt more sophisticated tools to ensure that its online marketing does not reach children under 12.
- Ferrero commits globally not to advertise its products to audiences with more than 35% of children under 12 years. However, it has not made a commitment to restrict its advertising to children aged 13 and over, a step it should take.
- It also commits not to advertise in primary schools and only to provide materials to primary schools "where specifically requested by or agreed with the school administration for educational purposes." There is no evidence of a policy on marketing in secondary schools or in other places where children gather; the company is encouraged to develop and publish such a policy.
- As an IFBA member, Ferrero takes part in the independent audits IFBA commissions to monitor members' compliance with its policy. It is also included in the audits carried out by the EU Pledge and CFBAI.
- Ferrero publishes the results of its compliance with IFBA policy on marketing to children in its CSR reports and commits to corrective actions if needed, which is commended.

Category D - Marketing 20% - Undernutrition



Not applicable. Ferrero was not ranked on Category D Undernutrition, which is reflected in the graph at the top of this page as a rank of zero.

Category E - Lifestyles 2.5% - Nutrition



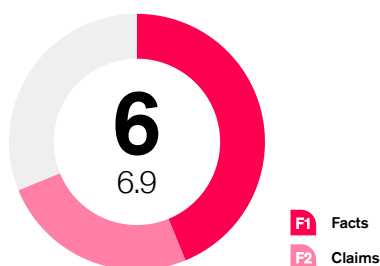
- The company commits publicly to support and encourage all staff and their families to lead more active and balanced lifestyles, but it does not specifically outline a commitment to focus on their nutrition and diets.
- However, the company does provide some 'healthy diet' and 'health body' programs, though they are only open to some of its employees, not all, and do not extend to family members. The company does not seem to have set participation targets or to have articulated the health or business outcomes it hopes its program will deliver. It should open its programs up further and develop participation targets. It should also revisit its program design and make adjustments as necessary to ensure that it delivers tangible health and business benefits, and then track whether it does so and report on progress.
- The company does not report about whether and how it supports breastfeeding mothers at work or its provision of paid maternity leave. It should publish a policy covering both aspects.
- Although the company commits to sponsoring health and active lifestyles programs for consumers, it does not commit not to brand them or align those related to diets and nutrition to national dietary guidelines, two steps it should take.
- It designs and implements its own programs (Kinder+Sport) as well as supporting nutrition education and active lifestyles programs developed and implemented by independent groups with relevant expertise such as EPODE (Ensemble Prévenons l'Obésité Des Enfants') programs in three European countries (which are considered by experts to be very well-designed and effective programs). It reports publicly on the active lifestyles programs but not on the nutrition and diet programs. Ideally, the company would cease to design its own programs and only support those designed and developed by independent organizations, such as EPODE.
- There are several types of programs that the company does not support; it should look at extending its funding to programs that educate consumers about the importance of fresh fruit and vegetables and of eating regular meals and/or limited snacking, the importance of drinking water, the benefits of exclusive breastfeeding and the benefits of safe, timely and adequate complementary feeding for infants and young children.
- The company should ensure that all programs it offers or supports are independently evaluated, which the EPODE programs are but there is no evidence of that being the case for its own programs. The company does not share the results of these evaluations via its website nor direct stakeholders to the EU Platform on Diet, Physical Activity and Health's website where they are available.

Category E - Lifestyles 2.5% - Undernutrition



No relevant information was found. Please refer to section A for assessment.

Category F - Labeling 15% - Nutrition



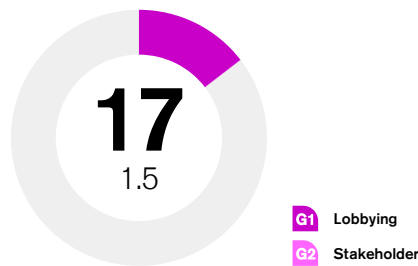
- Ferrero makes relatively strong front and back of pack labeling commitments through its corporate responsibility program and as a member of the IFBA, on a global basis, according to the most recent IFBA "Principles for a Global Approach to Fact-based Nutrition Information."
- Furthermore, in line with the new EU regulation 1169/2011 on consumer information applied from December 2014 in Europe, Ferrero commits to provide additional nutritional information on front of packs. In order to guarantee full consistency with the commitments taken in Europe, Ferrero also commits voluntarily to put nutritional information on front-of-pack labels outside Europe.
- The company confirmed that it had rolled out the IFBA Principles on nutritional labeling for eligible products at a global level by the January 2017.
- The company provides nutritional information online only for some of its products.
- The company states that it does not use health claims and that where no local regulations exist, it will apply Codex rules regarding nutrition claims. It also has a system in place to track the number of products that carry nutrition claims but does not disclose the percentage of products that do so.
- Ferrero could do more by including on multi-packs the number of servings in a pack and moving to interpretative labeling on the front of product packs. Like all companies, Ferrero should ensure it does not undermine existing local interpretative FOP labeling systems by implementing alternative or additional systems. There is also the scope for it to improve its disclosure around its various labeling commitments and progress in implementing them.

Category F - Labeling 15% - Undernutrition



No relevant information was found. Please refer to section A for assessment.

Category G - Engagement 5% - Nutrition



- The company's Code of Ethics includes a statement that its, "advocacy practices towards International, National and Local Institutions are based on solid scientific knowledge and always inspired by intellectual and behavioral integrity, as well as transparency." The code does not include any other details. There is no evidence that the company commits to engage with governments and policymakers on nutrition issues in support of measures to prevent and address obesity and diet-related chronic diseases.
- The company is a member of several industry associations, such as FoodDrinkEurope and the World Federation of Advertisers, and contributes to the voluntary EU Transparency Register. However, it does not disclose in its reports the level of its financial support for all of the organizations it is a member of, nor report on any potential governance conflicts of interest (or state that none exist). It also does not state whether it holds any board seats at industry associations or on advisory bodies related to nutrition issues. Ferrero also does not disclose its policy positions used in lobbying/governmental engagement. The company has an opportunity to significantly broaden the scope of its disclosure on lobbying and engagement with governments.
- In its CSR report for 2015, the company states that it, "has developed a structured dialogue with some NGOs that also work in CSR." However, details are not disclosed and there is no evidence that the company has a structured approach to engaging with a range of stakeholders around the world to develop or enhance its commercial nutrition-related policies or programs. The company should develop a plan to regularly engage with key stakeholders to benefit from their advice on how it might improve its performance on nutrition, and report on its engagement, what it has learned from it and how it has incorporated stakeholders' feedback into its business practices.

Category G - Engagement 5% - Undernutrition



No relevant information was found. Please refer to section A for assessment.

Product Profile



21

Rank 21 / Score 1.4

Average HSR score products (sales-weighted)	Percentage of healthy products (sales-weighted)	Percentage of healthy products suitable to market to children (sales-weighted)	Number of products included in HSR and WHO EURO assessments		Number of countries included in the assessment
			HSR	WHO EURO	
0.7 stars	0	0	272	282	9

- Ferrero's average sales-weighted HSR is 0.7 (0.8 unweighted), generating a Product Profile score of 1.4 out of 10. It ranks last of the 21 companies. This is perhaps not surprising for a company that sells mainly confectionery and chocolate-based products.
- None of its products met the healthy threshold of a HSR of 3.5, nor standards for marketing to children.
- There was not a great difference in mean overall HSR between the nine countries included in Ferrero's analysis, mainly due to the fact that a very similar product mix was available in each country.
- Ferrero applies its own NPS using calorie limits and its 'Between Meals Eating Episodes BMEE score', based on the 'Naturally Nutrient Rich Score NNRs' to guide its reformulation. Although the company does not publish details about its portfolio performance when applying its NPS scoring system, it is strongly encouraged to compare how its calculations compare with the outcomes of the current Product Profile study, using the internationally recognized HSR system.
- Although options to increase the healthiness of Ferrero's products, such as confectionery, are limited, the company is encouraged to optimize the levels of relevant 'negative nutrients' and 'positive nutrients'. Furthermore, Ferrero should pursue its approach of limiting serving sizes and thus calories and levels of negative nutrients in its products. It should also apply strict marketing restrictions, particularly in respect of children, and invest in marketing communications that caution its customers only to eat its products in strict moderation as part of a balanced diet.

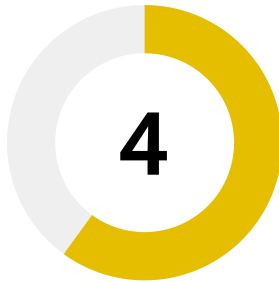
For full details, see the company's Product Profile scorecard.

FrieslandCampina

BMS ⓘ 36

Reported product categories

Baby Food, Dairy, Oils and Fats, Juice



↑ Rank 4 / Score 6

Rank 8 (2016)



Product Profile

Rank 1 / Score 7.7



BMS Marketing

Rank 4 / Score 25%

Headquarters

The Netherlands

Number of employees

21,927

Market capitalization

Not Available (Cooperative structure)

Total revenue ⓘ 37

\$11,576 m

Reported revenue by geography ⓘ 38

Not available

Corporate Profile

Nutrition

3/7

Undernutrition

1/7.4

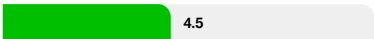
Governance (12.5%)



Products (25%)



Accessibility (20%)



Marketing (20%)



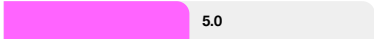
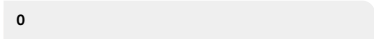
Lifestyles (2.5%)



Labeling (15%)



Engagement (5%)



Main areas of strength

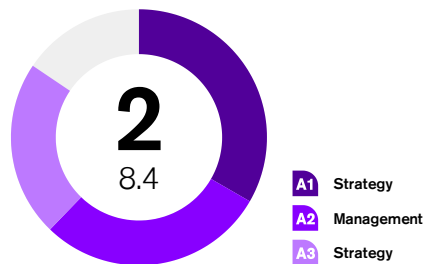
- FrieslandCampina's score has increased from 2.8 in 2016 to 6.0 out of 10 in 2018. The company has achieved the largest increase in score compared to the 2016 Global Index across all companies in the Index and now ranks fourth.
- Through its new 'Route 2020' strategy and 'Nourishing by nature' purpose, the company demonstrates a clear focus on nutrition, including strong commitments to address undernutrition in developing countries. Its updated Nutrition Policy, part of its CSR strategy, is strongly embedded in the company governance structure and integrated into its central commercial strategy.
- FrieslandCampina implemented the Global Nutritional Standards, a new Nutrient Profiling System (NPS) to drive its product reformulation efforts, since the 2016 Index assessment with strong nutritional criteria, based on WHO recommendations according to company information. Although it does not include criteria related to fruits, vegetables, nuts or legumes, it covers both 'positive nutrients' and 'negative nutrients'.
- FrieslandCampina now discloses information about its new 'Broadening access to nutrition' strategy, one of the four pillars of its Nutrition Policy. Despite the fact that it was still under development at the time of assessment, relevant commitments are made to increase the affordability and accessibility of products suitable to prevent and combat undernutrition. The combination of strong commercial performance in developing and marketing milk-based products to undernourished consumers along with relevant philanthropic programs including school milk programs, has made FrieslandCampina the top performing company on undernutrition.
- The Corporate Standard for Responsible Marketing Communications is the company's new responsible marketing policy, which now covers marketing to all consumers in addition to marketing to children. The policy has been published on the corporate website since August 2017, increasing the company's performance substantially compared to 2016.

Priority areas for improvement

- The company's 'Broadening access to nutrition' strategy is under development and concrete objectives are not yet defined regarding affordability and accessibility of healthy products. The company should address this for low-income populations in developed and developing markets.
- FrieslandCampina ranks first on the Product Profile (PP) assessment with a score of 7.7 out of ten. An important limitation is that its main product category, 'Dairy', was assessed in only 2 countries. The company reports to derive 62% of sales volume from healthy products, which is lower than the result of the PP assessment (using a Health Star Rating (HSR) cutoff of 3.5 or more). Despite the company's relatively good performance, there is significant scope to further improve the healthiness of its portfolio.
- FrieslandCampina commits to not perform any marketing activities in primary schools in its updated responsible marketing policy. The company could improve in this area by committing to not perform marketing activities in or near primary or secondary schools, or in other places popular with children.
- FrieslandCampina runs various consumer-oriented education programs, but no evidence was found of independently designed and implemented programs aimed at undernourished consumers, which it should develop.
- The company should commit to implementing an interpretative front-of-pack (FOP) labeling system, covering (and displayed on) all products globally.
- FrieslandCampina ranks fourth on the breast-milk substitutes (BMS) sub-ranking. Its policy commitments align quite closely though not fully to the International Code of Marketing of Breast-milk Substitutes (The Code) and subsequent World Health Assembly (WHA) resolutions, and they are not applied to growing-up milks nor where local regulations are weaker than the company's own policy. In Nigeria various incidences of non-compliance with The Code were found. The company should re-double its efforts to ensure that it complies with its own policy and extend its commitments so that its marketing complies with The Code in all countries, for all products.

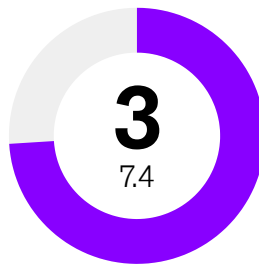
Category Analysis

Category A - Governance 12.5% - Nutrition



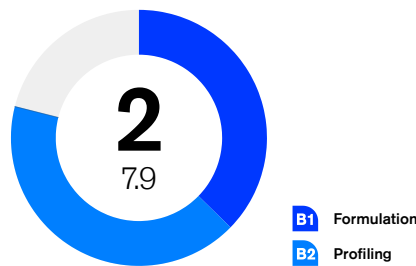
- FrieslandCampina is a strong performer on Category A and has improved its score substantially since 2016 through its new 'Route 2020' strategy. It is connected to the company's purpose, 'Nourishing by nature' and focuses on better nutrition for consumers around the globe.
- The company commits to deliver more healthy foods, and makes a specific reference to low-income populations. FrieslandCampina is set to contribute to the Sustainable Development Goals (SDGs), and aligns its policies and programs with the WHO Global Action Plan for the Prevention and Control of Non-Communicable Diseases 2013-2020.
- FrieslandCampina conducts an extensive nutrition-related business risk assessment every two years and factors nutrition-related consideration into decisions on mergers, joint-ventures and acquisitions. For example, a partnership with Engro Foods was started in 2016, Pakistan's second largest dairy producer. FrieslandCampina commented publicly that this enables the company to provide more affordable, healthy products for Pakistan's younger population.
- FrieslandCampina's updated nutrition policy, referenced in its 2016 Annual Report and now fully disclosed on the corporate website, guides the company on a broad range of topics of product formulation, marketing, consumer education and affordability and accessibility, covering nutrition and undernutrition-related topics. It is transparent by publishing a comprehensive set of objectives related to the four pillars of its policy.
- The company seeks external experts' advice on preventing and addressing obesity and diet-related chronic disease on a strategic management level from a panel that is comprised of nutrition experts. The company could improve by extending the panel to include a wider range of expertise and by disclosing the panel setup.
- FrieslandCampina's nutrition policy is part of its CSR policy and firmly rooted in the central governance structure of the company as the Executive Board has final responsibility for it. The company could improve its transparency by publishing more of its arrangements relating to nutrition governance and how senior management compensation relates to nutrition performance.
- FrieslandCampina provides comprehensive and regular nutrition reporting in its annual report and CSR update documents. Evidence that the company's nutrition reporting is subject to external verification is lacking. Furthermore, the company can improve its score by providing separate reports per major market, adapting its approach to the local nutrition and health context.

Category A - Governance 12.5% - Undernutrition



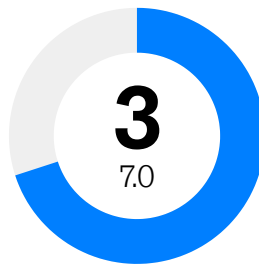
- FrieslandCampina leads the Undernutrition ranking with strong performance across most of the Index categories, including Category A, through commercial and philanthropic initiatives. The company recognizes its responsibility to prevent and combat undernutrition in its publicly available Nutrition Policy. As one of the pillars of this policy, the company, it is developing its 'Broadening access to nutrition' program with the aim of "making foods and the right nutrients available to more people, especially people with lower incomes." This is backed by a Board-level strategic review on the company's commercial opportunities to develop products for the undernourished. The company should disclose further information about this strategy and strategic review.
- The company's commercial undernutrition strategy is focused on two main pillars - product formulation (enrichment with nutrients that people need) and broadening access to nutrition (working towards making products to combat undernutrition more affordable and accessible for low-income populations). This strategy is underpinned by its large-scale market research to address nutritional deficiencies in South-East Asia (SEANUTS). The company is in the process of rolling out additional large-scale research in South-East Asia and performs similar research in Africa. Overall, FrieslandCampina's commercial approach to addressing micronutrients, using milk as a base ingredient and fortifying products as needed based on research, is strategic and well-structured, and it addresses relevant populations in higher-priority countries.
- FrieslandCampina's non-commercial strategy for developing countries includes a commitment to support School Milk Programs, in addition to other initiatives that are not assessed within the ATNI methodology. It collaborates with the Amsterdam Initiative against Malnutrition (AIM) and other (emergency-relief) organizations.
- FrieslandCampina's Executive Board bears the ultimate responsibility for its CSR policy, including the 'Broadening access to nutrition' program. The company discloses this information publicly, as well as the fact that its Corporate Sustainability department is responsible for development and coordination of the CSR policy, which includes its Nutrition Policy and approach to addressing undernutrition.
- There is no evidence of a formal expert panel that advises senior management on the undernutrition strategy, although the company has an ad-hoc interaction with relevant experts. The company is encouraged to form a formal panel with a wide range of expertise for regular consultations on the company's strategy and ongoing programs.

Category B - Products 25% - Nutrition



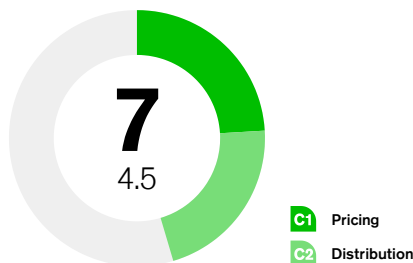
- FrieslandCampina commits to invest in R&D to develop healthier products. The company commits to ensure that a minimum of 65% of its products, by sales volume, meet its healthy criteria by 2020, but no financial R&D commitment is provided. The company should set a target to meet its nutritional criteria for 100% of its products.
- The company reports that 62% of its products met its own nutritional criteria by 2016, an increase of more than 10% compared to 2014. FrieslandCampina is commended for disclosing these percentages, showing the increase in products meeting its healthy criteria over the last three years on its corporate website.
- FrieslandCampina's reported percentage of healthy products, based on sales volume, is lower than the result of the Product Profile assessment. Although the comparability is limited as only two non-major markets were covered in the Product Profile, there is no indication from the current data that FrieslandCampina is overestimating the percentage of healthy products.
- FrieslandCampina does not disclose the percentages of products that meet criteria for being suitable to be marketed to children - for which it applies EU pledge criteria. In addition, the company does not offer healthy product choices across all of its brands. The company could improve its score in these aspects.
- FrieslandCampina implemented a new NPS since the 2016 Index assessment, the FrieslandCampina Global Nutritional Standards, to guide its product development and reformulation efforts. The company reports it was adapted from an existing framework that is based on WHO recommendations. Overall, the NPS is well-designed, it assesses both 'positive' and 'negative nutrients' and is applied to all products and product categories. As a result, the company earns the maximum healthy multiplier. FrieslandCampina's NPS is publicly disclosed on its website.
- Related to the nutritional criteria in FrieslandCampina's NPS, the company has a comprehensive set of product reformulation targets to reduce relevant 'negative nutrients'. The 'positive nutrient' criteria included in its NPS does not cover fruits, vegetables, nuts and legumes, which are relevant according to ATNI methodology for the 'Dairy' product category (except for 'plain dairy' products). FrieslandCampina could increase its score by addressing this, and more importantly by increasing the percentages of products that meet its reformulation targets.

Category B - Products 25% - Undernutrition



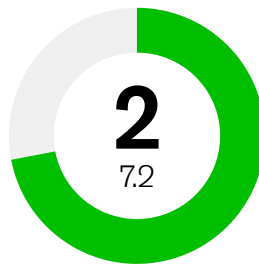
- FrieslandCampina commits to tackling undernutrition and micronutrient deficiencies in developing countries through initiatives that aim to increase the number or volume of relevant products, based on milk, available to undernourished populations. However, it does not have a target to increase R&D spending on developing suitable products, nor does it make an explicit commitment to basing the company's approach to fortification on international guidance (i.e. CODEX CAC/GL 07-1987). Although the company reports to always follow Codex guidance, it should express this commitment clearly and publicly.
- The company provides extensive commentary, published (in part) on the website, about the use of milk in its approach to address malnutrition, which is fortified as needed based on nutritional deficiencies to address. Specific references to particular micronutrients (vitamin A, D, calcium, protein and others) are made and quality control is implemented in relation to these nutrients, indicating a commitment to use ingredients with high inherent levels of micronutrients in addressing undernutrition. In addition, the company commits to use only products of high nutritional quality as a basis for fortification in addressing undernutrition.
- The company provided evidence of having developed new products in recent years to address undernutrition in children over the age of three (considered appropriate for a company that sells BMS products), based on fortified milk and condensed milk products. In addition, it has funded preschool milk programs aimed at addressing stunting and body composition in the same populations. The commercial and non-commercial activities are performed in higher-priority countries such as Indonesia, the Philippines, Myanmar, Vietnam and Nigeria. The company should improve its transparency by disclosing more information about its non-commercial and commercial undernutrition activities.

Category C - Accessibility 20% - Nutrition



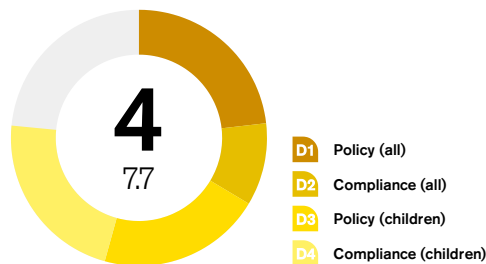
- FrieslandCampina discloses in its 2016 CSR Report its pledge to feed the growing global population by making its 'sufficiently nutritious and energy-rich food' not only available but also affordable. In addition, the company mentions it is working on its new 'Broadening access to nutrition' strategy that is aimed at making foods and the right nutrients available to more people, especially people with lower incomes. Commitments in this strategy are relevant in relation to the affordability and accessibility of healthy foods for low-income populations in general. It is also relevant for addressing undernourished consumers, which is addressed in the undernutrition section of the scorecard. In total, the company's score in Category C improved due to the new developments compared to 2016.
- Since the policy was still under development at the time of assessment, concrete objectives were not yet defined. The company is encouraged to define and publish these, together with its finalized policy on the accessibility and affordability of healthy products for low-income populations in both developed and developing markets. In addition, the related managerial accountability and day-to-day responsibility arrangements should be disclosed.
- The company provided evidence of having performed analysis on appropriate pricing of healthy products for low-income populations in developing countries such as Nigeria, the Philippines and Indonesia. The company can improve its score by extending the scope of its analysis of appropriate pricing of healthy products to include developed markets and by providing evidence that products meeting healthy criteria are promoted more than products not meeting these criteria.

Category C - Accessibility 20% - Undernutrition



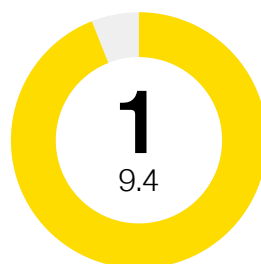
- FrieslandCampina's commercial 'Broadening access to nutrition' program includes a commitment to improving the affordability and accessibility of its products that address micronutrient deficiencies. Despite the fact that this program is still under development and does not yet have concrete objectives, FrieslandCampina ranks second in its approach to improve affordability and accessibility in relation to undernutrition. It demonstrates evidence of relevant activities and commercial as well as philanthropic programs.
- The company demonstrated a number of examples of improving affordability of fortified products, related to the Peak Wazobi brand in Nigeria and the Alaska brand in the Philippines. The company offers small packages of fortified evaporated milk products at specific price points that are within reach of undernourished consumers. This information is partially disclosed on local companies' websites.
- Examples of improving the accessibility of products specifically formulated or appropriate for specific undernourished groups were provided by the company for the high-priority countries Indonesia and Nigeria. FrieslandCampina made use of a variety of channels suitable to reach the relevant consumers, including mobiles sales, indirect distribution, periodic markets, etc. The company discloses information on expanding its distribution network in Myanmar in its 2016 Annual Report.
- Non-commercially, FrieslandCampina funds programs that improve the accessibility of relevant products through providing products to school feeding programs and providing products to be distributed to undernourished populations, working with UNICEF in Nigeria. The company provides a commentary on its activities on its corporate website.

Category D - Marketing 20% - Nutrition



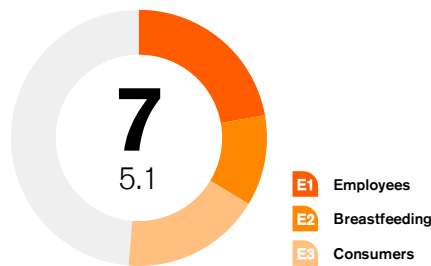
- FrieslandCampina has substantially increased its score in Category D by updating its FrieslandCampina Corporate Standard for Responsible Marketing Communications. The new policy now extends beyond responsible marketing to children by covering marketing to all consumers. Furthermore, the policy has been published on the corporate website since August 2017.
- The document addresses a broad set of media channels to which the company applies its responsible marketing policy. However it excludes packaging and point-of-sale marketing from its definition, thereby also excluding it from its approach to all consumers. In addition, outdoor marketing is not mentioned. FrieslandCampina should be explicit in covering all relevant channels and should not exclude packaging and point-of-sale marketing from its commitments.
- FrieslandCampina reported to ATNF that it performs a regular, structured survey as an internal audit, covering marketing to all consumers (as well as marketing to children). A retrospective assessment of marketing communications was done, with a commitment of corrective action if needed. The company should strengthen its auditing approach by outsourcing it to a third-party.
- FrieslandCampina does not market to children under the age of six, except for milk and cheese products that comply with specific criteria. For children aged 6-12, the company only markets products that meet nutritional criteria for marketing towards children. Demonstrating best practice, the company now applies an audience threshold of <25% for its marketing to children under 12. The policy contains a strong set of commitments and utilizes a robust set of tools to ensure that its online marketing does not inappropriately address young age groups. There is room to improve by strengthening commitments regarding own and third-party fantasy characters, by ensuring that marketing materials contain an educative message in relation to healthy diets and lifestyles, and by a clear commitment that promotional games, toys, vouchers etc. are only used in relation with healthy foods.
- The company is committed to refrain from marketing activities in primary schools. However, the company should extend this commitment to places near primary schools, in or near secondary schools and to other places popular with children. In addition, industry-leading practice extends responsible marketing commitments beyond the age of 12.
- FrieslandCampina's policy is aligned with the EU Pledge Nutrition Criteria and compliance is audited through the pledge organization. FrieslandCampina is commended for disclosing its individual auditing results on its website and achieved good compliance results in the last auditing cycle. For industry best-practice performance, the company should commission complementary independent third-party audits.

Category D - Marketing 20% - Undernutrition



- FrieslandCampina is the top-ranking company on marketing related to undernutrition. It makes an explicit and public commitment to developing and delivering marketing strategies appropriate to reaching undernourished populations in developing countries as part of its 'Broadening access to nutrition' commitment.
- The company applies various approaches to marketing in order to understand and reach undernourished consumers in developing countries with appropriate products. For example, the company reported for its WAMCO operation in Nigeria to use multiple communication channels from mass to social media in order to reach undernourished consumers. In addition, the company is involved in various research initiatives and works together with behavioral specialists to shape communications to drive desired behavior change.

Category E - Lifestyles 2.5% - Nutrition



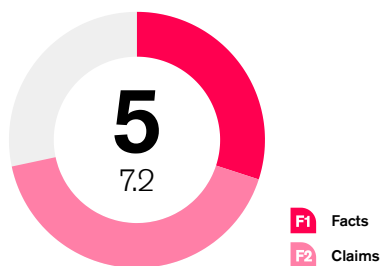
- FrieslandCampina offers an employee-centered health and well-being program called BOEST, which includes both diet and lifestyle components and is implemented now in the home market (it was in a setup phase for the 2016 index assessment). Other programs are in place in other geographies, including in Greece, Indonesia and the Middle-East.
- Expected health outcomes of its employee health and well-being program are articulated and participation rates are monitored, with a goal to extend the reach of the program by 2020. FrieslandCampina shows leading practice in its home market by having the health outcomes of its program independently evaluated by a third-party. The company could further improve on employee health and well-being by ensuring programs are available to all employees and family members, by articulating expected business outcomes and by disclosing more information about its programs and their results.
- FrieslandCampina does not have a policy in place to arrange the support of breastfeeding mothers beyond local regulations. The company should adopt a global policy that arranges six months or more of paid maternity leave and a full set of facilities and arrangements to support breastfeeding mothers. Currently, flexible working arrangements and facilities to perform breastfeeding are offered in various, but not all, countries the company is active in.
- FrieslandCampina develops and supports consumer-oriented education programs about healthy nutrition and lifestyles, committing to align to national dietary and physical activity guidelines as stated on its website. The company supports programs developed and implemented by independent groups, such as a program to stimulate healthy diets through taste exploration lessons at schools, developed by Wageningen University in the Netherlands. In addition, the company implements its own programs such as the Drink.Move.Be.Strong program in East-Asian countries. FrieslandCampina should strengthen its approach by excluding brand-level sponsorship of consumer-orientated programs. It should also commit to work with independently designed, implemented and evaluated programs exclusively, disclosing the results.

Category E - Lifestyles 2.5% - Undernutrition



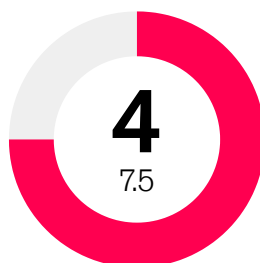
- Although FrieslandCampina runs consumer-oriented educational programs on healthy diets and lifestyles in developing countries including Indonesia, the Philippines and others, there is no evidence that the company focuses on educating undernourished consumers in developing countries. The general educational programs are assessed in Category E Nutrition.
- FrieslandCampina should commit to supporting independently designed programs educating undernourished consumers about the importance of consuming fortified foods or foods inherently high in micronutrients and healthy diets.
- It is recommended to publish its commitments as well as the content and results of the programs they support.

Category F - Labeling 15% - Nutrition



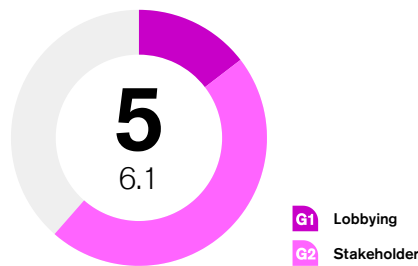
- FrieslandCampina commits to disclose nutritional information on the FOP and back-of-pack (BOP), described in its Corporate Standard for Nutritional Information. It is one of two companies in the 2018 Index to commit to providing all relevant nutrients according to the ATNI methodology. In addition, the contribution of nutrients in relation to the daily reference intake is provided FOP and serving or portion is always provided in addition to nutrient information per 100g or per 100ml basis.
- The company commits to place the Choices logo in markets where it is legally allowed. However, this is not recognized as an interpretative FOP labeling system in the ATNI methodology. The company should commit to implementing a system that is displayed on all products. Like all companies, FrieslandCampina should ensure to not undermine existing local interpretative FOP labeling systems by implementing alternative or additional systems.
- FrieslandCampina is commended for disclosing information on full implementation of its labeling commitments globally on its corporate website. However, the company can improve its score by increasing the number of markets with full implementation of its commitments.
- The company commits to apply health and nutrition claims to products in compliance with Codex guidelines in absence of local regulations. It tracks the number of products that meet its healthy standard and carry health and nutrition claims. FrieslandCampina can improve its transparency in this area by disclosing its policy on health and nutrition claims. As well, it should disclose the number of products carrying nutrition and health claims and disclose whether any complaints have been upheld against it about the misuse of health or nutrition claims.

Category F - Labeling 15% - Undernutrition



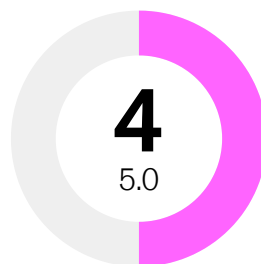
- The new FrieslandCampina Corporate Standard for Nutritional Information, disclosed on the corporate website, contains the commitment to labeling products that fortified micronutrients are always labeled (if legally allowed). This commitment applies to all products globally, including products for undernourished consumers.
- Similarly, the company's policy on health and nutrition claims is applied worldwide and covers all the company's products, including those aimed at undernourished consumers. Therefore, in the absence of local regulations, FrieslandCampina commits to using nutrition or health claims on products that have been fortified only when they meet Codex standards. The company is encouraged to publish this commitment and to state unambiguously that Codex standards will be applied as a minimum standard in all situations.

Category G - Engagement 5% - Nutrition



- FrieslandCampina has published its 'Compass' document since 2016, describing good business conduct guidelines. This document (or any other policy) does not contain a commitment to only engage with governments, political parties, policymakers and policymaking bodies in support of measures to prevent and address obesity and diet-related chronic diseases. The company should make this commitment.
- FrieslandCampina discloses relevant information about its membership of industry associations or other organizations that lobby on its behalf, about potential governance conflicts of interest and about board seats with influential organizations. It can further increase its transparency by disclosing commentary on its lobbying measures to prevent and address obesity and diet-related chronic diseases. It should also disclose its positions used in lobbying, as these relate to nutrition (e.g. in relation to FOP labeling).
- In its CSR update 2016, the company commits to engage with a wide range of relevant stakeholders, who were identified in the process of a materiality analysis. The engagement with local and international stakeholders is comprehensive and well-structured. FrieslandCampina discloses information about the topics that were addressed in stakeholder engagement in its CSR update 2016. It could improve further by disclosing examples of how input has been used to adapt policies or programs, leading to a change in business practices.

Category G - Engagement 5% - Undernutrition



- FrieslandCampina's 'Compass' document states that the company will work together with governments, institutes and other organizations to "bring better nutrition to the world" wherever it is active in the world. It also links this general commitment to its commitment to prevent and combat undernutrition (and other diet-related non-communicable diseases). Although the company could improve the clarity of its commitment by mentioning developing countries explicitly, this is accepted as a commitment to play an active and constructive part in supporting governments' efforts to address undernutrition.
- The company, via feedback, provided two examples of how it supported governments of developing countries to introduce a policy or regulation to address undernutrition, in Indonesia and Nigeria. Its research findings were used in government guidelines and helped enable governmental school feeding programs. The company should increase its transparency by disclosing its activities publicly.

Product Profile



1

Rank 1 / Score 7.7

Average HSR score products (sales-weighted)	Percentage of healthy products (sales-weighted)	Percentage of healthy products suitable to market to children (sales-weighted)	Number of products included in HSR and WHO EURO assessments		Number of countries included in the assessment
			HSR	WHO EURO	
3.8 stars	89%	41%	24	24	2

- FrieslandCampina's average sales-weighted HSR is 3.8 (3.5 unweighted), generating a Product Profile score of 7.7 out of 10, and it ranks first among the companies assessed.
- 89% of its sales of the products assessed were estimated to meet the healthy threshold (75% of its products by number). The proportion of its sales of products assessed suitable to be marketed to children was estimated to be 41% (29% of its products by number). FrieslandCampina's products assessed all fall within the 'Dairy' category. Therefore, the difference between sales-weighted and unweighted data is based only on differences in estimated sales between the two countries included in the analysis.
- The average HSR was higher in the U.K. (4.1) than in Hong Kong (3.2), as was the percentage of products meeting the healthy threshold of 3.5 (100% and 63%, respectively) and the percentage of products suitable to be marketed to children (50% and 19%, respectively).
- Hong Kong and the U.K. were the only countries in which FrieslandCampina products were identified for analysis; the company does not have relevant activities in the seven other markets included in the Product Profile assessment. FrieslandCampina's main markets were not covered in the assessment, as only 2% of its global sales were estimated to be covered. This is an important limitation of the assessment, as only a small part of the company's products was covered. On the other hand, 'Dairy' is FrieslandCampina's single dominant product category globally and, therefore, the company is well-represented on the product category level.
- FrieslandCampina ranks fourth on the 2018 Global Index (third on the Corporate Profile without BMS adjustments), showing strong improvements compared to 2016 and demonstrating a strong focus on nutrition and health. The results of the Product Profile assessment, with the caveat of not covering the company's main markets, are consistent with the company's strong performance overall. On the same basis of limited data, there is no evidence that the company overestimates the healthiness of its products. Still, FrieslandCampina has room for further product reformulation. It should aim to increase the healthiness of its products as measured by the average HSR, as well as by the percentage of products that meet the nutritional criteria for suitability to be marketed to children.

For full details, see the company's Product Profile scorecard.

Breast-milk Substitutes (BMS) Marketing



4

Rank 4 / Score 25%

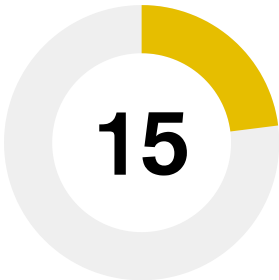
Rank	BMS Marketing	Adjustment to Global Index Score	BMS 1	BMS 2	Level of compliance in country studies	
		Max. of - 1.5			Thailand	Nigeria
4	2.5%	1.12	51	0	NA	Low

- FrieslandCampina is one of four Index companies included in the BMS Marketing sub-ranking. Its score is based on two assessments: BMS 1 which assesses the company's BMS marketing policy commitments, management systems and disclosure and BMS 2 which assesses its marketing practices in Nigeria during 2017. The company was not included in the Thailand study as it does not sell its products there.
- FrieslandCampina ranks fourth overall in the BMS sub-ranking with a level of compliance with the ATNI methodology of 25%.
- In September 2017, FrieslandCampina published its new policy, the wording of which, compared with the previous policy, is even more closely aligned to The Code. Moreover, it applies in all countries, higher and lower risk, although only when local regulations are absent. Where they are in force, FrieslandCampina follows those regulations, unless certain provisions are missing, in which case it follows its own policy commitments.
- Its policy commitments related to Articles 5, 7, 8 and 10 are fully in line with The Code. As the other companies assessed, it omits full commitments linked to WHA resolution 58.32 to provide information and labeling regarding the potential presence of pathogenic micro-organisms in its products and in other materials. The policy also has gaps in respect of the approval of donations. Thus, its final score on BMS 1 is 51%.
- To improve, FrieslandCampina could extend its policy to include growing-up milks and could revise it to encompass all of the recommendations of the WHA resolutions (including WHA 58.32 and 69.9). Putting in place a full set of consistent management mechanisms, such as procedures linked to each of its commitments, would also increase its performance.
- In the study of marketing practices in Nigeria, it scored 0% as it was found to have only a low level of compliance with The Code and local regulations.
- To bring its marketing practices into line with The Code in Nigeria, FrieslandCampina should ensure that all of its product labels include all necessary information. It should also take steps to ensure that all those selling its products online – including small traders, do so in compliance with its policy prohibiting point-of-sale promotions.

General Mills ^{i 39}

Reported product categories

Bakery, Confectionery, Dairy, Meal Replacement, Pasta, Ready Meals, Snacks, Soup, Concentrates



↓ Rank 15 / Score 2.3

Rank 10 (2016)



Product Profile

Rank 9 / Score 5.2

Headquarters
U.S.

Market capitalization
\$35,827 m

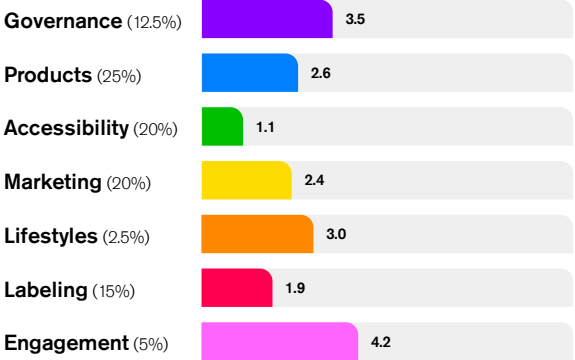
Reported revenue by geography ^{i 41}
North America 72%, Rest of World 28%

Number of employees
38,000

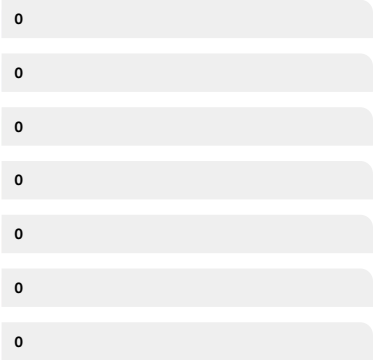
Total revenues ^{i 40}
\$16,563 m

Corporate Profile

Nutrition 14/2.3



Undernutrition 20/-1



Main areas of strength

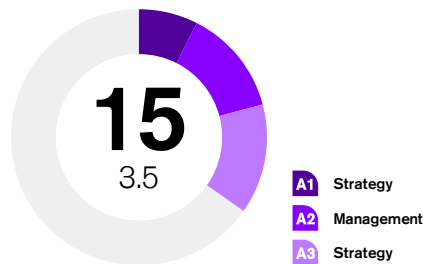
- General Mills' nutrition programs are subject to executive oversight via its Board-level Public Responsibility Committee, and overall nutrition responsibility is allocated to the CEO. The company commits to play a role in tackling the global challenges of obesity and diet-related chronic diseases, supports the priorities of the WHO Global Action Plan, and nutrition-related SDGs.
- General Mills participates in a number of marketing pledges such as IFBA, the EU Pledge and the Canada Pledge. In the U.S. it participates in CFBAI and supports the CARU Guidelines. The company does not market to children under the age of six, with a threshold audience of 35%, and restricts its marketing activities in schools, including secondary schools.
- The company participates in multiple labeling initiatives including IFBA globally and Facts Up Front in the U.S.

Priority areas for improvement

- General Mills' score has decreased from 2.5 in 2016 to 2.3 out of 10 in 2018 and it has dropped in ranking from tenth to fifteenth place. Although the company participated in the ATNI research process and provided some information on request, it provided insufficient evidence to allow a full evaluation of its performance. Publishing or sharing more information would allow ATNF to present a more complete assessment of its policies and practices.
- Similar to 2016, the company applies its product reformulation targets only in its major markets. Further, the company reports only retrospectively on the percentage of products that have met certain nutrient thresholds. The company is encouraged to adopt a robust NPS, to define a comprehensive set of reformulation targets based on clear nutritional criteria, and to report regularly on its progress.
- The company's score on marketing has decreased significantly, as it publishes limited commitments related to responsible marketing to all consumers and it did not share a policy with ATNF that met the ATNI's methodology requirements. To strengthen its performance, General Mills is encouraged to adopt a comprehensive global policy and publish it.
- The scope of the company's commitments on responsible marketing techniques differs by geographic region, with relatively strong commitments in the U.S. compared to its global (IFBA pledge) commitments. The company could strengthen its approach by applying its comprehensive U.S. commitments on responsible marketing techniques globally.
- General Mills ranks ninth on the Product Profile with a score of 5.2 out of 10, based on an assessment of its major product categories in nine countries. General Mills was estimated to derive only 20% of its total sales in 2016 from healthy products, i.e. products with an HSR or 3.5 or more. These findings illustrate that General Mills has significant scope to improve the healthiness of its portfolio through product reformulation, innovation or other means.

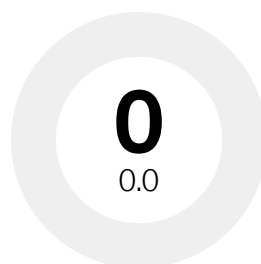
Category Analysis

Category A - Governance 12.5% - Nutrition

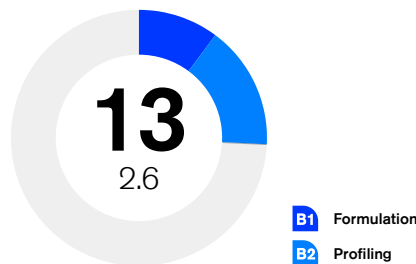


- The goal of General Mills is, "to provide people with nutritious, convenient food that can help them live healthier lives." The company articulates a commitment to improve the variety and health profile of its products. However, this commitment does not seem to be seen as a core driver of the company's commercial growth strategy which aims, "to create market-leading growth that will deliver top-tier returns to shareholders." Even though the company focuses on consumer preferences, it failed to provide evidence of strategically incorporating a focus on health and nutrition into its business model.
- The company could strengthen its performance by translating its Global Responsibility goals related to nutrition into its commercial growth strategy by clearly articulating and including nutrition as a route to growth. Practical incorporation of such growth commitment is considering nutrition and health in mergers and acquisitions.
- General Mills' publicly available nutrition strategy focuses on nutrition, labeling and marketing but lacks clearly articulated objectives. This is an area the company should focus on more in its public reporting.
- To strengthen its nutrition governance, the company should expand its focus beyond its home and major markets, to low-income populations. Moreover, the company is encouraged to strengthen its public disclosure to allow stakeholders to better understand how its commitments and related performance is realized. This encompasses areas such as sales generated from healthy products, nutrition-risk assessment and more detailed descriptions of its enterprise risk management process, nutrition targets and progress on achieving them, and the structure of the CEO's remuneration.
- The company has assigned formal oversight of its nutrition activities to the Board of Directors / CEO and day-to-day responsibility for delivery to senior management. The company has an opportunity to leverage this governance structure and strengthen its strategic approach to health and nutrition.
- Nutrition activities are reported within the annual, company-wide Global Responsibility Report. Contrary to best practice, however, there is no indication that the report is independently reviewed or verified.

Category A - Governance 12.5% - Undernutrition

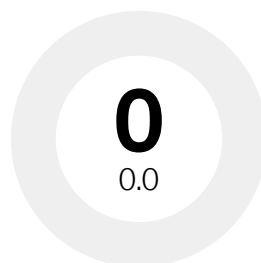


Category B - Products 25% - Nutrition

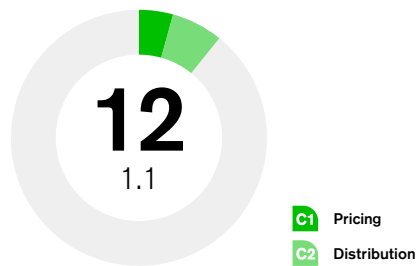


- General Mills commits to invest in R&D to improve the health profile of its products and although it publishes the percentage of revenues it spends overall on R&D, it has not set any forward-looking targets related to nutrition, which it is encouraged to do.
- General Mills does not use an NPS to calculate the overall nutritional quality of individual products. Rather it has developed its 'U.S. Health Metric Criteria' based on U.S. FDA recommendations. However, these metrics are applied only in its major markets and not globally. They are also not published in any detail to allow scrutiny of them. These metrics stipulate various goals, e.g. reducing negative nutrients by 5% or more and increasing beneficial nutrients by 10%. It has also made commitments to (re)formulate products to meet specific internal calorie limits and/or meet health or nutrition claim criteria (as defined by the FDA).
- While the Global Citizenship report contains consolidated data on new healthy products launched, which is commended, and an industry best-practice, the company reports only on the percentage volume of U.S. retail sales that met its criteria in the FY2016, but not on the percentage of products that meet an overall healthy standard as it does not have such a metric. It is encouraged to adopt a Nutrient Profiling System and report annually on sales generated from healthy products, globally and in its major markets.
- Some specific targets are articulated for some categories, such as achieving a 20% sodium reduction in ten key product categories by 2015. Typically, the company reports only retrospectively, usually in respect of its U.S. portfolio only, rather than setting consistent forward-looking targets for achieving certain reductions in negative nutrients or adding positive nutrients for all categories globally and reporting consistently on its progress in achieving all targets.
- While the company commits to improving the health profile of its products, it disclosed to ATNF that only 24% of its U.S. products (not sales weighted) meet its definition of a healthy product based on the CFBAI criteria. The Product Profile estimated that 23% of General Mills' global portfolio and 21% of its U.S. product portfolio is healthy according to the Health Star Rating system. Even though these results indicate that the company's approach to assessing nutritional quality is probably robust, there is significant scope remains for it to increase the proportion of healthy products in its portfolio.
- The company provided to ATNF the percentage of its U.S. portfolio that meets the CFBAI nutrition criteria for marketing to children and similar figures for the percentage of its EU portfolio that meets the EU Pledge criteria. However, it did not provide figures for other markets.
- Overall, General Mills is strongly encouraged to improve its disclosure to allow stakeholders to understand the relative scale of improvements made to its portfolio globally and to track progress.

Category B - Products 25% - Undernutrition

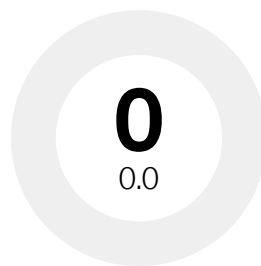


Category C - Accessibility 20% - Nutrition

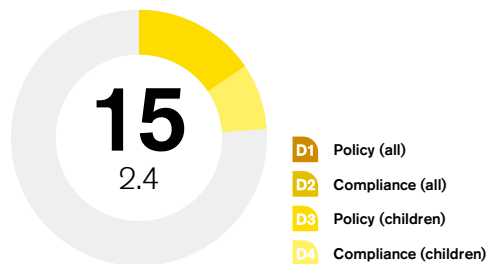


- As a step forward since 2016, the company has published a high-level goal to expand its portfolio to meet diverse consumer needs and make healthy food more accessible. It also makes a broad statement on the affordability of nutritious foods. However, General Mills does not yet publish any information on how it ensures that healthy products are in fact made accessible to low-income populations in developed markets and the lack of that information prevents further assessment and results in a relatively low score in this area.
- The company could strengthen its performance by defining clear commitments for the whole business, with particular reference to low-income populations, which it should formalize in an accessibility and/or affordability policy. That policy should be accompanied by clear targets for improving accessibility and affordability based on analysis of low-income populations' ability to pay for and access healthy products currently, undertaken in multiple markets.

Category C - Accessibility 20% - Undernutrition

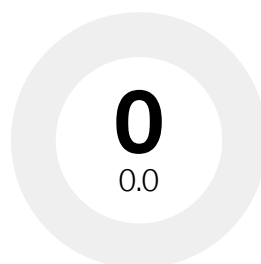


Category D - Marketing 20% - Nutrition

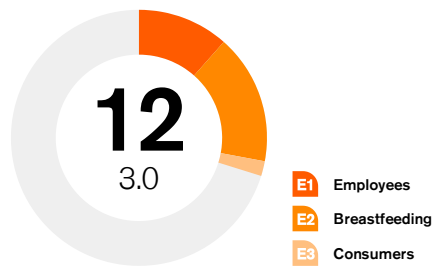


- Since 2016, General Mills' performance on criteria related to responsible marketing to all consumers (criteria D1 and D2) significantly decreased to a score of 0%. During the research process the company stated that it has a series of policy documents which collectively go beyond the ICC Framework with regards to responsible marketing to all consumers. General Mills provided further commentary that these commitments and policies are applied to all marketing initiatives globally. However, as the company did not provide any evidence of those policies and commitments, its statements could not be verified by ATNF. General Mills is strongly encouraged to publish its policies related to responsible marketing to all consumers, clearly indicating which media are covered. It could also pledge to adhere to the ICC framework and commission annual independent audits on compliance with its policy.
- In terms of responsible marketing to children, General Mills commits to the International Food and Beverage Alliance (IFBA) pledge on a global level, in the U.S. to the Children's Food and Beverage Advertising Initiative (CFBAI) pledge and the CARU guidelines, and in the EU to the EU Pledge. It also supports local pledges in Brazil, Canada, Singapore and Australia. General Mills applies CFBAI Nutrition Criteria globally, except when there is a locally-applicable standard in the given jurisdiction. However, it is important to note that there is a discrepancy in the scope of its responsible marketing commitments on responsible marketing techniques depending on the geography, with the company's commitments much higher in its home market. General Mills is strongly encouraged to extend the application of its U.S. responsible marketing techniques commitments globally so as to apply the same standards everywhere.
- General Mills does not advertise products that do not meet the CFBAI/EU Pledge or IFBA criteria for healthy products suitable for children under 12 when they represent 35% or more of an audience and clearly prohibits advertising in media primarily directed to children under six. This is commended. General Mills is now one of only a few companies that have adopted the best practice of not marketing in either primary or secondary schools. General Mills should expand the scope of the media covered by its policy and apply it when children make up more than 25% of a general audience. It should also set out how various marketing techniques will be used and expand commitments to prohibit marketing near primary or secondary schools or other places popular with children, as recommended by the WHO.
- In addition to the annual IFBA compliance review, the CFBAI audits the compliance of all signatories with its pledge annually and publishes industry-wide compliance figures. However, unlike some other companies, General Mills does not publish its individual compliance level. Disclosing publicly the company's individual compliance level for TV and digital marketing would have a positive impact on the company's performance and demonstrate good transparency.

Category D - Marketing 20% - Undernutrition

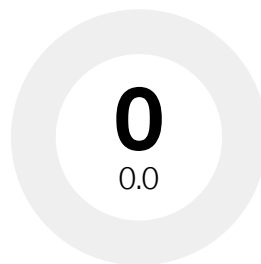


Category E - Lifestyles 2.5% - Nutrition

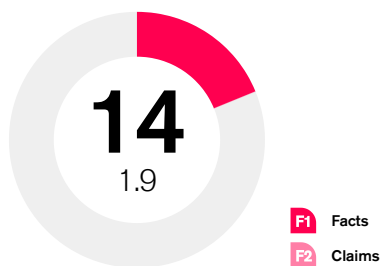


- General Mills makes a clear commitment to support the health and wellness of employees in all offices worldwide. Many examples are provided of initiatives across its international offices. However, the company did not provide evidence of having set employee participation targets nor other outcome targets since 2016. Although it states that it conducts annual internal evaluations, it publishes only qualitative information about the programs and does not provide any measure of whether the programs are effective and have improved participants' diets or health.
- In terms of commitments to support to breastfeeding mothers at work, the company could improve its performance by adopting and publishing global policy and by extending the length of paid maternity leave to six months or more. The company is encouraged to provide more public reporting on this topic.
- The General Mills Foundation funds some nutrition education and active lifestyle programs in its home U.S. market. However, the selection of these programs does not appear to be guided by a formal policy or set of guidelines, as none are published. Some programs' health impacts are independently evaluated, but the Foundation does not disclose whether this is the case for all programs. Overall, the company's approach to consumer education does not appear to have changed since the last Index.

Category E - Lifestyles 2.5% - Undernutrition

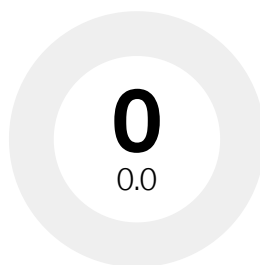


Category F - Labeling 15% - Nutrition

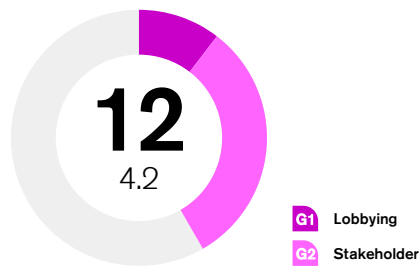


- General Mills supports the IFBA pledge which includes nutrition labeling commitments for the front-of-pack (FOP) and back-of-pack (BOP) across its global markets. The company commits to provide information on Guideline Daily Amounts (GDA) on FOP labeling and BOP on a majority of key nutrients either for either single or multiple servings.
- In the U.S. it commits to the Facts Up Front initiative and provides levels of calories, sodium, saturated fat and sugars per serving on the front of its food packages but not in an interpretative format. The company is encouraged to adopt a global policy which would extend its commitments on BOP labeling to align with best practice, and adopt an interpretative FOP labeling format globally, and to not undermine existing local interpretative FOP labeling systems by implementing alternative or additional systems.
- The proportion of markets in which General Mills has achieved full compliance with its labeling commitments was shared only under NDA. The company could increase its transparency by providing information on how many markets it has implemented its full labeling commitments in and for what proportion of products.
- As in 2016, the company does not appear to have a policy to determine whether products can carry claims in markets where nutrition and health claims are not well regulated. The company is encouraged to establish a commitment to follow Codex guidance with regard to health/nutrition claims in markets where national regulatory systems are weak or absent. Best practice would include tracking and disclosing the percentage of products carrying health and/or nutrition claims in all markets.

Category F - Labeling 15% - Undernutrition

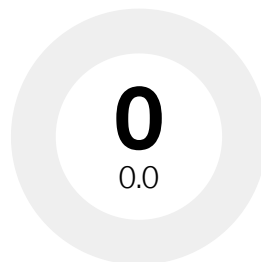


Category G - Engagement 5% - Nutrition



- General Mills has a Civic Policy and Public Policy in place. However, the company does not report publicly on topics about which it engages and does not make an explicit commitment not to lobby against public health topics. To strengthen its approach, the company could commitment to lobby only in support of public health initiatives in all markets.
- General Mills could improve its transparency related to its commitments and activities on lobbying and influencing governments and policymakers on nutrition issues. The company only discloses its membership in U.S. trade associations to which it paid dues of \$25,000 or more and political expenditures. Moreover, it does not set out whether it has any governance conflicts of interest or holds Board seats on industry associations and/or advisory bodies related to nutrition issues. The company could extend the scope of reporting beyond the U.S. market.
- General Mills engages with stakeholders, "to accelerate its progress on social and environmental initiatives. Its approach includes open dialogue, collaboration and transparent disclosure." Topics covered include food safety, health and nutrition, wellness, diverse consumer needs as well as other issues. However, it is not clear from its current limited disclosure whether it engages with stakeholders around the world nor whether and how stakeholder input is used to improve the company's policies and performance on nutrition – which should be its goal.

Category G - Engagement 5% - Undernutrition



Product Profile



9

Rank 9 / Score 5.2

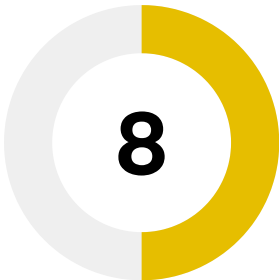
Average HSR score products (sales-weighted)	Percentage of healthy products (sales-weighted)	Percentage of healthy products suitable to market to children (sales-weighted)	Number of products included in HSR and WHO EURO assessments		Number of countries included in the assessment
			HSR	WHO EURO	
2.6 stars	20%	7%	1543	1414	9

- General Mills' average sales-weighted HSR is 2.6 (2.4 unweighted), generating a Product Profile score of 5.2 out of 10, and it ranks ninth.
- It is estimated that 20% of its sales met the healthy threshold (23% of its products by number). The proportion of its sales attributable to products suitable to market to children was only 7% (9% of its products by number). The lower sales-weighted figures indicate that its products of poorer nutritional quality accounted for a slightly larger proportion of sales than those with better nutritional quality.
- General Mills has the highest proportion of healthy products in Australia where 55% of its products meet the healthy standard and also generated the highest level of revenues (43%) from healthy products compared to the other countries. China and Hong Kong had the lowest proportion of healthy products.
- In terms of product categories, only two product categories out of nine – 'Sauces, Dressings and Condiments' category (3.7) and 'Rice, Pasta and Noodles' (3.7) – were above the healthy threshold. The lowest scoring product category is 'Baked Goods' with an average HSR of 1.5 driven by the presence of a large number of cake mixes.
- Australia and the UK had the highest proportion of products eligible for marketing to children (33% and 16% respectively) with no products in China and South Africa eligible for marketing to children. Three product categories 'Ice Cream and Frozen Desserts', 'Sauces, Dressings and Condiments' and 'Sweet Biscuits, Snack Bars and Fruit Snacks' do not include any products that meet WHO Euro criteria for marketing to children.
- General Mills should focus on improving the nutritional quality of its products in the categories noted where no products were found to have a HSR of 3.5 or above, and on standardizing the nutritional quality of products and categories across all markets.

For full details, see the company's Product Profile scorecard.

Grupo Bimbo ^{i 42}

Reported product categories
Bakery, Confectionery, Dried and Frozen Processed Food, Snacks



↓ Rank 8 / Score 5
Rank 6 (2016)



Product Profile

Rank 8 / Score 5.5

Headquarters
Mexico

Market capitalization
\$10,647 m

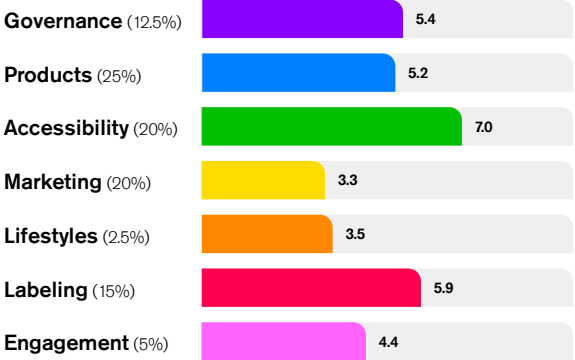
Reported revenue by geography ^{i 44}
Not available

Number of employees
130,913

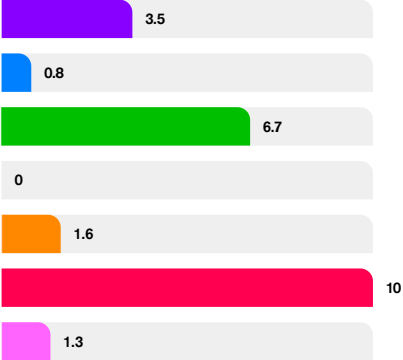
Total revenue ^{i 43}
\$12,185 m

Corporate Profile

Nutrition 8/5.2



Undernutrition 8/3.6



Main areas of strength

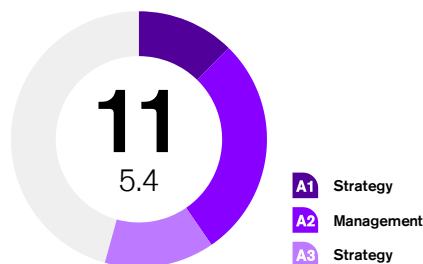
- Grupo Bimbo's score has increased from 3.6 in 2016 to 5.0 out of 10 in 2018. The largest increase in scores are in Category C (accessibility and affordability of healthy products) and Category F (labeling).
- Since the last Index, Grupo Bimbo has updated its Health and Wellness strategy including its 2020 goals. Its strategy, 'A Sustainable Way' includes global, clear and measurable 2020 objectives related to product reformulation, nutrition information, responsible marketing, promotion of healthy lifestyles, and alliances and research. The accountability for the strategy rests with the executive team.
- The company has formalized its commitment and objectives to address the accessibility and affordability of its healthy products in a global policy. The strategy is based on studies on appropriate pricing of healthy products for low-income populations in multiple countries, both developed and developing. Grupo Bimbo is also one of the few companies that can provide examples across several markets of improving the pricing of healthy products (based on the company's own definition of healthy) and offering discounts on these products.
- Grupo Bimbo has significantly strengthened its labeling commitments related to micronutrients, and the use of health and nutrition claims for fortified products targeted at consumers at risk of undernutrition. This helped it achieve a full score on Category F for undernutrition. In 'A Sustainable Way', Grupo Bimbo commits that, in the absence of regulation, it will base its fortification on Codex standards and will adopt the best practices of the countries in which it operates.

Priority areas for improvement

- Grupo Bimbo has metrics in place to calculate the proportion of its product portfolio that meets its healthy standards. However, these calculations cover only 80% of its sales. The company should expand its calculations to cover all markets and thus provide consumers and stakeholders with a complete picture of the nutrient profile of its product portfolio.
- Grupo Bimbo's targets for sodium, sugars and saturated fats are focused only on specific product categories. The company should expand these targets to cover its entire portfolio and strengthen its positive nutrient targets, and set baseline and target years, and the percentage coverage of products.
- Even though the company strengthened its responsible marketing commitments to all consumers, these remain limited and do not specify which media they apply to. The company should commit to supporting the principles of the ICC. This would have positive impact on its marketing to children commitments which still remain rather limited compared to some of its peers.
- Grupo Bimbo's commercial undernutrition strategy is mostly focused on lower-priority countries without explicit focus on priority groups. Greater emphasis could be placed on addressing the needs of women of childbearing and children under-two in higher priority countries.
- As identified in the 2016 Global Index, Grupo Bimbo focuses on active lifestyle programs but little emphasis is placed on programs that promote healthy eating and nutrition education. The company could add to its active lifestyle programs elements to help consumers make healthy diet choices.
- Grupo Bimbo ranks eighth on the Product Profile assessment with a score of 5.5 out of 10, based on an assessment of its major product categories in four countries. Grupo Bimbo was estimated to derive 41% of its total sales from healthy products, i.e. those that achieve a HSR of 3.5 stars or more. These findings illustrate that Grupo Bimbo has significant scope to improve the healthiness of its portfolio through product reformulation, innovation and/or acquisitions or disposals.

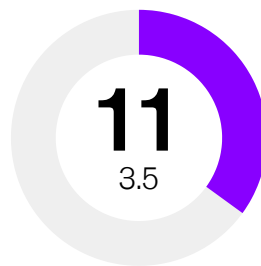
Category Analysis

Category A - Governance 12.5% - Nutrition



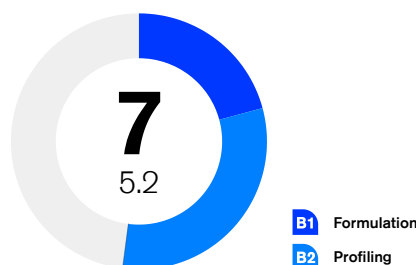
- In 2016, Grupo Bimbo updated its Health and Wellness strategy 'A Sustainable Way'. It is a comprehensive strategy with a broad range of 2020 goals and objectives that guide the company efforts to improve the nutritional profile of its portfolio and develop new products, better labels, responsible marketing to children and promote healthy lifestyles and physical activity.
- The strategy is overseen by the CEO and day-to-day responsibility lies with Executive Managers who report directly to the Board. This is an improvement compared with 2016. Further, Grupo Bimbo is one of only two companies that link the remuneration of its CEO to delivery of its nutrition objectives in the Health and Wellness strategy. This is leading industry practice.
- The company is encouraged to translate its Health and Wellness strategy into strategic commitment to grow through a focus on health and make this an integral part of its core business.
- The company is encouraged to incorporate nutrition and health as a decision-making factor in its mergers and acquisition. Based on information available, nutrition did not seem to have been a driver in Grupo Bimbo's acquisitions of Pannettiere in Colombia, General Mills' business in Argentina, Panrico (renamed to Donuts Iberia) in Spain, not the joint venture with Harvest Gold in India which all took place in the last three years. Unlike many companies in the Index, Grupo Bimbo does not refer to the SDGs, nor explain how it will contribute to fulfilling them. Further, Grupo Bimbo's nutrition-related risk assessment is rather limited in scope. The company is encouraged to expand the current scope of that assessment to ensure it is prepared to address any potential nutrition related market, regulatory, litigation and reputational risks.
- The company has strategic alliances with several partners such as the World Research Improvement Center for Corn and Wheat, Whole Grain Council, CONMEXICO, IFBA, and the Consumer Goods Forum. The partnerships aim to promote correct diets and healthy lifestyles, disseminate information that will allow consumers to make better purchasing decisions, and to share information about importance of physical activity. However, there is limited evidence that the company seeks specialist external expert advice on its strategy and performance on nutrition at a Board level. To strengthen its governance, the company could establish a formal panel of experts with a broad range of expertise that would provide strategic advice to the Board.
- The company regularly publishes its progress in implementing its nutrition strategy for its global operations. Despite its global presence, the company does not publish separate reports for its major markets. Grupo Bimbo could improve its performance by putting more emphasis on illustrating how its focus on nutrition contributes to its overall business strategy and conduct an external review of its nutrition data.

Category A - Governance 12.5% - Undernutrition



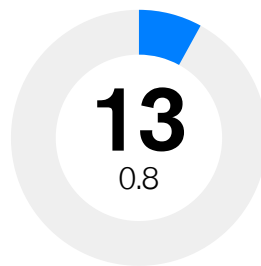
- Grupo Bimbo commits to playing a role in tackling undernutrition and has set objectives related to developing fortified products. The company's commercial undernutrition strategy is overseen by Grupo Bimbo's Wellness Business Development Vice President who leads implementation of 'A Sustainable Way'.
- Most corporate activities in this area retain a commercial character and Grupo Bimbo mostly provided examples from Mexico. To strengthen its approach the company should conduct a strategic review of the commercial opportunities related to tackling undernutrition and expend its strategy to more countries, especially higher-priority countries such as India and Guatemala, including identifying target populations at most risk of undernutrition.
- Grupo Bimbo is also encouraged to inform its commercial undernutrition initiatives by using market research or wider studies to assess the need and potential for micronutrient fortification of products. It should also form a formal panel of experts with a broad range of expertise and seek their advice on how to prevent and address undernutrition.
- There is no evidence of Grupo Bimbo supporting other non-commercial activities to address undernutrition; it could do more in this area.

Category B - Products 25% - Nutrition



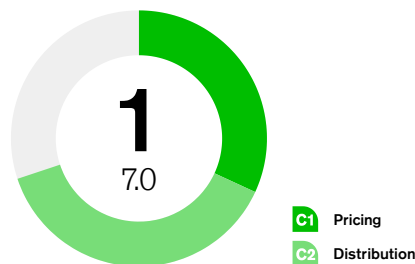
- In its strategy, Grupo Bimbo made a commitment to, "continue to invest in the innovation of ingredients, products and processes as a fundamental part of our health and wellness strategy, offering differentiated, delicious and nutritious products that can be part of the current and future needs and trends of consumption." Despite this commitment, Grupo Bimbo did not provide evidence of targets for increasing its R&D spending on nutrition, making it hard to assess how substantial the company's commitment is.
- The company set a 2020 goal to increase the proportion of healthy products within its product portfolio to 50%. In financial year 2016, 14% of products by number were defined as "best" and 23% as "better". Even though the products classified as "better" are considered part of the company's healthy products offering, only 14% are of the highest nutritional quality. Grupo Bimbo's metrics to calculate percentage of healthy products covers only 80% of its sales. The company should expand its metrics and cover all markets and sales. Furthermore, the company is encouraged to establish a way of determining revenues generated by healthy products.
- The Product Profile estimated that 41% of the company's 2016 revenues and 31% of its product portfolio in the four countries assessed were healthy. This indicates some degree of alignment between the company's metrics and the Health Star Rating system. Nevertheless, in both cases the company derives the majority of sales from products of lower nutritional quality and so should expand the number of healthy products it offers and invest in driving their sales. In addition, the company should increase the availability of healthy products in each brand, offering at least one product in all brands that meet the company's healthy standard for both adults and children.
- In 2015, Grupo Bimbo redefined its product reformulation goals in respect of reducing saturated fat, trans-fat and sodium, and also has some targets to increase whole grains. The company should base its reformulation efforts on national or regional guidelines. Furthermore, it should strengthen its trans-fat targets, aligning them to WHO recommendations. Further, the company should develop a set of clear and strong targets for whole grains and other positive nutrients. The company could increase its disclosure of performance on these targets.
- Grupo Bimbo has developed an NPS to guide its product reformulation and innovation. The NPS is applied globally, covers all products and product categories. Grupo Bimbo could improve the quality of its NPS however by incorporating external input and sharing the NPS in full in the public domain to allow customers and other stakeholders to assess and understand it.

Category B - Products 25% - Undernutrition



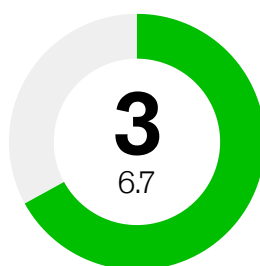
- The company commits to develop two fortified or enriched products aimed at vulnerable populations annually, starting in Mexico and Latin America, as part of the fight against undernourishment by 2020.
- This commitment is supported by the company's commentary on investments made in research or other areas of the business to develop solutions to undernutrition. The company reports that Grupo Bimbo's global R&D management assigns 30% of the annual budget to projects focused on implementing state-of-the-art technologies and ingredients, whose purpose is, among others, to develop affordable products for vulnerable populations. This is a strong practice demonstrated only by a handful of companies. Despite strong commitments, examples of selling fortified products and products inherently high in micronutrients, remain vague and limited.
- As in 2016, evidence of a commitment to base its approach to fortification on international guidance, such as Codex or equivalent guidance is lacking. The company is encouraged to make such commitment and in addition, commit to use ingredients with higher inherent levels of micronutrients and only fortify those items with high underlying nutritional quality. Leading practice includes developing and publishing a fortification policy which includes these commitments.

Category C - Accessibility 20% - Nutrition



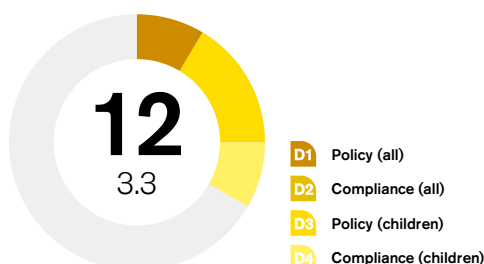
- Since 2016, Grupo Bimbo has significantly strengthened its approach to accessibility and affordability, and now leads the ranking on Category C.
- In its new strategy, the company incorporated commitments and objectives to address accessibility and affordability. By 2020, the company aims to distribute and market fortified or enriched products developed specifically for the vulnerable population, with a wide distribution range and a cost per piece at least 5% under the average per category. Grupo Bimbo's commitments, objectives and targets in this area are industry leading practice.
- This strategic commitment is translated into a global policy that integrates into Grupo Bimbo's business strategy pricing and distribution practices that ensure the accessibility of all categories of its portfolio. This is industry leading practice.
- The company has conducted studies on appropriate pricing of healthy products for low-income populations in developed and/or developing countries (Canada, Spain, Mexico and China). To reduce the price of healthy products, the company reported offering discounts on products of high nutritional quality in Canada, Mexico and Brazil. It focused its accessibility efforts on the "traditional channel" (small stores) sales and distribution.
- To strengthen its performance further, the company should publish its accessibility and affordability policy and assign responsibility for implementing it to an executive rather than a manager, as is currently the case.

Category C - Accessibility 20% - Undernutrition



- The company articulated a commitment and objectives related to the accessibility and affordability of healthy fortified products in developing countries. By 2020, the company aims to distribute and market fortified or enriched products developed specifically for vulnerable population, with a wide distribution range (trading channels with over 50% of range) and a cost per piece at least 5% under the average per category.
- Grupo Bimbo demonstrated examples of having improved the affordability of its healthy fortified products by reducing product sizes in Mexico, China, Brazil and other South American countries.
- To improve the accessibility of healthy, fortified products, in Mexico, in financial year 2015-2016, the company cooperated with the country's largest social network supplier, whose goal is to guarantee the distribution of economically affordable food of high nutritional quality to populations living in marginalized conditions. The price of the products distributed, on average, decreased 30% compared with the company's main distribution channel. This is considered a best practice example.
- Overall, Grupo Bimbo's accessibility and affordability efforts focus on lower priority developing countries. The company could expand its scope and focus on higher priority countries such as India or Guatemala.
- The company did not provide evidence of having developed or supported non-commercial initiatives to address accessibility and affordability of fortified products in developing countries. It should do so, and disclose more in this area.

Category D - Marketing 20% - Nutrition



- In 2016, Grupo Bimbo lacked an approach to responsible marketing for all consumers. In 'A Sustainable Way', Grupo Bimbo makes a few general commitments related to marketing to all consumers. Despite this improvement, the commitments remain rather limited and it is unclear to which media they apply. Consequently, audits of compliance do not seem to be implemented.
- Grupo Bimbo should develop more comprehensive standards for responsible marketing for all consumers covering broad range of media and an approach for auditing compliance with its commitments to all consumers.
- In addressing marketing to children, Grupo Bimbo follows the principles laid out in its strategy and its commitments as a member of the International Food and Beverage Alliance (IFBA). The company's policy covers a broad range of media (the company omits in-store marketing and sponsorship) and it commits only to market healthy products to children aged 2-12. Furthermore, the company commits not to advertise in primary schools.
- The company could strengthen its commitments in a number of areas, including committing to ICC principles related to marketing to children, not to market at all to children up to 12 regardless of the nutritional quality of its products, and to strengthen the audience threshold to 25%. As in the previous assessment, there are no commitments that prohibit any advertising near primary schools nor in or near secondary schools or other places popular with children, as recommended by the WHO.
- Compliance with IFBA principles is audited annually across the organization by an independent third-party. Unlike in 2016, individual compliance levels for TV and digital marketing was not shared or disclosed in the public domain. (In 2016, Grupo Bimbo was 100% compliant with its commitments). This is a decline in the company's transparency and it is encouraged to report its compliance levels.

Category D - Marketing 20% - Undernutrition



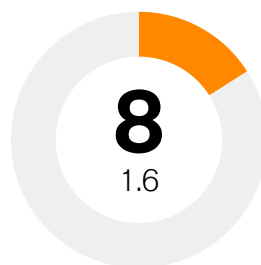
- Grupo Bimbo does not disclose any commitments or examples of marketing strategies designed to ensure that its healthy, fortified products reach undernourished populations in developing countries. The company should consider investing more in developing such strategies and reporting on their effectiveness.

Category E - Lifestyles 2.5% - Nutrition



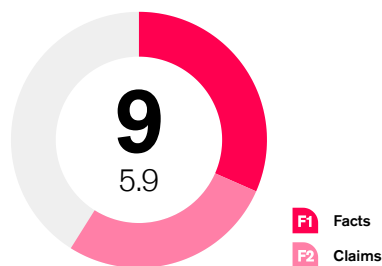
- In 2017, Grupo Bimbo adopted a new Wellness Policy and Implementation Guidelines. Grupo Bimbo continues to have a global commitment and developed an employee health and wellness model built around four pillars – correct eating, physical activity, health and a balanced life. The company offers a very broad range of programs which are available to all employees and some family members. Grupo Bimbo's approach to employee health and wellness could be strengthened further by defining participation targets for these programs and by articulating expected health and business outcomes which the company intends these programs to achieve.
- As in previous Global Indexes, Grupo Bimbo conducted internal evaluations of its health and wellness programs through which it demonstrated the health improvements delivered by its programs. Grupo Bimbo should move to commissioning independent evaluations and disclosing more information about the results.
- Grupo Bimbo has made a commitment to support breastfeeding mothers and has arrangements in place. However, the working arrangements and facilities it offers, and the length of paid maternity leave, vary by country. To strengthen its performance in this area, Grupo Bimbo should formalize its commitment in a global, publicly available policy with the same arrangements and paid maternity leave of six months (if country legislation is not stronger) across all countries in which the company operates.
- Grupo Bimbo supports active lifestyle programs but does not preclude brand-level sponsorship of these initiatives. Currently, the company exercises influence over the content of the programs it sponsors. Grupo Bimbo should shift its resources to supporting independently designed programs that are implemented by third parties, and which are holistic in design, i.e. which comprise a range of activities to improve both diets and lifestyles.

Category E - Lifestyles 2.5% - Undernutrition



- As in 2016, Grupo Bimbo's approach to supporting consumers through commercial and philanthropic undernutrition-focused programs remains weak. The company should develop a formal commitment that defines the types of educational programs it will support, and roll them out while defining the role of the company in the design and delivery of those programs.

Category F - Labeling 15% - Nutrition



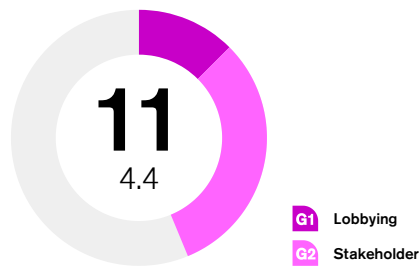
- Grupo Bimbo commits to disclose nutrition information on both front-of-pack (FOP) and back-of-pack (BOP) labels. This is reinforced by its membership in the IFBA, through which a global approach to fact-based nutrition labeling on a global scale is required. This global commitment encompasses guidance for consumers expressed in daily amounts of all key nutrients. The company could also improve its labeling practices by using an interpretive, rather than numeric, format on its FOP labels, for which it currently has a global commitment. Like all companies, Grupo Bimbo should ensure to not undermine existing local interpretative FOP labeling systems by implementing alternative or additional systems.
- In financial year 2015, in more than 80% of its market the company rolled out its full labeling analysis. The company is encouraged to report its progress on implementing its labeling commitments.
- Its strategy reconfirmed the company's commitment related to the use of health and nutrition claims, committing to adopt the best practices of countries in which it operates and, in its absence, with Codex standards.
- Currently, Grupo Bimbo tracks its use of nutrition claims only. The company should expand its tracking system to include health claims. In addition, the company should disclose this data annually in the public domain.

Category F - Labeling 15% - Undernutrition



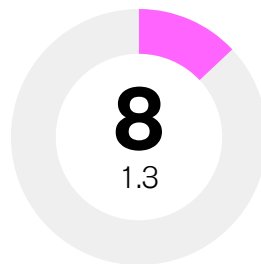
- Grupo Bimbo has improved substantially in this area and now scores 100% on this category in relation to undernutrition.
- Compared with 2016, Grupo Bimbo now makes a commitment that where there are no applicable regulations, it will be ruled by international regulations such as Codex or the best practices in the countries where it operates. This commitment also extends to health and nutrition claims – the company follows Codex standards in countries where there is no regulatory framework on the use of nutrition and health claims, and specifically mentions that this approach covers fortified products.

Category G - Engagement 5% - Nutrition



- Grupo Bimbo has a global policy for Relations with Authorities and Institutions in the Public Sector. However, it does not include a commitment to engage with governments, political parties, policymakers and policymaking bodies only in support of measures to prevent and address obesity and diet-related chronic diseases.
- Even though the company sets a 2020 goal to launch and establish the necessary strategic alliances with several representatives and leaders of the society including governments in order to face challenges in health and wellness, these remain very broad. Furthermore, the company does not disclose any information about its memberships in industry associations, financial support of these organizations and Board seats at industry organizations. Improving its disclosure on these activities would allow stakeholders to better understand the company's position on key nutrition issues and how it tries to influence the policymaking process.
- Grupo Bimbo commits to engage with stakeholders in developing its nutrition policies and programs but failed to provide examples of such engagement. More comprehensive disclosure in this area would strengthen the company's performance.

Category G - Engagement 5% - Undernutrition



- Grupo Bimbo does not demonstrate a commitment to support government efforts to address undernutrition through public policy initiatives. It only provided evidence of engagement with the Integral Family Development Program in Mexico. It should expand its engagement with stakeholders to help it fill the gaps in performance identified here.

Product Profile



8

Rank 8 / Score 5.5

Average HSR score products (sales-weighted)	Percentage of healthy products (sales-weighted)	Percentage of healthy products suitable to market to children (sales-weighted)	Number of products included in HSR and WHO EURO assessments		Number of countries included in the assessment
			HSR	WHO EURO	
2.7 stars	41%	42%	477	477	4

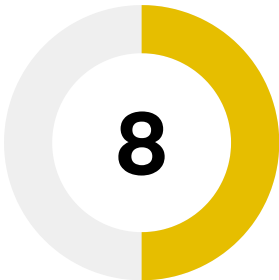
- Grupo Bimbo's average sales-weighted HSR is 2.7 (2.4 unweighted), generating a Product Profile score of 5.5 out of 10, and it ranks eighth.
- In total, 41% of revenues were generated by sales of products that met the healthy threshold (31% of its products by number). The increase in sales-weighted HSR scores suggest that its products of higher nutritional quality contributed more to 2016 sales than products of lower nutritional quality.
- Of the four countries in which Grupo Bimbo's products were analyzed, the U.K. had both the highest mean HSR of all countries as well as the highest proportion of products receiving an HSR of 3.5 or more (75%). China had the lowest proportion of products (15%) meeting the threshold for healthy.
- Less than a third of Grupo Bimbo products (30%) were eligible for marketing to children under the WHO Euro criteria; this percentage increased to 42% when results were weighted by sales. In the U.K., the country with highest proportion of products eligible to be marketed to children, almost 70% of products met the threshold, with China having the lowest proportion of products eligible to market to children. At a category level, 'Baked Goods' was the only category in which Grupo Bimbo products were eligible for marketing to children.
- The 'Baked Goods' category had the highest proportion of products that met the definition of healthy, likely driven by Grupo Bimbo's plain bread-based products within this category. Zero 'Confectionery' and 'Spreads' products met the threshold for healthy.
- The Product Profile shows that Grupo Bimbo generates relatively low levels of sales from healthy products and overall only 31% percent of its portfolio comprises healthy products. The results suggest that the company should continue to focus on expanding its healthy portfolio and should invest in marketing to drive the sales of healthy products.

For full details, see the company's Product Profile scorecard.

Kellogg i 45

Reported product categories

Cereals, Dried and Frozen Processed
Food, Snack Bars, Savoury Snacks



↑ Rank 8 / Score 5

Rank 10 (2016)



Product Profile

Rank 10 / Score 5

Headquarters
U.S.

Market capitalization
\$25,865 m

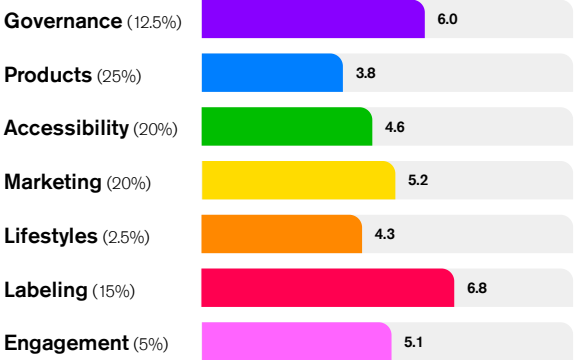
Reported revenue by geography i 47
North America 65%, Rest of
World 35%

Number of employees
33,577

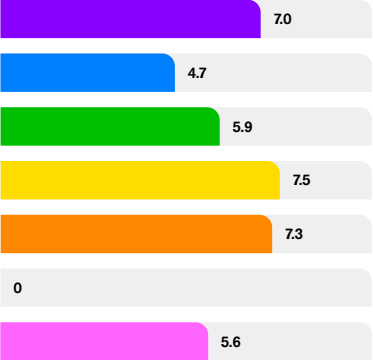
Total revenues i 46
\$13,014 m

Corporate Profile

Nutrition 9/5



Undernutrition 5/5.2



Main areas of strength

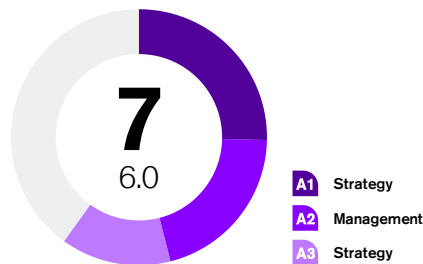
- Kellogg's score has increased from 2.5 in 2016 to 5.0 out of 10 in 2018. The company achieved a substantial increase in score compared to the 2016 Global Index and now ranks eighth.
- Kellogg has improved its commitments and disclosure in Category A and several other categories of the ATNI methodology through its new Kellogg 'Nutrition Milestones' document, published in September 2017. The company is commended for publishing this document, which clarifies how its central business strategy relates to its nutrition strategy, including the 'Global Breakfast Food Beliefs' articulated in 2015 and the new 'Global Snack Food Beliefs.'
- New commitments to improve the affordability and accessibility of healthy products for low-income consumers are disclosed by the company, relevant as well for products that aim to address undernutrition in developing countries.
- Similar to 2016, Kellogg's responsible marketing approach is codified in a policy that includes a wide range of commitments covering marketing to all consumers, as well as specific commitments regarding marketing to children.
- New compared to 2016, Kellogg now commits to follow Codex guidance on nutrition and health claims in markets where regulation is weak or lacking.
- The company has improved its score in Undernutrition-related aspects of the ATNI methodology by disclosing new commitments and by providing clarification about its approach. The company's 'Growth 2020' strategy, which aims to double the business in emerging markets, is linked to commitments to provide targeted, fortified products that address nutritional deficiencies in developing countries. Kellogg is one of only a few companies that commit to creating and delivering marketing strategies appropriate to reaching undernourished populations in developing countries.
- Similar to 2016, its philanthropic undernutrition strategy is driven primarily through its 'Breakfast for Better Days' program that includes food bank donations and breakfast programs. Both its commercial and philanthropic approaches are focused on children and youth under 18.

Priority areas for improvement

- Kellogg ranks tenth in the Product Profile assessment with a score of 5.0 out of 10, based on an assessment of its major product categories in eight countries. Kellogg was estimated to derive only 24% of its total sales from healthy products, i.e. products achieving a rating of 3.5 stars or more on the Health Star Rating (HSR) system. These findings illustrate that Kellogg has significant scope to improve the healthiness of its portfolio through product reformulation, innovation and/or portfolio changes.
- The 'Nutrition Milestones' document contains many commitments that are not disclosed elsewhere, or only to a limited extent. The company is encouraged to update the document in the future to ensure transparency on its activities and progress. The various commitments made in the document should be reflected as well in future formal reports such as the annual report, showing the integration of its focus on nutrition and health with its commercial strategy.
- Currently, the company defines various product reformulation targets that cover only selections of products; cereals, snack foods and products marketed to children. Kellogg should define a comprehensive set of targets, covering all products globally and all relevant nutrients to increase or decrease.
- Kellogg still does not apply a fully-defined Nutrient Profiling System (NPS) but it applies a limited set of nutritional criteria defined over ten years ago. The company uses various definitions of healthy products, e.g. based on regionally defined criteria. The company is strongly encouraged to adopt an NPS that is based on internationally recognized criteria, e.g. as applied in the HSR system, and to adopt a clear definition of healthy products based on it.
- Although Kellogg has a strong marketing policy that covers all consumers, the company should update it to cover all new media channels. In addition, it is recommended to extend its commitments to not perform marketing activities in or near primary or secondary schools, or in other places popular with children.
- To complement Kellogg's nutrition labeling commitments, the company should commit to implement interpretative front-of-pack labeling globally.

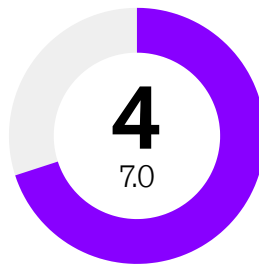
Category Analysis

Category A - Governance 12.5% - Nutrition



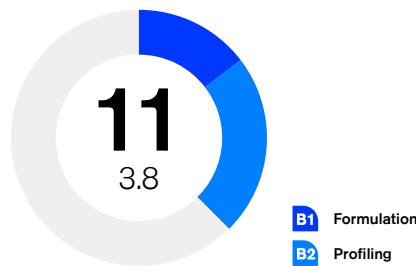
- Kellogg increased its score in this category substantially through new disclosure about its nutrition strategy and governance in the extensive Kellogg 'Nutrition Milestones' document, published in September 2017. The document describes how the company's purpose 'Nourishing families so they can flourish and thrive' relates to its growth strategy, committing to build a progressive health portfolio and addressing undernutrition in emerging markets. It includes commitments to address the Sustainable Development Goals (SDGs) 2 'Zero Hunger' and 3 'Healthy lives and promoting well-being', as well as playing a role in tackling the global challenges of increasing levels of obesity and diet-related chronic diseases.
- As in 2016, it conducts an extensive nutrition-related business risk assessment, which informs its overall strategy acquisition. The company illustrates in the Milestones document that nutrition issues are factored into decisions about mergers and acquisitions.
- Kellogg could increase its score by disclosing the percentage of revenues derived from healthy products year-on-year, according to the company's definition, and by increasing this percentage.
- Kellogg's comprehensive and global nutrition strategy, for which the CEO is formally accountable, is disclosed in the Milestones document. A limited set of objectives is described, including concrete product reformulation objectives by 2020 linked to its 'Global Breakfast Food Beliefs' and 'Global Snack Food Beliefs.' However, objectives related to other aspects of ATNI methodology are missing or not concrete enough. To strengthen its nutrition strategy, the company should develop a broader range of measurable objectives and report on progress like it does for product reformulation. In addition, the company is encouraged to set up a standard internal audit and annual management review of its nutritional strategy, as no evidence was found that this is currently in place.
- Although the company states it gathers input from several committees and advice bodies, evidence is lacking that a formal panel is in place to advise on preventing and addressing obesity and diet-related disease to the Board. The company is encouraged to do so, gathering experts with a broad range of expertise such as marketing, labeling and promoting active lifestyles that can provide regular, strategic advice.
- Kellogg provides annual reporting on its global approach to tackling nutrition issues in its Corporate Social Responsibility report and, more extensively, in the Milestones document. In the absence of clear objectives as mentioned, the company does not provide a clear outlook on future plans and targets and should increase its reporting on preventing and addressing obesity and diet-related chronic diseases.
- The company should incorporate nutrition-related reporting into its annual report, showing the importance of the focus on nutrition in its overall growth strategy. In addition, despite its global presence, the company does not publish separate reports for its major markets. Kellogg could meet industry leading practice by conducting external verification of the reported nutrition data.

Category A - Governance 12.5% - Undernutrition



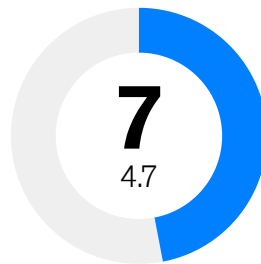
- Kellogg has increased its score in the Undernutrition section substantially compared to 2016 through disclosing new commitments and information in its Milestones document as well as in other sources and in feedback to ATNF.
- A clear commitment to play a role in combating undernutrition and micronutrient deficiencies in low-income countries is made in the Milestones document, through targeted fortification according to international guidance. The company also discloses a strategic review of the commercial opportunities in addressing undernutrition, a statement that was supported by additional evidence in feedback to ATNF.
- Kellogg disclosed that it intends to address undernutrition commercially with a focus on children, through targeted micronutrient fortification and by partnering with external experts to assess nutrition and other needs. This strategy is linked to one of the pillars of its 'Growth 2020' strategy, aiming to double its emerging market business, including in higher-priority countries such as Egypt and Nigeria.
- The company's global philanthropic strategy is driven primarily through its 'Breakfast for Better Days' program that includes food bank donations and breakfast programs aimed at children. The aim is to increase the availability of foods that address hidden hunger in undernourished populations. The program runs in 22 countries, including higher- and lower-priority developing countries, including Egypt, India, Malaysia and Peru. Although the program also runs in selected developed countries, the activities in developing countries are relevant here.
- Although both commercial and philanthropic strategies are described in the Milestones document, limited details of how it will actually address undernutrition are provided, for instance related to the research into nutritional needs and how this translates into the adaptation of product composition. The company should provide more detail and clarity. In addition, the definition of the target group for combating undernutrition (children and youth under 18) lacks detail, which Kellogg is encouraged to provide as well, in addition to addressing children under two and women of child-bearing age as priority groups.
- Kellogg discloses that the responsibility for implementing its undernutrition policy lies with the Chief Growth Officer but could increase this to CEO level for industry-leading practice.
- In the Milestones document the company states it has conducted market research to assess the need or potential for addressing undernutrition commercially, as well as working with various advisory panels. However, the evidence of relevant studies is limited and it is not evident that a formal panel is in place to advise the company on its undernutrition strategy. Kellogg should increase its market research efforts, or the disclosure of recent and relevant studies. In addition, Kellogg should form a formal panel with a wide range of relevant expertise for regular consultations on the company's undernutrition strategy and ongoing programs.

Category B - Products 25% - Nutrition



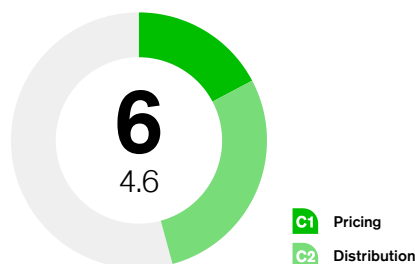
- Kellogg did not make major changes in its approach to product innovation and reformulation compared to 2016, but now commits to invest in R&D to improve the nutritional quality of its products. As in 2016, the company disclosed that it spent 1.4% of net sales in R&D over the last three years. It did not define a target to increase its spending or efforts in the future but is encouraged to do so.
- Kellogg commits to align its product reformulation efforts to national or regional dietary guidelines and provides examples of new, healthy products. The company could improve by providing consolidated information about the number of new, healthy products launched.
- The company reports to define healthy products at a regional level, aligned to local guidelines developed by independent experts. For example, it states that it uses EU Pledge criteria in Europe and FDA criteria in the U.S. To increase its transparency, the company should disclose these criteria and should apply consistent, stringent criteria for healthy products worldwide.
- Kellogg does not publish the percentage of healthy products according to its own criteria. In the Product Profile assessment, only 24% of sales estimated to be derived from healthy products (25% of the product portfolio), based on an HSR of 3.5 or more. These results indicate that the company should considerably scale up its efforts to improve the healthiness of its products.
- The company discloses that 18% of U.S. products meet the CFBAI criteria for marketing to children. The Product Profile assessment estimated that, based on WHO EURO criteria, only 8% of products meet this criteria in the U.S. (6% of estimated sales) and globally (8% of products; 7% of estimated sales).
- Kellogg sets some targets to reformulate its products but does not have a comprehensive set of targets covering all products and relevant nutrients. A target to eliminate trans-fat from partially hydrogenated oils across all products is in place. The company discloses that 85% of products are free from such ingredients. Other targets apply only to a limited number of products. For example, sugar and salt targets are in place that cover its cereal products and, new since 2016, selected snack products; a saturated fat target is in place that covers products marketed to children only. The company does not set targets to increase fruits, vegetables, nuts, legumes or whole grains. The company should define a complete set of reformulation targets. In addition, the company should increase its transparency by publishing its performance and progress against all targets.
- Kellogg applies a limited set of nutritional criteria, the 'Kellogg Global Nutrient Criteria' which was defined more than ten years ago, and reports to apply it as a precursor to an NPS, driving product reformulation. The company should review these criteria and implement a full NPS based on stringent, internationally recognized criteria, covering all products and both 'positive nutrients' and 'negative nutrients.'

Category B - Products 25% - Undernutrition



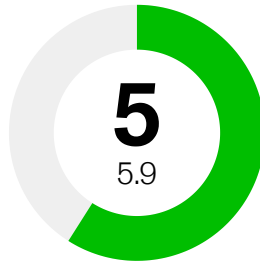
- Kellogg commits to tackling undernutrition and micronutrient deficiencies in developing countries through initiatives that aim to increase the number or volume of relevant products available to undernourished populations. It commits to “seek to use ingredients with high inherent levels of micronutrients, including a large expansion of products with ancient grains like amaranth, quinoa and ragi, particularly targeting developing countries.” The company has also provided a fortification policy in feedback to ATNF, which clearly states the commitment to only fortify products of high underlying quality. It does not disclose a target to increase related R&D spending, nor does it make an explicit commitment to basing the company's approach to fortification on Codex guidance (CODEX CAC/GL 07-1987). The company should do so.
- Kellogg is commended for providing a commentary on investments made in research to develop solutions to undernutrition. In its Milestones document, it states that an annual prize is awarded to a nutrition professional actively engaged in research to benefit populations in non-industrialized countries. In addition, Kellogg collaborates with HarvestPlus, an international NGO, on growing biofortified maize in Nigeria to potentially address vitamin A deficiencies in Africa and Asia in the future.
- It is not clear from the company reporting whether new products to address undernutrition commercially have been developed in the last two years. The company should step up its efforts to develop suitable products, and/or to disclose more detailed information. The company affirms that its non-commercial ‘Breakfast for Better Days’ program delivers products specifically formulated for undernourished groups, focusing on children over six, in higher and lower-priority developing countries. The company should support programs aimed at priority groups (women of child-bearing age and children under two) as well.

Category C - Accessibility 20% - Nutrition



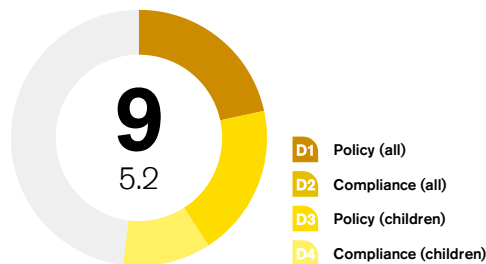
- Kellogg has articulated its global approach on affordability and accessibility of healthy products, as part of its central commercial ‘Growth 2020’ strategy, in its Milestones document, leading to a substantial improvement in this category compared to 2016. The company makes an explicit reference to low-income groups in its efforts to improve affordability and accessibility, but the definition of healthy products should be improved in its approach. Currently, the company defines healthy products on a category level, but it should apply a definition based on products meeting a complete set of nutritional criteria, anchored in a full NPS.
- A formal policy that codifies the company's affordability and accessibility commitments regarding healthy products is currently not in place. The description in the Milestones document is assessed as a policy under development, for which Kellogg's Chief Growth Officer is responsible for implementing. Kellogg could improve its score by adopting and publishing a formal policy. It should define concrete targets as well.
- Kellogg discloses many examples related to improving affordability and accessibility of its products to low-income groups, but it does not clearly describe that these examples relate to healthy products, which is crucial to ensure low-income consumers improve their diets. Therefore, most examples are not considered relevant, except for work that Kellogg did in India to assess and improve the accessibility of healthy grain-based products. Furthermore, some evidence was found that showed the company offered discounts, price promotions or coupons on healthy products at the same or greater rate as for less healthy products in developed countries. The company should improve its approach by focusing on and disclosing information about products that meet healthy criteria.

Category C - Accessibility 20% - Undernutrition



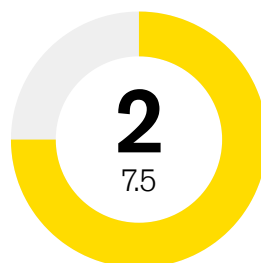
- Kellogg's Milestone document includes a clear commitment to improving the affordability and accessibility of its products that address micronutrient deficiencies. However, the company does not provide concrete objectives.
- The company is commended for an unconventional initiative to improve the accessibility of relevant products for undernourished consumers in developing countries through a non-commercial approach: It awards an annual award & lectureship for work that results in "enabling and increasing access to nutritious food in non-industrialized countries."
- The 'Breakfast for Better Days' non-commercial program, through school feeding programs and food bank donations, also increases the accessibility of relevant products.
- Kellogg discloses examples of improving affordability, by reducing sizes of products or through other means that address micronutrient deficiencies to make them more affordable. In Colombia, a popular product in the traditional retail channel is provided as a single-serve package, making it easier for low-income families to purchase it. Over 50% of sales in Colombia in the retail channel is derived from this affordable single-serve fortified product. In other examples provided in the Milestones document, it is unclear how undernutrition is addressed. Kellogg should provide more detailed examples of how it improves affordability and accessibility of relevant products to address undernutrition.

Category D - Marketing 20% - Nutrition



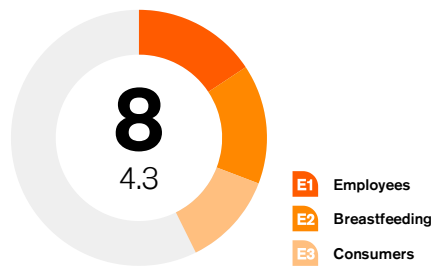
- Kellogg did not show major changes in its approach to responsible marketing, or its disclosure, compared to 2016. The Kellogg Worldwide Marketing & Communications Guidelines (KWMCG), fully published and in effect since 2008, addresses global marketing guidelines for all consumers. Specific commitments for marketing to children are included as well. There is no evidence that the guidelines have been updated since 2016. There is a need to update the coverage of media channels to include mobile and SMS marketing, as well as other channels not mentioned in the KWMCG, in relation to marketing to all consumers.
- The company makes commitments that cover the International Chamber of Commerce (ICC) Code for Advertising and Marketing Communication Practice without an explicit reference to the ICC. The company could improve to industry-leading practice by committing not to use any models with a BMI of under 18.5.
- There is no evidence that the company monitors its compliance against its policy regarding marketing to all consumers. Kellogg should arrange this, commissioning independent, external auditing.
- The KWMCG include a wide range of commitments related to responsible marketing to children. In addition, the company participates in pledge organizations including EU Pledge, IFBA, CFBAI and CGF. The company makes a strong set of commitments on responsible marketing to children, covering all relevant media channels. To improve to industry-leading practice, the company should commit to not use, without exceptions, its own fantasy and animated characters with a strong appeal to children, and not to use inappropriate price minimization.
- The company does not market any products to children under six, and markets only healthy products, according to its own definitions, to children aged 7-12. An audience threshold of 35% is applied to guide this approach, which the company could strengthen to <25% for industry-leading practice. A comprehensive set of tools is applied to ensure that online marketing deters certain age groups, which the company should apply to mobile marketing as well.
- Kellogg commits to refraining from marketing activities in primary schools and to only offering 'educational materials' when in agreement with schools/parents. However, the company is encouraged to extend this commitment to places near primary schools, in or near secondary schools and to other places popular with children. In addition, industry-leading practice extends responsible marketing commitments to beyond the age of 12.
- Kellogg's compliance regarding responsible marketing to children is audited globally through the International Food & Beverage Alliance, as well as through regional pledge organizations. The company should commission complementary independent third-party audits, to publish its individual results of auditing through pledge organizations, and to make a public, global commitment to take corrective action in case of any non-compliance.

Category D - Marketing 20% - Undernutrition



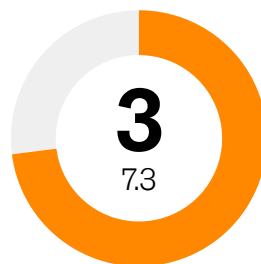
- Kellogg is one of only a few companies to make and disclose a commitment to developing and delivering marketing strategies appropriate to reaching undernourished populations in developing countries. It states in its Milestones document: "As part of our emerging market strategy, Kellogg is developing and delivering marketing strategies appropriate to reaching undernourished populations in developing countries."
- The company states it has generated consumer and marketing insight, having used creative agencies and communication across multiple channels to understand and reach undernourished consumers in developing countries with appropriate products. However, no relevant evidence was provided that relates to addressing undernutrition among specified target groups. Kellogg should increase its efforts in this area and/or to improve its disclosure by clarifying how its efforts relate to targeting undernourished consumers.

Category E - Lifestyles 2.5% - Nutrition



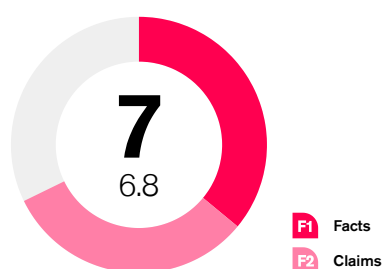
- The Milestones document discloses a commitment to support employee health and well-being globally. The company reports having a 'Feeling Gr-r-reat' health management program for its U.S. employees, focused on fitness, wellness and disease prevention. Similar programs are available in other countries, although not all employees have access. Participation in the program is tracked, and the results are evaluated internally. The company should improve by extending the program to all employees and family members. It should also articulate and disclose expected health and business outcomes of its programs and by implement independent evaluations with full disclosure of the outcomes.
- Kellogg commits to supporting breastfeeding mothers with a policy covering its home market. Furthermore, a new parental leave policy was implemented in North America in 2017, offering paid parental leave to both parents, including adoption parents, leading to a total paid leave for mothers of up to three months. Despite these positive developments, its policies are not implemented globally. The company is encouraged to do so, to extend paid maternity leave to six months or more and to ensure that facilities to support nursing mothers are available in all locations. The company is commended for publishing a brief commentary regarding its support for breastfeeding mothers in its Diversity & Inclusion Report.
- Kellogg disclosed more information about consumer-oriented education programs. In its Milestones document, the company commits to supporting healthy eating, nutrition education and active lifestyles programs for consumers that are developed and implemented globally by independent groups, in addition to its own programs. It provides descriptions of the types of programs it supports, as well as examples from the U.S., Canada, Mexico and Columbia, covering a comprehensive range of topics. Kellogg should develop a policy which excludes brand-level sponsorship of consumer-orientated programs. It should also support independently designed and implemented programs exclusively and should commission independent evaluations for all its educational programs with public disclosure of the results.

Category E - Lifestyles 2.5% - Undernutrition



- Kellogg has increased its disclosure compared to 2016 in its Milestones document regarding nutrition education programs for the undernourished in developing countries.
- Although a written policy or guidelines on the kinds of programs it will sponsor or fund does not appear to be in place, it provides descriptions of relevant programs. For example, a project is run with TechnoServe in India to promote women in leadership roles and to educate about the benefits of a diverse diet. Across various countries, including higher-priority countries, educational activities linked to the company's breakfast programs, educate undernourished consumers about the benefits of consuming fortified foods (or foods inherently high in micronutrients) and of child micronutrient supplementation. The company could improve by adding programs that educate about the benefits of exclusive breastfeeding and other aspects of maternal and infant nutrition in relation to undernutrition in developing countries. Kellogg should have all programs designed, implemented and evaluated by third-parties with relevant expertise, combined with full disclosure that includes a description of the role of the company.

Category F - Labeling 15% - Nutrition



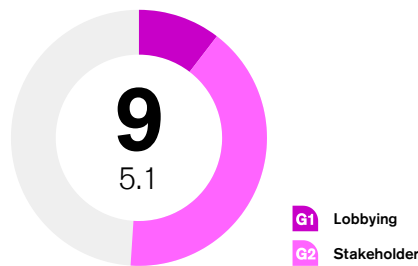
- Similar to 2016, Kellogg commits to provide nutrition information on front-of-pack (FOP) and back-of-pack (BOP) globally, as stated in its policy disclosed on the corporate website and through its membership of the industry association IFBA. The company commits to provide BOP nutrition information for most key nutrients but does not express a global commitment to label fiber and trans-fat. According to the company's policy, FOP labeling should include numeric information only and show the percentage of recommended daily intake. This falls short of leading practice to implement interpretative FOP labeling. The company should implement interpretative FOP labeling globally. Like all companies, Kellogg should ensure to not undermine existing local interpretative FOP labeling systems by implementing alternative or additional systems.
- The company discloses that it has implemented its BOP commitments fully. The company discloses that FOP labeling is implemented on 80% of products globally. However, the number of markets in which FOP labeling is fully implemented is not disclosed. The company is encouraged to fully implement FOP labeling in all markets and to disclose its performance.
- Kellogg has improved since 2016 in relation to the use of nutrition and health claims. In its Milestones document, it commits to follow Codex guidance in markets where regulation is weak or lacking. In addition, the company has now provided evidence to ATNF of tracking the number of products that meet its healthy standard that carry health and nutrition claims. The company should step up this industry-leading practice by tracking this information globally and disclosing the number of healthy products with health or nutrition claims. It should also disclose whether any complaints have been upheld against it about the misuse of health or nutrition content claims.

Category F - Labeling 15% - Undernutrition



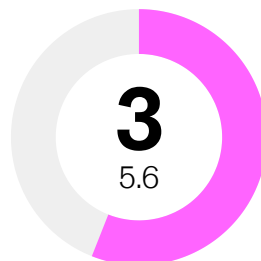
- As in the past, no evidence of a commitment was found to labeling products that either have naturally high levels of micronutrients or that have been fortified with micronutrients. The company should express and disclose this commitment, as part of its nutrition labeling policy and/or its micronutrient fortification policy.
- The company states in its Milestones document "For countries where no national regulatory system exists, Kellogg places a health or nutrition claim on a product only when it complies with Codex." The company should specify this commitment for fortified products, stating explicitly that Codex standards will always be used as a minimum, in case local regulation are weaker.

Category G - Engagement 5% - Nutrition



- As in 2016, Kellogg publishes its Code of Ethics. However, the document (or any other policy) does not contain a commitment to only engage with governments, political parties, policymakers and policymaking bodies in support of measures to prevent and address obesity and diet-related chronic diseases. The company should make this commitment.
- The company's disclosure in relation to lobbying and influencing is limited. Relevant information about financial contributions is disclosed, but Kellogg has room to improve its transparency by disclosing all relevant memberships, potential governance conflicts of interest and board seats at influential organizations. In addition, it is encouraged to provide a commentary on its lobbying measures to prevent and address obesity and diet-related chronic diseases, as well as by disclosing its positions used in lobbying, as these relate to nutrition.
- Compared to the 2016 Index, Kellogg has substantially improved its commitments and disclosure related to stakeholder engagement in its Milestones document and in the 2016-2017 Corporate Social Responsibility report. It commits to engage with stakeholders in designing its nutrition strategy and shows evidence of a comprehensive, well-structured approach. The examples provided, including interaction with Action for Healthy Kids and Feeding America, appear to relate to U.S. stakeholder engagement mostly. Kellogg can further improve by providing evidence of international stakeholder engagement related to nutrition and the prevention of obesity and diet-related chronic disease, as well as by disclosing specific examples of how input has been used to adapt policies and to change business practices.

Category G - Engagement 5% - Undernutrition



- Kellogg expresses a new commitment in its Milestones document to play an active and constructive part, in developing countries, in supporting governments' efforts to address undernutrition. The company describes one relevant example, although indirect, of supporting U.S. legislation that enabled initiatives to address undernutrition in developing countries. The company is encouraged to provide a narrative about its activities in developing countries to support governments' efforts to introduce policy or regulation to address undernutrition.
- In its Milestones document the company provides evidence of one-on-one discussions with key organizations working on undernutrition to solicit input on its commercial strategy to undernutrition. For example, the World Food Programme organization was consulted in 2017 to inform a new commercial approach to addressing undernutrition in Asia-Pacific. Kellogg states it engages with other relevant organizations including Oxfam and the World Foodbank Network, but a link to informing its commercial strategy is not clear. The company should disclose more examples of its interactions.

Product Profile



10

Rank 10 / Score 5

Average HSR score products (sales-weighted)	Percentage of healthy products (sales-weighted)	Percentage of healthy products suitable to market to children (sales-weighted)	Number of products included in HSR and WHO EURO assessments		Number of countries included in the assessment
			HSR	WHO EURO	
2.5 stars	24%	7%	1309	1331	8

- Kellogg average sales-weighted HSR is 2.5 (2.5 unweighted as well), generating a Product Profile score of 5.0 out of 10, and it ranks tenth.
- The estimated percentage of products that meet the healthy threshold, weighted by sales, is 24% (25% unweighted). The proportion of products that are suitable to be marketed to children, based on WHO EURO nutritional criteria, was estimated to be only 7% based on sales-weighted data (9% unweighted). Overall, sales-weighted results are similar to unweighted results based on the number of products.
- Out of the eight countries included in Kellogg's analysis, South Africa had the highest mean HSR both before and after results were weighted by sales (3.1 and 3.3 respectively). Mexico, U.S. and Australia had the lowest mean HSR.
- Examined by category, the highest mean HSR was seen in the 'Processed Meat and Seafood' category (3.9), followed by 'Breakfast Cereals' (3.3), with 'Savory Snacks' having the lowest mean HSR of all Kellogg's product categories (2.0) driven mainly by Kellogg's Pringles brand potato crisps. 'Breakfast Cereals' and 'Savory Snacks' represent Kellogg's largest categories revenue-wise. The highest-ranked category (Processed Meat and Seafood) represents a low proportion of sales and consists of vegetarian meat alternative products under the Gardenburger and Morningstar Farms brands.
- Around half of all breakfast cereal products across all countries are considered healthy, defined as having an HSR greater or equal to 3.5. The 'Processed Meat and Seafood' and 'Breakfast Cereals' categories were the only categories with > 10% products eligible for marketing to children.
- Kellogg ranks seventh on the 2018 Global Index and tenth in the Product Profile assessment. It does not disclose the number of healthy products according to its own criteria, therefore a comparison to the findings of the Product Profile assessments cannot be made. However, the company discloses that 18% of products are suitable for marketing to children, which is substantially more than was found in the Product Profile assessment based on WHO Euro criteria. Overall, the Product Profile assessment indicates that Kellogg generates a relatively small proportion of its sales from healthy products. In addition, a low proportion of its portfolio fulfils criteria to be marketed to children. These results indicate that the company should step up its efforts to make its products healthier.

For full details, see the company's Product Profile scorecard.

Kraft Heinz

BMS ⓘ 48

Reported product categories

Baby Food, Meal Replacement,
Sauces, Dairy, Snack Bars, Ready
Meals, Spreads, Concentrates, Juice,
Hot Drinks



20

Rank 20 / Score 0

Rank 20 (2016)



Product Profile

Rank 7 / Score 5.7



BMS Marketing

Rank 6 / Score 0%

Headquarters

U.S.

Market capitalization

106,983 m

Reported revenue by geography ⓘ 50

North America 79%, Rest of
World 21%

Number of employees

39,000

Total revenues ⓘ 49

26,487 m

Corporate Profile

Nutrition

18/0.7

Governance (12.5%)

0.3

Products (25%)

0.2

Accessibility (20%)

0

Marketing (20%)

2.5

Lifestyles (2.5%)

0.2

Labeling (15%)

0.4

Engagement (5%)

1.0

Undernutrition 13/0.7

1.2

1.6

0.9

0

0

0

0

Main areas of strength

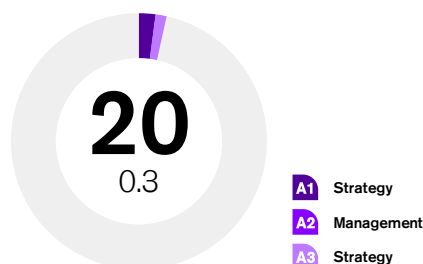
- The merged entity of Kraft Heinz is a new entrant to the 2018 Global Access to Nutrition Index. In previous Indexes, Kraft and Heinz were assessed as two separate companies. Thus, no comparisons can be made to the 2016 Index. The merged company did not engage with ATNF during the research process.
- Even though the company's score is very low on the Corporate Profile, and is zero out of ten once the BMS Marketing adjustment is made, it has put in place some commitments and taken action.
- In the U.S., Kraft Heinz participates in the Children's Food & Beverage Advertising Initiative (CFBAI) and the Children's Advertising Review Unit (CARU). Kraft Heinz does not market to children under the age of six where they make up more than 35% of the audience. Kraft Heinz is one of only a handful of companies that does not advertise in secondary schools or primary schools (but in the U.S. only).
- Kraft Heinz addresses undernutrition exclusively through its philanthropic activities. The Kraft Heinz Micronutrient Campaign aims to address micronutrient deficiencies among undernourished children in developing countries. It also partners with various stakeholders to improve the reach of its campaign such as Rise Against Hunger in developing countries.

Priority areas for improvement

- The company produces breast-milk substitutes (BMS), mostly but not exclusively in the form of complementary foods often labelled as suitable for consumption from four months of age, so its marketing of these products has been assessed in the BMS Marketing sub-ranking. Kraft Heinz ranked sixth (last) on BMS marketing and therefore the maximum adjustment of -1.5 was applied to its initial Corporate Profile score of 0.75 out of 10. Thus, Kraft Heinz scored zero out of ten and ranked joint last on the final 2018 Global Index ranking. It therefore has significant scope to improve its policies, practices and disclosure relating to nutrition and BMS marketing.
- To demonstrate to stakeholders that Kraft Heinz recognizes the substantial risks and challenges that nutrition issues pose to its business and society, the company should publish more about its nutrition-related commitments, policies and practices. Further, it is encouraged to engage with ATNF, as this would allow a more complete assessment of its policies and practices.
- Publishing its Nutrient Profiling System (NPS), which the company reportedly has but provides no details about, would lead to a better understanding of the company's approach to nutrition in its products.
- Commitments and examples of activity related to relevant nutrition topic areas, such as the affordability and accessibility of healthy products or the use of health and nutrition claims on labels are very limited or non-existent.
- Kraft Heinz should develop and report on commercial approaches to address undernutrition in developing countries.
- Kraft Heinz ranks seventh on the Product Profile with a score of 5.7 out of 10, based on an assessment of its major product categories in nine countries. Kraft Heinz was estimated to derive 41% of its total 2016 sales from healthy products, i.e. those that achieved a rating of 3.5 stars or more on the Health Star Rating (HSR) system. These findings illustrate that Kraft Heinz has significant scope to improve the healthiness of its portfolio through product reformulation, innovation and/or acquisitions or disposals.

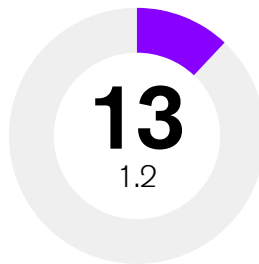
Category Analysis

Category A - Governance 12.5% - Nutrition



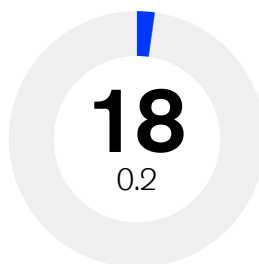
- Publicly available information about the company's nutrition governance was very limited at the time of the research for the Index. The only data available was related to nutrition-risk assessment published in its Annual Report. The company published only information on its website, separate nutrition-related reporting was not available at the time of the research. Consequently, Kraft Heinz's score on category A is low.
- As noted above, Kraft Heinz released its first CSR report, providing more information about the company's CSR governance, strategy and goals after the ATNI research process has been completed. Due to the late release, the information has not been taken into consideration for the scoring but was assessed to provide relevant recommendations. In the document, Kraft Heinz formulated a new CSR vision, "to be the best food company, growing a better world", which leads the company's CSR activities. However, there is no evidence that the company translates this CSR vision into a commitment to grow the business through a focus on nutrition health and wellness. Kraft Heinz now seems to have broad nutrition-related objectives on product reformulation, responsible marketing and labeling. Further, the Kraft Heinz' Board of Directors role is to oversee its global CSR objectives and framework which, among other topics, include nutrition. The company is encouraged to make nutrition and health a central commercial goal rather than treating it as a peripheral 'CSR' issue.
- There are a number of areas in which Kraft Heinz can strengthen its performance. The company is encouraged to translate its CSR vision into a commitment to grow the business through a focus on nutrition health and wellness, integrate nutrition as a driver in Kraft Heinz' acquisitions, generate high and increasing levels of sales of healthy products. The company should also develop a clear and comprehensive report on activities to prevent and address nutrition-related issues and on progress against nutrition-related objectives and targets, on a global basis.
- Overall, disclosure and public reporting on nutrition strategy remains weak despite its new CSR report. The company is encouraged to publish its CSR reports more frequently (i.e. annually), provide more information about its activities on nutrition in its major markets, and commission external verification of nutrition information published in its CSR report. It should also include commentary on its nutrition-related activities within its Annual Report and Accounts and show how these activities are adding value to the business.

Category A - Governance 12.5% - Undernutrition



- Kraft Heinz addresses undernutrition through its philanthropic programs, rather than through its core business activities. Through the Kraft Heinz Micronutrient Campaign, the Kraft Heinz Foundation partners with various stakeholders including governments and NGOs to sponsor the development and distribution of micronutrient powders to infants and children suffering from anaemia, and vitamin and mineral deficiencies in lower-income countries. However, the company provides limited information about these activities. It could strengthen its performance by developing initiatives to address micronutrient deficiencies in high-priority countries through its core business.
- Specifically, the company is encouraged to set out clear, measurable objectives and targets both in terms of its core commercial business and for its philanthropic programs. Any approach it develops should be well-structured and focus exclusively on higher priority countries and on critical population groups. Activities should be based on extensive market research to identify different consumer needs with regards to micronutrient deficiencies. Leading practice includes Board-level oversight of such a strategy and activities.

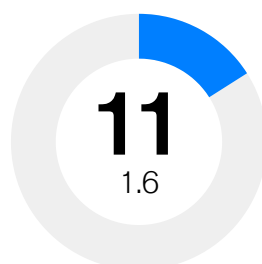
Category B - Products 25% - Nutrition



B1 Formulation
B2 Profiling

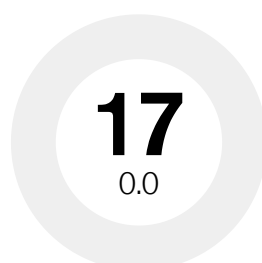
- At the time of the research process, information and disclosure on commitments and performance related to product formulation, nutrition targets and an NPS was limited. The only information available related to overall R&D spending, its initial product reformulation efforts and some examples of new product launches.
- In the new CSR report, Kraft Heinz provides more information relating to its internal guidelines for nutrition and wellness and a commitment to apply these guidelines globally and achieve 70% compliance by 2023. However, these are not reflected in its score. The company could improve by disclosing clear, SMART product reformulation targets and by reporting annually on progress in achieving these targets across its global portfolio.
- Kraft Heinz does not disclose or provide evidence of the percentage of products that meet its definition of healthy. The Product Profile found that 41% of its 2016 sales were generated by products that meet the definition of healthy based on the HSR system (i.e. those with 3.5 stars or more). Despite a considerably better score on the Product Profile compared to the Corporate Profile, Kraft Heinz should continue to innovate and reformulate its product portfolio to develop healthy products. The company should focus on improving product categories with high sales and low HSR scores, such as 'Baked Goods' and 'Sauces, Dressings and Condiments'.
- While the new CSR report shows that Kraft Heinz has some form of NPS it provides very limited information about it. The company is strongly encouraged to disclose more details about its system, and its guidelines for nutrition and wellness, to demonstrate its quality and comprehensiveness.

Category B - Products 25% - Undernutrition



- Kraft Heinz continues to sponsor the development and distribution of micronutrient powders through the Kraft Heinz Micronutrient Campaign. Beyond this, there is no commitment to tackle undernutrition and micronutrient deficiencies in higher priority developing countries through targeted fortification of its own products.
- Kraft Heinz could use its market presence and expertise to develop and deliver fortified products based on international guidance, such as Codex or equivalent. Any approach it develops should embody a commitment to use ingredients with higher inherent levels of micronutrients and only to fortify products of high underlying nutritional quality. The company could also improve its practices by setting targets with respect to increasing its R&D spending on developing fortified products or with respect to the number of fortified products it intends to introduce to address undernutrition.

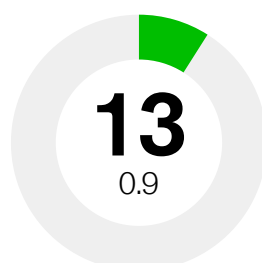
Category C - Accessibility 20% - Nutrition



C1 Pricing
C2 Distribution

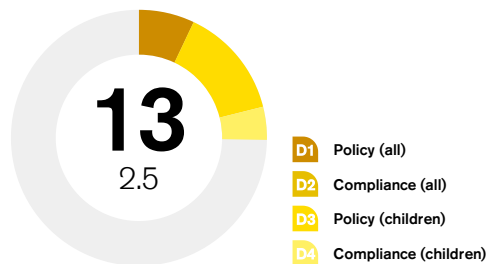
- Kraft Heinz provides limited information about any approaches it may have to enhance the accessibility or affordability of its healthy products through specific pricing and distribution initiatives. In 2017, the company established a joint venture, 'Mealtime Stories' with Oprah Winfrey, which aims to make affordable and nutritious meals accessible to all consumers in the U.S., although it is unclear whether these products are truly healthy and affordable for low-income, underserved populations. It is also unclear whether and how this activity relates to any affordability and accessibility strategy it may have for healthy products.
- The company has scope to strengthen its performance in this area by defining its commitment and specific related objectives to improve the accessibility and affordability of its healthy products globally, with specific consideration for low-income consumers in all markets.

Category C - Accessibility 20% - Undernutrition



- There is no evidence that Kraft Heinz has articulated commercial or philanthropic policies or programs designed to improve the affordability of its fortified products for low-income populations in developing countries. In terms of accessibility of healthy products, the company and its Foundation articulated a goal to provide one billion meals by 2021 to eliminate global hunger by supporting NGOs that deliver them.
- Beyond this, there is limited evidence of some philanthropic programs but there is no evidence of a commercial strategy in this area. To improve its performance the company should develop and disclose details of its commitments, objectives, targets and performance on affordability and accessibility of fortified products in developing countries.

Category D - Marketing 20% - Nutrition



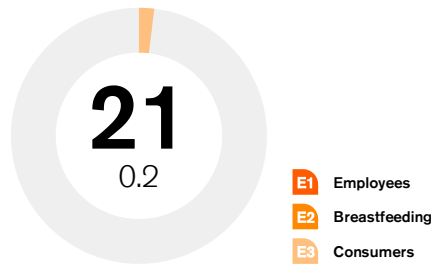
- Kraft Heinz' Code of Conduct includes a commitment to responsible marketing to all consumers in all markets. However, it does not fully encompass the International Chamber of Commerce (ICC) Code of Advertising and Marketing commitments, and it does not specify which media is covered. The company also does not seem to audit (or commission audits) of its compliance with these standards. More transparency about its advertising pledges and practices would allow a more complete assessment of Kraft Heinz' performance.
- Kraft Heinz is a member of the CFBAI and CARU. Kraft Heinz does not advertise to children under twelve when they represent 35% or more of an audience and clearly prohibits advertising in media primarily directed to children under six. Kraft Heinz is one of only a few companies that has adopted the best practice of not marketing in either primary or secondary schools.
- At the time of the research, only the company's commitment to CFBAI was available in the public domain. In its new CSR report, the company states that it participates in the Canadian Children's Food and Beverage Advertising Initiative and the Netherlands Code of Conduct on Kids Marketing. Kraft Heinz is strongly encouraged to adopt a comprehensive global policy applicable to all markets. In addition, it should also expand the scope of covered media and apply the policy when children make up more than 25% of a general audience. It should also set out how various marketing techniques will be used and expand commitments to prohibit marketing near primary or secondary schools or other places popular with children. Most importantly, marketing practice should be underpinned with an appropriate NPS.
- The Council of Better Business Bureaus (CBBB) conducts periodic audits through the CFBAI to ensure compliance with the pledge. However, Kraft Heinz does not report its individual compliance level. The company is encouraged to commit to doing so, as well as to commit to taking and reporting on corrective actions when non-compliance is identified.

Category D - Marketing 20% - Undernutrition



- Kraft Heinz does not disclose any commitments or examples of developing and delivering marketing strategies for its healthy fortified products appropriate to reaching undernourished populations in developing countries.

Category E - Lifestyles 2.5% - Nutrition



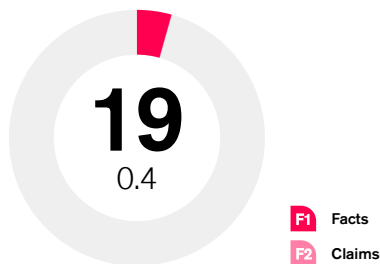
- At the time of the research process, Kraft Heinz did not disclose any information on how it supports its employee health and wellness. Kraft Heinz could improve by having a more robust, well-designed health and wellness program in place that incorporates nutrition, physical activity and healthy behaviors, and make it available to all employees and their family members worldwide. In addition, Kraft Heinz should commission independent evaluations of the effectiveness of its staff health and wellness programs, and report the results of such reviews.
- A commitment to providing breastfeeding mothers with appropriate working conditions and facilities at work is not evident. The company could strengthen its practices by formalizing such a commitment in a globally applicable maternity policy, including paid maternity leave for six months and offering suitable facilities to express and store breastmilk in all locations, as well as flexible working arrangements.
- While Kraft Heinz publishes a brief commitment on the types of programs it will sponsor through its philanthropic giving, a policy guiding its funding of healthy eating/nutrition education and physical activity programs is not evident. Kraft Heinz' approach could be strengthened by developing formal guidelines, committing to only support programs developed and implemented by third parties and which do not carry brand-level marketing. This would demonstrate that the company is taking responsibility for helping to improve consumers' lifestyles beyond the immediate scope of its business.

Category E - Lifestyles 2.5% - Undernutrition



- While Kraft Heinz reports on activities related to undernutrition in developing countries, the company does not disclose whether it supports any consumer health and wellness education projects specifically related to undernutrition. To improve its performance, Kraft Heinz has scope to commit to educate lower-income consumers at risk of, or suffering from, undernutrition about the benefits of consuming foods high in nutritional value – without reference to specific branded products – through programs designed and implemented by independent organizations.

Category F - Labeling 15% - Nutrition



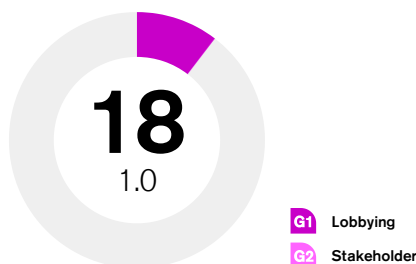
- In the new CSR report, the company commits to Facts Up Front and SmartLabel in the U.S., Traffic Light labelling in the UK and to using the HSR in Australia and New Zealand. As these labeling systems differ in their scope the company is encouraged to adopt one consistent global policy which extends its commitments relating to back-of-pack and to using one interpretative front-of-pack labeling format.
- The company could further improve its practice by disclosing a deadline for fully implementing its Facts Up Front and other local labeling systems commitments and by providing information on all nutrients in all markets, as recommended by the Codex, and to formalize this commitment in a publicly disclosed labeling policy.
- The company does not disclose details of its policy on using health and nutrition claims. The company could strengthen its performance by publicly disclosing a policy in which it commits only to placing a health or nutrition claim on a product when it complies with relevant Codex standards for countries where no national regulatory system exists, or standards are weaker than those of Codex.

Category F - Labeling 15% - Undernutrition



- The company does not appear to have a clear commitment to labeling products that have either naturally high levels of micronutrients or which are fortified with micronutrients for all markets.
- Commitment to use nutrition or health claims on fortified products only when they meet Codex standards in countries where the use of claims is not regulated or is weaker than those standards was not found in the public domain.

Category G - Engagement 5% - Nutrition



- While the company discloses its membership in U.S. trade associations to which it paid dues of \$50,000 or more, and its financial contribution to these organizations, its performance could be strengthened by being more transparent about its lobbying positions and activities in all markets.
- There is no evidence that Kraft Heinz has engaged with stakeholders to improve its nutrition related policies and practices. In the new CSR report, the company provides some commentary on stakeholder engagement especially for the purpose of its materiality assessment. The company could improve its performance by undertaking more structured and comprehensive engagement with key nutrition stakeholders in multiple markets and by publishing more details about how that engagement has shaped its nutrition-related policies and practices.

Category G - Engagement 5% - Undernutrition



- Kraft Heinz does not appear to support the efforts of developing country governments to introduce policies or regulation to address undernutrition.
- Through its philanthropic activities contributing to 'Better Communities', the company engages in partnerships with NGOs and government agencies in developing countries. However, it does not provide evidence of one-to-one meetings and regular dialogue with these organizations in key markets to solicit their input on how it could better tackle undernutrition through its core business.

Product Profile



7

Rank 7 / Score 5.7

Average HSR score products (sales-weighted)	Percentage of healthy products (sales-weighted)	Percentage of healthy products suitable to market to children (sales-weighted)	Number of products included in HSR and WHO EURO assessments		Number of countries included in the assessment
			HSR	WHO EURO	
2.8 stars	41%	12%	2077	2587	9

- Kraft Heinz' average sales-weighted HSR is 2.8 (2.9 unweighted), generating a Product Profile score of 5.7 out of 10, and it ranks seventh.
- A total of 41% of its sales of products assessed meet the healthy threshold (50% of its products by number). The proportion of its sales of products assessed suitable to market to children was 12% (19% of its products by number). The reductions in HSR scores illustrate that its products with slightly lower HSRs accounted for a relatively larger proportion of sales than those with higher HSRs.
- Kraft Heinz has the highest proportion of healthy products (HSR > 3.5) in New Zealand, U.K. and Australia (64%, 61% and 48% respectively), China had the least proportion of healthy products (6%). Kraft Heinz in China sold only products in the low-ranked 'Sauces, Dressings and Condiments' category which explains the low ranking in the country. The highest proportion of products eligible for marketing to children was found in the U.K. (48%) followed by South Africa (47%). None of its products were eligible for marketing to children in China and India.
- In terms of categories, Kraft Heinz' healthiest category on average is 'Processed Fruit and Vegetables' (HSR of 4.2), followed by 'Savory Snacks' (4.0) and 'Soup' (3.5), with 'Sauces, Dressings and Condiments' and 'Baked Goods' having the lowest mean HSR of all Kraft Heinz product categories of 2.3 and 2.2 respectively.
- Kraft Heinz ranks last on the Corporate Profile. The reason for such a low rank and score of zero out of ten is due to very limited reporting on nutrition-related policies and practices during the research process. It is additionally impacted by the BMS adjustment of -1.5 to the Kraft Heinz score. However, the company scores considerably better on the Product Profile – ranking seventh with a score of 5.7. The difference in score and rank between the two elements of the ATNI methodology show that while the company has very limited disclosure on its governance structure, management systems, policies and practices, the company offers healthy products in its product portfolio. Never the less, only 41% of products are considered healthy and only 12% can be marketed to children and there is room for improvement of health profile of its products.

For full details, see the company's Product Profile scorecard.

Breast-milk Substitutes (BMS) Marketing



6

Rank 6 / Score 0%

Rank	BMS Marketing	Adjustment to Global Index Score	BMS 1	BMS 2	Level of compliance in country studies	
		Max. of - 1.5			Thailand	Nigeria
6	0	1.5	0	0	NA	Low

- Kraft Heinz is one of four Index companies included in the BMS Marketing sub-ranking. Its score is based on two assessments: BMS 1 which assessed the company's BMS marketing policy commitments, management systems and disclosure and BMS 2 which assessed its marketing practices in Nigeria during 2017. None of its BMS products were found in Thailand; the company was therefore not included in that study.
- Kraft Heinz ranks last (sixth) on the BMS Marketing sub-ranking with a level of compliance with the ATNF methodology of zero.
- At the time of the research process, Kraft Heinz had not published any policy commitments nor provided any evidence of management systems to implement any commitments it may have. A broad statement recognizing the importance and the superiority of breastmilk in feeding infants and young children was published after the research process has been completed. The company referred to its Charter for Marketing Breast-milk Substitutes, but details of the scope and commitments are not in the public domain.
- To improve, Kraft Heinz should publish a policy and other information about its approach to BMS marketing aligned with The Code. It should apply its policies in all markets consistently, as recommended by The Code, and adopt the industry best practice of going beyond compliance with local regulation by following its own policies (once adopted and aligned with The Code) where local regulations are weaker than The Code or absent. Further, it should strengthen its management systems and make greater efforts to ensure they are applied consistently in all markets.
- In the study of marketing practices in Nigeria, Kraft Heinz was found to have only a low level of compliance with the ATNF methodology and scored zero on BMS 2.
- Many instances of non-compliance were identified in Nigeria in relation to point-of-sales promotions and incorrect labeling. However, the company did not respond to requests to review the findings of the study nor confirm whether the products found were intended for the Nigerian market (or whether they were parallel imports), nor whether it had commercial relationships with the online retailers monitored.
- To bring its marketing practices into line with The Code and local regulations in Nigeria, Kraft Heinz should ensure that all of its product labels include all necessary information. It should particularly take steps to ensure that all online retailers do not offer point-of-sale promotions.

Lactalis ^{i 51}

Reported product categories

Dairy, Baby food, Chilled Processed Food



Rank 20 / Score 0

Rank 20 (2016)



Product Profile

Rank 3 / Score 6.1

Headquarters

France

Market capitalization

Private Company

Reported revenue by geography ^{i 53}

Not Available

Number of employees

75,000

Total revenue ^{i 52}

17,888 m

Corporate Profile

Nutrition 21/0

Undernutrition 14/0

Governance (12.5%)	0
Products (25%)	0
Accessibility (20%)	0
Marketing (20%)	0
Lifestyles (2.5%)	0
Labeling (15%)	0
Engagement (5%)	0

0
0
0
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Main areas of strength

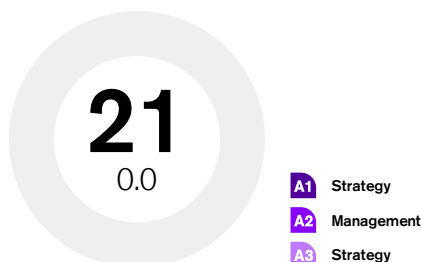
- As in the 2013 and 2016 Global Index, Lactalis' disclosure is limited and therefore no clear areas of strengths were identified.

Priority areas for improvement

- As in the 2013 and 2016 Global Index, Lactalis' disclosure is very limited and the company did not provide information upon request. Therefore, Lactalis' score has remained 0.0 and it ranks twentieth.
- Lactalis ranks shared third on the Product Profile assessment with a score of 6.1 out of 10, based on an assessment of its major product categories in seven countries. Lactalis was estimated to derive 56% of its total sales from healthy products, i.e. achieve a rating of 3.5 or more on the Health Star Rating (HSR) system. These findings illustrate that more than half of products are considered healthy, covering three product groups namely ready-to-drink coffee, juice and dairy which all rated above the mean of all companies combined.
- Because it is privately owned, the company is not subject to the same regulatory disclosure requirements as publicly listed firms. However, Lactalis competes for the same consumers as those firms, and the success of its business is subject to the same market forces. Increased disclosure and engagement on nutrition initiatives would allow for a more complete assessment of the company's performance in preventing and addressing obesity and undernutrition, as well as for the identification of areas of strength and those that need improvement.

Category Analysis

Category A - Governance 12.5% - Nutrition



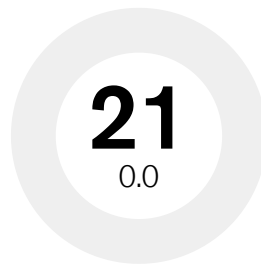
- Lactalis does not publish any information regarding its nutrition strategy or governance.
- Lactalis should commit at Board level to address obesity and diet-related chronic diseases.
- It is recommended that the company sets clear nutrition strategies, objectives and targets in all business areas underpinned by strategic market research.
- Scoring could be improved when incentive and accountability structures at senior management level are established and used to reward successful implementation of nutrition strategies.
- It is recommended that the company demonstrates high and increasing levels of sales of healthy products.
- Lactalis should develop a clear and comprehensive report on activities to prevent and address nutrition-related issues and on progress against nutrition-related objectives and targets, on a global basis.

Category A - Governance 12.5% - Undernutrition



- No strategy to address undernutrition was identified.
- It is recommended that Lactalis commits to address undernutrition, and sets objectives and targets as part of its core commercial business and philanthropic programs, with oversight assigned to its Board or other senior executives.
- The company should take a well-structured approach with a focus on higher priority countries and on critical population groups, pledging to work within regional and national frameworks to address specific fortification needs and undernutrition issues more broadly.
- It is recommended that Lactalis carries out extensive research and publicly discloses information about these activities to identify the needs of key populations with specific micronutrient deficiencies.

Category B - Products 25% - Nutrition



B1 Formulation
B2 Profiling

- Lactalis does not publish any information regarding any efforts to develop new healthy products nor on any strategies it may have to improve the nutritional quality of its existing products.
- It is recommended that Lactalis invests in research and development to improve the nutritional quality of new and existing products.
- Lactalis could strengthen its scoring by defining a clear approach to reformulating existing products against well-defined nutritional targets to decrease 'negative nutrients' (salt/sodium, trans-fat, saturated fat, added sugars/calories) and increase 'positive nutrients' (fruits/vegetables/nuts/legumes, whole grains).
- Lactalis should offer a high percentage of products within the portfolio that meet these nutritional targets and offer healthy options across all company brands.
- The employment of a comprehensive and appropriately set up NPS, applied to all products, as the basis for the company's product reformulation efforts and its definition of healthy products, would strengthen Lactalis's scoring.

Category B - Products 25% - Undernutrition



- The company does not publish any information about commitments or programs it operates or funds to address undernutrition in lower-income countries through product development and reformulation.
- Lactalis should set targets to increase its R&D efforts in order to develop or introduce fortified products or products inherently high in micronutrients and commit to increase the number or volume of fortified foods available to undernourished populations.
- To increase its score, Lactalis should commit to align its approach to fortification with international guidance, to seek to use ingredients with high inherent levels of micronutrients and to only fortify products of high nutritional quality.
- By providing evidence of new commercial products and of funding non-commercial programs, which both aim to deliver appropriately fortified products to priority populations in priority countries, scoring would improve.
- It is recommended that the company provides an explanation of what they have done to increase the number or volume of fortified foods available to undernourished populations, through both commercial and non-commercial activities.

Category C - Accessibility 20% - Nutrition



C1 Pricing
C2 Distribution

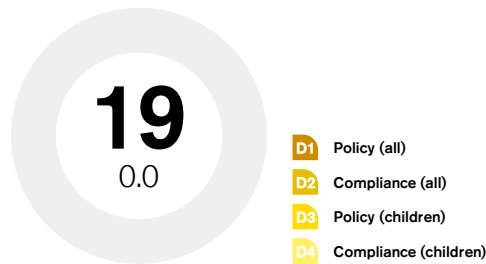
- Lactalis does not publish any information about its approach to improving the accessibility (through pricing and distribution) of its healthy products.
- It is recommended that Lactalis formalizes written commitments, measurable objectives and targets to improve the affordability and availability of its healthy products for all consumers in all countries worldwide. For example by defining targets on price point for healthy products and setting a goal on how many low-income consumers should be reached.
- Lactalis should publicly disclose its commitments, objectives and targets on accessibility and affordability.
- It is recommended that the company applies its approach to affordability and availability for low-income consumers to all the markets in which the companies operate, including developed and upcoming markets and provide evidence of relevant examples.

Category C - Accessibility 20% - Undernutrition



- The company does not publish any information regarding improving the affordability and accessibility of its fortified products for low-income populations.
- Lactalis should have a commercial commitment and objectives to improve the affordability of its healthy products that address micronutrient deficiencies in developing markets. It should be able to provide examples of delivering against its commitment and disclose this information.
- In addition, the company should have a commercial commitment with respect to improving the distribution of its products specifically formulated or appropriate for specific undernourished groups, disclosing examples of doing so.
- To increase scoring, Lactalis should fund other organizations or otherwise support non-commercial programs that improve the distribution of products specifically formulated or appropriate for specific undernourished groups and disclose this funding and activity.

Category D - Marketing 20% - Nutrition



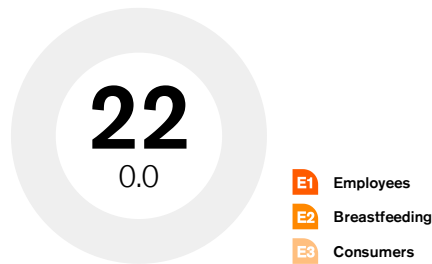
- Lactalis does not publish any information on how it ensures that it markets its products responsibly to children and/or other consumers.
- It is recommended that the company develops and implements a responsible global marketing policy for all consumers which incorporates the responsible marketing principles of the ICC Framework and is applied equally to all media channels and all markets of operation.
- Lactalis should adopt a comprehensive global policy on responsible marketing to children, which, at a minimum, would apply to children under 12 and apply when children make up more than 25% of a general audience. The policy should also explicitly commit not to market any products to children under 12 on all media, unless they meet the company definition of a healthy product, and to use only responsible marketing techniques, including on online media.
- Lactalis should commission or take part in industry-level independent audits of these policies and disclose individual compliance levels for traditional and new media.

Category D - Marketing 20% - Undernutrition



- Lactalis does not publish any information on any commitment to developing and delivering marketing strategies appropriate to reaching undernourished populations in developing countries.
- Lactalis should make an explicit commitment to developing and delivering marketing strategies appropriate to reaching undernourished populations in developing countries and disclose this commitment publicly.
- It is recommended that Lactalis provides evidence of taking steps to understand and reach undernourished consumers in developing countries with appropriate products.

Category E - Lifestyles 2.5% - Nutrition



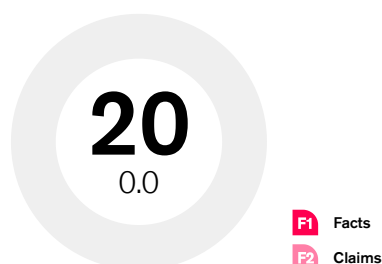
- Lactalis does not publish any information about whether it offers employee health and wellness programs or supports consumer-oriented education on healthy diets and active lifestyles.
- It is recommended that the company offers comprehensive nutrition and healthy lifestyle programs within its overall staff health and wellness programs, for all employees and their families globally.
- To increase scoring, Lactalis should offer supportive maternity leave policies including paid maternity leave of six months, flexible working arrangements and appropriate workplace facilities for breastfeeding mothers when they return to work.
- It is recommended that Lactalis commits to support integrated, comprehensive consumer-oriented healthy diet and active lifestyle programs and campaigns globally. These should be developed and implemented by independent organizations with relevant expertise.

Category E - Lifestyles 2.5% - Undernutrition



- The company does not disclose a written policy and/or guidelines on any programs it supports relating to undernutrition through either its philanthropic giving or commercial activities.
- Lactalis should commit to support well-designed programs educating undernourished consumers about the importance of breastfeeding, micronutrient fortification and healthy diets.
- It is recommended that the company publishes its commitments as well as the content and results of the programs they support.

Category F - Labeling 15% - Nutrition



- Lactalis does not publish any information about any policies to ensure that it takes a responsible approach to product labeling and the use of health and nutrition claims.
- It is recommended that Lactalis adopts, publishes and fully implements a global policy on nutrition labeling, committing to provide information on all key nutrients in a way that is easy to understand for consumers. It should include information on portion size and nutrients as percentages of daily values (or equivalent), displayed appropriately in nutrition information panels on back of pack labels and in interpretative format on front of pack labels.
- Lactalis should disclose the degree to which the full labeling policy is implemented, at the level of markets with full roll-out.
- To improve scoring, Lactalis should adopt and publish a global policy on the use of both health and nutrition claims stating that in countries where no national regulatory system exists, such claims will only be placed on products if they are in full compliance with the relevant Codex standard.
- Lactalis should ensure it tracks and discloses the number of products carrying health and nutrition claims.

Category F - Labeling 15% - Undernutrition



- Lactalis does not disclose a formal labeling policy or any commitments it has made to ensure that products that have naturally high levels of micronutrients or that have been fortified with micronutrients for all markets are labeled as such.
- It should adopt and publish a global policy on labeling that includes commitments to label the micronutrient content of all products sold in developing countries fortified with or naturally high in micronutrients.
- Lactalis should additionally adopt and publish a global policy on the use of both health and nutrition claims which states, in countries where no national regulatory system exists, that these claims will only be placed on products if they are in full compliance with the relevant Codex standard.

Category G - Engagement 5% - Nutrition



G1 Lobbying
G2 Stakeholder

- Lactalis does not publish any information about its approach to lobbying or stakeholder engagement.
- Lactalis should commit to lobbying on nutrition issues only in support of public health, or to not lobbying at all. It should publish a policy that covers lobbying, engagement with governments and policymakers, and donations.
- It is recommended that the company discloses all lobbying activities on nutrition issues, membership and financial support of industry associations or other lobbying organizations and board seats on such bodies.
- Lactalis should conduct comprehensive, well-structured stakeholder engagement focused on improving its business strategy and performance, and provide evidence and examples showing how stakeholder engagement has led to improvements of policies and practices.

Category G - Engagement 5% - Undernutrition



- Lactalis does not disclose any commitments to play an active and constructive role in developing countries to support government efforts to address undernutrition, and it does not provide any evidence of one-to-one discussions with key organizations working on undernutrition.
- Lactalis should commit to play an active part in supporting the efforts of developing country governments to address undernutrition and publicly disclose a narrative about such activities.
- It is recommended that the company provides evidence of engagement with relevant organizations on undernutrition and publicly discloses a narrative on its engagement with stakeholders on undernutrition.

Product Profile



3

Rank 3 / Score 6.1

Average HSR score products (sales-weighted)	Percentage of healthy products (sales-weighted)	Percentage of healthy products suitable to market to children (sales-weighted)	Number of products included in HSR and WHO EURO assessments		Number of countries included in the assessment
			HSR	WHO EURO	
3.1 stars	56%	22%	561	583	7

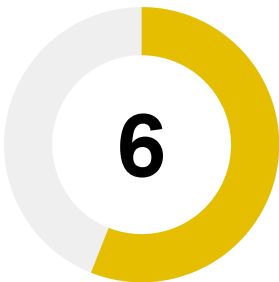
- Lactalis' average sales-weighted HSR is 3.1 (3.2 unweighted), generating a Product Profile score of 6.1 out of 10, and it ranks shared third.
- A total of 56% of its sales of products assessed meet the healthy threshold (53% of its products by number). The proportion of its sales of products assessed suitable to market to children was 22% (22% of its products by number as well).
- Of the seven countries in which Lactalis products were analyzed, it had the highest mean HSR in New Zealand of 4.0, and the lowest average HSR in Hong Kong of 2.8.
- More than half of Lactalis products in all seven countries had a HSR of 3.5 or greater (53%), with Lactalis New Zealand having both the highest mean HSR of all countries as well as the highest proportion of products receiving a HSR of 3.5 or more (100%). South Africa had the lowest proportion (37%).
- The highest proportion of products eligible for marketing to children was found in the U.S. (46%) followed by South Africa with 27%.
- In terms of categories, Lactalis' healthiest category on average is 'Juice' (HSR of 4.4), followed by 'RTD Coffee' (4.2), with 'Dairy' having the lowest mean HSR of all Lactalis product categories (3.2). 'Dairy' was also the category with the largest number of products, with only two countries selling items in the higher-scoring 'RTD Coffee' and 'Juice' categories.
- While Lactalis ranks low on the Corporate Profile, due to limited disclosure, the Product Profile results show a considerable number of healthy products across the seven countries that were included in the assessment. Despite this relatively good performance, the company is encouraged to further increase the healthiness of its portfolio . Lactalis should aim to increase the healthiness of its products as measured by the average HSR, as well as by the percentage of products that meet the nutritional criteria for suitability to be marketed to children.

For full details, see the company's Product Profile scorecard.

Mars ^{i 54}

Reported product categories

Confectionery, Pasta, Ready Meals,
Sauces, Snack Bars, Hot Drinks



↓ Rank 6 / Score 5.6
Rank 5 (2016)



Product Profile

Rank 20 / Score 2

Headquarters
U.S.

Market capitalization
Private Company

Reported revenue by geography ^{i 56}
Not disclosed

Number of employees
80,000

Total revenue ^{i 55}
35,000 m

Corporate Profile

Nutrition

5/5.8

Undernutrition

7/3.8



Main areas of strength

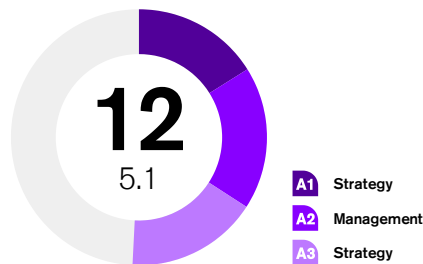
- Mars' score has increased from 3.9 in 2016 to 5.6 out of 10 in 2018. Since 2016, the company has most notably improved in Categories D, F and on its approach to combating undernutrition.
- Mars has implemented a new strategy, the 'Sustainable in a Generation' plan, which contains a strategic focus on improving nutrition and health. The company recognizes it has a role to play in tackling global nutrition challenges, such as the rising rate of obesity and the issue of undernutrition in developing countries. In addition, it has strengthened its management systems in relation to this strategy.
- The company has strengthened its nutrient profiling approach by now having systems in place that cover all products globally, including confectionery. It covers both 'negative nutrients' and 'positive nutrients'.
- Mars continues to demonstrate industry-leading practice on responsible marketing by implementing the most comprehensive policy. It covers marketing to all consumers, with specific attention for marketing to children. Mars does not market any products to children under 12 and, new in comparison to 2016, commissioned comprehensive external audits of its marketing compliance.
- Mars has the most comprehensive employee health and well-being program among its peers. It is available to all employees worldwide and to family members in the U.S. It includes many relevant elements for supporting healthy diets and lifestyles and was evaluated independently across 34 countries.
- As one of few companies that commits to include all relevant nutrients on back-of-pack labels, the company shows strong performance in Category F. In addition to having implemented its back- and front-of-pack labeling fully across its markets, it has now provided evidence of tracking the use of health and nutrition claims.
- Mars makes strong commitments to combat undernutrition and, despite limited public disclosure, has shared relevant evidence of its commercial strategy to do so.

Priority areas for improvement

- Mars ranks twentieth in the Product Profile assessment with a score of 2.0 out of 10, based on an assessment of its major product categories in nine countries. Mars was estimated to derive only 8% of its total sales from healthy products (3.5 stars or more in the HSR system). This indicates that Mars has significant scope to improve the healthiness of its portfolio through product reformulation, innovation and/or portfolio changes. As there is a limit to making products such as confectionery healthier, the company is encouraged to step up other efforts to stimulate healthier diets as well, e.g. through portion control.
- Mars did not provide evidence of reporting related to tackling nutrition issues in separate markets in 2018. The company is encouraged to do so, addressing how its approach is adapted to the local nutrition and health context.
- Mars' product reformulation targets do not cover all relevant nutrients for all products globally. In addition, Mars' portion control efforts should go beyond current commitments to reduce portion sizes below 200 calories for selected products and below 250 calories for all single portion confectionery products.
- Mars does not make a concrete commitment to improve the affordability and accessibility of its healthy products. The company is encouraged to do so, also in relation to its undernutrition approach, and to relate its commitment to a clear definition of healthy products.
- Limited evidence of supporting consumer-oriented nutrition education and healthy lifestyle programs was found, especially in relation to undernourished consumers in developing countries. The company is encouraged to commit to supporting only independently designed and implemented programs.
- The company does not make a commitment to only lobby with the intention to support measures to prevent and address obesity and diet-related chronic diseases. It is encouraged to make an explicit commitment not to lobby against public health-supporting initiatives.
- Across the ATNI methodology, but especially in relation to its undernutrition approach, the company is encouraged to disclose more information publicly.

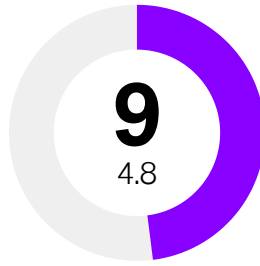
Category Analysis

Category A - Governance 12.5% - Nutrition



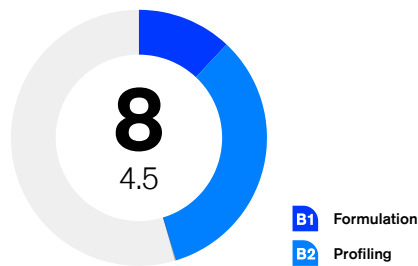
- Mars launched its 'Sustainable in a Generation' plan in September 2017, which includes a strategic focus on nutrition and health, expressed in the Nourishing Wellbeing ambition. Through a focus on science, innovation and marketing the company commits to improve health around the world with an explicit reference to low-income populations. Mars recognizes it has a role to play in tackling the global challenges of obesity and makes a general reference to supporting the SDGs. It is encouraged to detail how it will contribute to the SDG 2 and SDG 3 specifically, as they are directly related to nutrition.
- Mars performs extensive nutrition-related risk assessments and factors nutrition issues into decisions about acquisitions and mergers, as well as in (re)organizing its internal structure. Mars is commended for setting up a separate business entity to explore opportunities to improve nutrition and human health, including a focus on developing countries.
- The company does not disclose information about the proportion of global sales value derived from healthy products. The company is encouraged to increase its transparency in this and other areas related to the integration of nutrition considerations in its business strategy.
- Mars discloses a limited set of objectives in relation to its nutrition strategy, related to product formulation and reformulation, nutrition labeling and employee health and well-being. The company is encouraged to address all aspects of ATNI methodology in its strategy and objectives, including affordability and accessibility, and engagement and lobbying.
- In parallel with the new strategy, Mars implemented new accountability and responsibility arrangements for implementing its nutrition strategy and published these. The company could further improve its nutrition governance and management systems by performing standard internal audits of its nutrition strategy, by linking the CEO's compensation specifically to performance on nutrition objectives and by disclosing this information.
- Mars regularly publishes its progress on its overall approach to tackling nutrition issues in its annual Principles in Action report and has started separate annual reporting on its Food segment in 2017. It covers its global operations and provides translations for specific markets. The company has room to improve its reporting by providing separate reports for major markets, addressing how the company's approach is adapted to the nutrition and health context in individual markets. In addition, it is encouraged to commission external verification of nutrition-related metrics in its annual reporting.

Category A - Governance 12.5% - Undernutrition



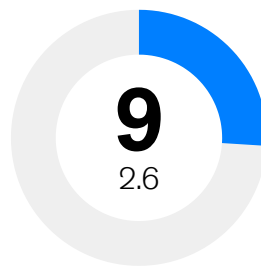
- As part of Mars' new 'Sustainable in a Generation' plan, it discloses a clear commitment on its website to combat undernutrition around the world, and particularly in low-income countries. Mars has performed a strategic review of its commercial opportunities but does not share the outcome publicly. Despite the fact that the company's public disclosure on its undernutrition initiatives is limited, evidence available to ATNF indicated that Mars' overall performance on addressing undernutrition has improved since 2016. The company is encouraged to disclose more information publicly about its strategy and concrete activities.
- Mars has formalized its commercial approach to addressing undernutrition without disclosing it publicly. The company could improve by extending the approach to more higher-priority countries, and by addressing women of child-bearing age and children under two. The company did not report a philanthropic strategy that falls within the scope of ATNI methodology to address undernutrition.
- Overall, Mars has a strong governance system in place in relation to its undernutrition approach and seeks specialist advice on its approach. The company could improve by extending its engagement with experts to include a wider range of relevant expertise and by disclosing more information on these matters, reporting regularly on its approach and progress.

Category B - Products 25% - Nutrition



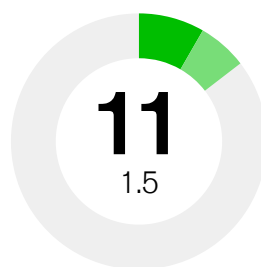
- Mars commits to invest in R&D to improve the nutritional quality of its products. Its activities cover its 'Food' and recently merged 'Confectionery' segments and focuses on innovation, as well as product reformulation. The company does not disclose a target to increase its R&D effort in coming years on nutrition, or on the number of new, healthy products it intends to introduce.
- The company reports to align its product formulation and reformulation efforts to recommendations from public health authorities worldwide. It has reformulated its products since 2002 and provided examples of the introduction of new healthy products. Mars is encouraged to publish consolidated data on the number of new healthy products regularly.
- Mars discloses that 65% of its products in its 'Food' segment is healthy, according to its own Mars Food Nutritional Criteria, but does not publish a percentage of healthy products across its entire portfolio. The Product Profile (PP) assessment, performed across nine countries worldwide, shows that only 29% of its portfolio of products are considered healthy (defined as an HSR of 3.5 or more) and only 8% of sales is estimated to be derived from healthy products. Mars is encouraged to improve the healthiness of its portfolio through product reformulation or other means.
- Mars does not disclose across how many brands it offers products that meet the company's healthy criteria. The company is encouraged to offer at least one healthy product, according to its own criteria, in all brands.
- Different product reformulation targets are defined for Mars' Food and Confectionery segments. The company is commended for setting a concrete 'positive nutrient' for its rice products, although this aspect was not scored because the product category did not meet the criteria for assessment. Furthermore, the company commits to not use ingredients containing artificial trans-fat and has fully achieved that commitment. For its confectionery products, the company focuses on reducing saturated fat and calorie reduction through portion control. Currently, the company defines and discloses information about a selection of relevant targets only, but should define and disclose a comprehensive set of reformulation targets.
- Mars has previously committed to limit portion sizes. After reaching that goal it defined a new target in 2017. Although the company is commended this, its reporting to ATNF on energy-dense products with serving sizes below 150 calories is very limited. The company is recommended to step up its efforts in this area.
- Mars has updated its approach to nutrient profiling with input from external experts and is commended for now having systems in place that cover its entire portfolio. Its approach covers 'positive nutrients' and 'negative nutrients' and is applied to all products, globally. The company discloses its Mars Food Nutritional Criteria, which are part of its Nutrient Profiling approach, and is encouraged to disclose complete information in this area.

Category B - Products 25% - Undernutrition



- Similar to 2016, Mars discloses its commitments to basing its approach to fortification on international (Codex) guidance and to only fortify products of high underlying quality in its Fortification Policy.
- The company commits to tackle undernutrition and micronutrient deficiencies in developing countries through its initiatives to develop and sell commercially foods that address nutritional deficiencies, especially among undernourished children, without defining specific targets to increase its R&D efforts.
- Mars publishes a commentary on investments in research it has done, other than directly related to product development. It funds and collaborates with the African Orphan Crops Consortium on breeding initiatives that include a focus on crops with higher nutritional quality, which could be used as raw materials for foods to combat undernutrition.
- Despite relevant commitments and research activities, ATNF did not find evidence of commercial products to address undernutrition that were on the market within the time frame of assessment. For obvious reasons, to impact the nutritional status of undernourished consumers and to increase its score, the company is encouraged to introduce such products.

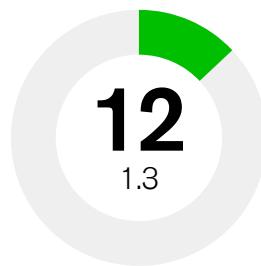
Category C - Accessibility 20% - Nutrition



C1 Pricing
C2 Distribution

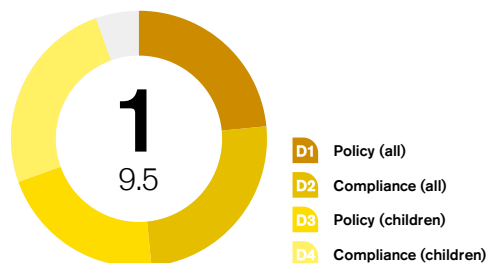
- Mars states for its 'Foods' segment that it aims to make, "everyday meals healthier, easier, tastier and more affordable" but this is considered not specific enough to be credited as a relevant commitment. The company is encouraged to define and disclose a commitment to improving the affordability and accessibility of its healthy foods specifically, which meet its healthy criteria.
- It is recommended that Mars defines and discloses measurable objectives and targets to improve the affordability and availability of its healthy products for all consumers in all countries worldwide.
- Mars did provide evidence of having undertaken recent analysis on appropriate pricing and accessibility of healthy products for low-income populations, both in developed and developing countries. For example, Mars undertook analysis of products in the U.K. Food segment, which meet nutritional criteria for frequent consumption, to assess specific price-points that are in reach of low-income consumers.

Category C - Accessibility 20% - Undernutrition



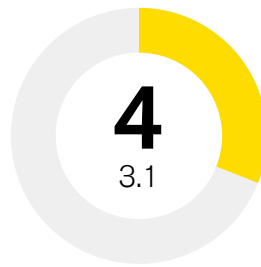
- Mars has provided evidence of clear commitments and objectives in relation to the affordability of products that are under development to address undernutrition. No evidence was found of explicit commitments or objectives related to accessibility. The company is encouraged define these, and to disclose more information publicly.
- No evidence was found in relation to improving affordability or accessibility of products currently on the market that address micronutrient deficiencies. The company is encouraged to address this and to disclose information once products are launched.

Category D - Marketing 20% - Nutrition



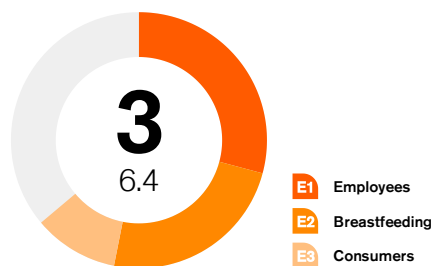
- Mars is the top-ranking company in relation to responsible marketing. It has increased its performance compared to 2016 considerably by implementing an independent audit of its marketing compliance to all consumers, including children.
- Mars has updated its Global Marketing Code for Human Food in August 2017, which now contains a comprehensive set of general rules to represent products fairly and appropriately, including the industry leading practice to commit not to use any models with a BMI of under 18.5. The document, which is fully disclosed and applicable worldwide, asserts that all forms of marketing are covered but mentions a limited set of media channels explicitly. The company is encouraged to specify that cinema, outdoor marketing and point-of-sales marketing fall within the scope of its policy.
- In 2016, Mars has commissioned an independent audit of its compliance to its marketing policy and discloses information in its 'Principles in Action' 2016 document. Mars is one of few companies to have adopted this industry-leading practice, covering all markets globally.
- Mars shows strong commitments as well by not performing any marketing activities to children under 12, and using an audience threshold of 25%. It pledges to IFBA, CFBAI and E.U. Pledge commitments and applies multiple tools across different online media to deter specific age groups.
- The company is committed to refrain from marketing activities in primary schools. However, the company is encouraged to extend this commitment to places near primary schools, in or near secondary schools and to other places popular with children. In addition, industry-leading practice extends responsible marketing commitments beyond the age of 12.
- In addition to independent auditing commissioned by Mars, the company's compliance regarding responsible marketing to children is audited through IFBA, CFBAI and E.U. Pledge organizations as well. The company discloses its individual compliance results.

Category D - Marketing 20% - Undernutrition



- Mars provided evidence to ATNF confidentially of a clear commitment to develop and deliver marketing strategies specifically intended to reach undernourished consumers. The company could increase its score by disclosing its commitment publicly. In addition, it is encouraged to further develop specific marketing strategies to reach undernourished consumers and to drive desired behavior change, for example by engaging behavioral specialists.

Category E - Lifestyles 2.5% - Nutrition



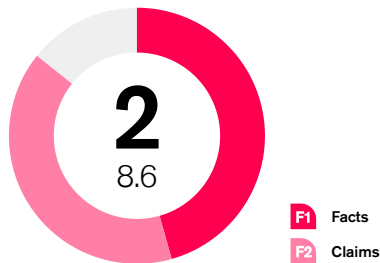
- Mars discloses its commitment to support employee health and wellness, having implemented the most comprehensive program among its peers. Its program focuses on many aspects related to healthy diets, active lifestyles and healthy behaviors. Mars demonstrates industry-leading practice by making the program available to all employees globally, as well as (some) family members. The company articulates expected health and business outcomes, tracks participation and has commissioned independent evaluation of its program. In addition, the company provides a narrative in its 2016 'Principles in Action' document about the results of the program.
- Mars commits to support parents inside and outside the workplace and to offer specific support to breastfeeding mothers. However, the company has not formalized its commitment into a globally applicable policy, nor does it define a minimum length of maternity leave. The company is encouraged to define a paid maternity leave of six months or more. The company does provide facilities in its offices around the world to support breastfeeding mothers, including private rooms, refrigerators for storing milk, flexible-working arrangements and regular breaks for feeding.
- Mars' current policies and practices for the consumer-oriented programs it supports are governed by its 'Global Marketing Code', which excludes brand-level sponsorship. These commitments are applicable in all Mars markets. However, it does not disclose any policy guiding commercial funding of healthy eating/nutrition education and physical activity programs. The company supports programs that are developed, implemented and evaluated independently, in addition to its own programs. The company can improve by disclosing more information about the programs it supports, by extending the scope of topics covered in its programs and by having all programs developed, implemented and evaluated independently.

Category E - Lifestyles 2.5% - Undernutrition



- Mars did not share evidence of commitments to supporting undernutrition-focused consumer education programs, or of funding of relevant programs.
- Mars is encouraged to commit to supporting well-designed programs educating undernourished consumers about the importance of breastfeeding, micronutrient fortification and healthy diets.
- It is recommended that Mars publishes its commitments as well as the content and results of the programs they support.

Category F - Labeling 15% - Nutrition



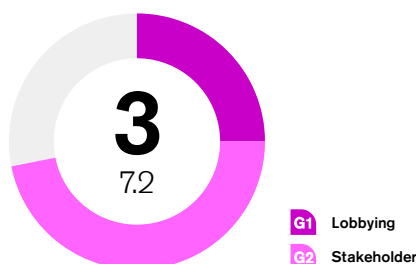
- Mars commits to disclose nutritional information on back- and front-of-pack labels. It is one of two companies in the 2018 Index to commit to providing all relevant nutrients according to the ATNI methodology. In addition, the contribution of nutrients in relation to the daily reference intake is provided on front-of-pack (FOP) labels. Serving or portion is always provided in addition to nutrient information per 100g or per 100ml basis, where required.
- Nutritional information is provided on front-of-pack labels in a numeric format, showing percentages of recommended daily intakes on all products globally. In addition, the company applies interpretative FOP labeling in selected markets; the traffic-light system in the UK and the HSR system in Australia. The company is encouraged to commit to implementing an interpretative front-of-pack labeling system globally. Like all companies, Mars should ensure to not undermine existing local interpretative FOP labeling systems by implementing alternative or additional systems.
- Mars reports to have implemented its labeling commitments for front- and back-of-pack across all markets, for which it is commended. It discloses on its website to have implemented its FOP commitments for more than 99% of relevant products.
- The company commits to apply health and nutrition claims to products in compliance with Codex guidelines in absence of local regulations, as disclosed in its Fortification Policy. Mars has improved its performance since 2016 by tracking the number of products that carry health and nutrition claims. It can further improve by publicly disclosing this information and by disclosing whether any complaints have been upheld against it about the mis-use of health or nutrition claim.

Category F - Labeling 15% - Undernutrition



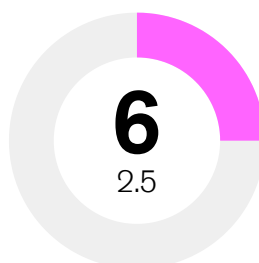
- Mars received a full score for Category F Undernutrition, demonstrating leading practice in this area. Its Fortification Policy commits to labeling all products worldwide that have been fortified with micronutrients. In addition, it contains the commitment that fortified products only carry health and nutrition claims when consistent with Codex Alimentarius standards, in the absence of a national regulatory framework to do this. Mars is one of only a few companies taking this comprehensive approach and publicly disclosing its commitments.

Category G - Engagement 5% - Nutrition



- Mars discloses comprehensive information about its lobbying and engagement activities on its corporate website, disclosing a brief 'Policy for Participating in Political Processes' as well. The company does not make a commitment to only engage with governments and policymakers with the intention to support measures to prevent and address obesity and diet-related chronic diseases. It is encouraged to make an explicit commitment not to lobby against public health-supporting initiatives.
- Mars provides full transparency on its lobbying positions related to health and nutrition claims, regulatory development, FOP labeling, and fiscal instruments related to nutrition and marketing to children. It shows leading practice by disclosing its lobbying positions and other relevant information on the Public Policy and Advocacy section of its website.
- Overall, the company's stakeholder engagement is comprehensive and includes both national and international stakeholders. The company discloses broad statements about the benefits of stakeholder engagement, as well as one example of using input from WHO and USDA on the design of its Mars Food Nutritional Criteria. The company is encouraged to publish more examples of how such engagement has explicitly been factored into its business practices.

Category G - Engagement 5% - Undernutrition



- Mars does not articulate a clear commitment to supporting governments in their efforts to address undernutrition. It is encouraged to do so and to disclose information about its activities.
- Mars provided evidence of one-to-one discussions to solicit input on its commercial undernutrition strategy with key international organizations that combat undernutrition, including Tata Trusts, World Food Programme and others. It is encouraged to increase its reporting on engaging with stakeholders on undernutrition-related activities.

Product Profile



20

Rank 20 / Score 2

Average HSR score products (sales-weighted)	Percentage of healthy products (sales-weighted)	Percentage of healthy products suitable to market to children (sales-weighted)	Number of products included in HSR and WHO EURO assessments		Number of countries included in the assessment
			HSR	WHO EURO	
1 star	8%	2%	2077	1936	9

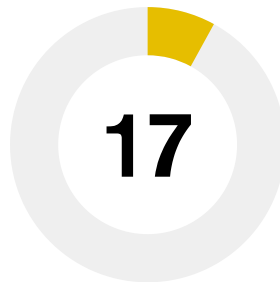
- Mars' average sales-weighted HSR is 1.0 (2.0 unweighted), generating a Product Profile score of 2.0 out of 10, and it ranks twentieth.
- The estimated percentage of products that meet the healthy threshold, weighted by sales, is 8% (29% unweighted). The proportion of products that are suitable to be marketed to children, based on WHO Euro nutritional criteria, was estimated to be 2% based on sales-weighted data (9% unweighted). The lower sales-weighted HSR scores illustrates that products of lower nutritional quality contributed more to sales than products of higher nutritional quality. This is explained at least partly by the fact that 'Confectionery' products represent the major part of the company's sales.
- Examined by category, 'Rice, Pasta and Noodles' is the best scoring category (3.5), followed by 'Sauces, Dressings and Condiments' (2.9), but these product categories represent only small proportions of global sales. 'Savory Snacks' and 'Spreads' are the lowest scoring categories (0.5). 'Confectionery' also has a low average HSR (1.2).
- Several product categories, including 'Soup' and 'Ready Meals', score considerably lower than the category average HSR across all companies and countries in the Product Profile assessment.
- The low proportion of products eligible for marketing to children is related to the fact that all products in the 'Confectionery' category are ineligible for marketing to children using the WHO Euro criteria.
- Out of the nine countries included in the Mars analysis, Hong Kong and New Zealand had the highest sales-weighted HSRs (2.2), with the U.S. and China ranking lowest with sales-weighted HSRs of 0.8. Similarly, Hong Kong had the largest sales-weighted proportion of healthy products (39%), with a HSR of over 3.5, and the U.S. the lowest (1%).
- The Product Profile assessment shows that the estimated proportion of sales that Mars derives from healthy products is very low, and only 29% percent of its portfolio of products is considered healthy. The company is recommended to step up its efforts to improve the healthiness of its portfolio through product reformulation and other means. Although options to increase the healthiness of products in certain categories, such as confectionery, are limited, the company is encouraged to optimize the levels of relevant 'negative nutrients' and 'positive nutrients'. In addition, Mars is encouraged to review the product compositions in their relatively low-scoring product categories and to explore opportunities to improve these.

For full details, see the company's Product Profile scorecard.

Meiji ⁵⁷

Reported product categories

Dairy, Confectionary, Ice Cream, Baby food, Sports and energy drinks



↓ Rank 17 / Score 0.8

Rank 0 (2016)



Product Profile

Rank 17 / Score 3.2

Headquarters

Japan

Market capitalization

11,562 m

Reported revenue by geography ⁵⁹

Not available

Number of employees

16,500

Total revenue ⁵⁸

10,482 m

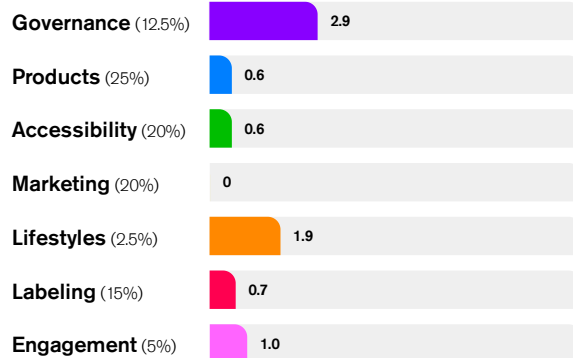
Corporate Profile

Nutrition

17/0.8

Undernutrition

20/-1



Main areas of strength

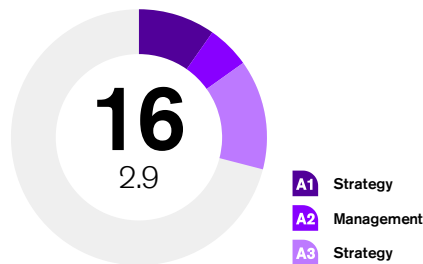
- Meiji is a new entrant to the 2018 Global Access to Nutrition Index. As a result, no comparisons can be made to the 2016 Index. ATNF welcomes Meiji's engagement in the research process.
- Meiji's 2026 vision is "to widen the world of 'Tastiness and Enjoyment' and meet all expectations regarding 'Health and Reassurance'". It states its intention to grow through a focus on health, and on healthy foods.
- Accountability for delivering this strategy is allocated to the highest level, to the CEO of the Food Segment who is a member of the Board of Meiji Holdings. Day-to-day responsibility for implementing its nutrition strategy is allocated to various executive managers, all of whom are one level below the Board.
- Meiji makes a commitment to support healthy diets and exercise among its employees. In Japan, it offers a range of healthy diet, healthy body and healthy behavior programs. It has a participation target and tracks health outcomes annually, in terms of weight loss and lower waist measurements, for example. It also does evaluations of some of its programs and sites.

Priority areas for improvement

- As Meiji scored only 0.8 and ranks seventeenth* it has substantial scope to improve its policies, practices and disclosure relating to nutrition.
- Meiji appears to focus on Japan, its home market. Given its growing presence in several other countries, it would be preferable to take a consistent, business-wide approach to nutrition, and to align its commitments to the Sustainable Development Goals (SDG) and other international nutrition goals.
- Having articulated some high-level nutrition-related commitments, the next step for Meiji would be to develop and publish clear global objectives, plans and targets to spell out how it intends to deliver on its commitments.
- Meiji ranks seventeenth in the Product Profile assessment with a score of 3.2 out of 10, based on an assessment of its major product categories in three countries. Meiji's home market, Japan, and its dominant product category, dairy, were not included. Therefore, the results are not likely to be representative of its global product portfolio. In the countries assessed, Meiji was estimated to derive only 1% of its total sales from healthy products. This illustrates that Meiji has significant scope to improve the healthiness of its portfolio in these countries through reformulation, innovation and/or portfolio changes.
- Meiji is encouraged to set and disclose clear targets to improve the nutritional quality of its portfolio and adopt a well-verified, independently developed nutrient profiling system to guide its efforts.
- The company should adopt, publish and implement policies to ensure the affordability and accessibility of its healthy products for low-income consumers.
- As no evidence was found of any responsible marketing policies, Meiji is strongly encouraged to commit to adopt comprehensive policies on responsible marketing to all consumers and children in particular, and to publish these.
- ATNF recommends that the company publish a comprehensive globally applicable nutrition labeling policy, and health and nutrition claims policy, making commitments beyond local regulatory compliance.

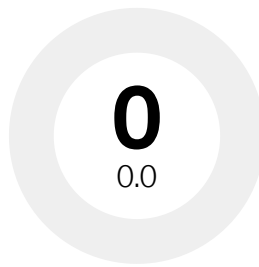
Category Analysis

Category A - Governance 12.5% - Nutrition



- Meiji has established a Board-approved global commercial 'nutrition strategy' based on the Meiji Group 2026 Vision outline; the company did not share this with ATNF but published it in April 2018 after ATNF had completed its research. The company is recommended to publish a series of tangible objectives and a clear timeframe for delivering them.
- Meiji states that it is committed to grow through a focus on health and healthy foods but appears to lack consideration of low-income populations in either the developed or developing markets. The company is encouraged to extend its commitments to these populations.
- Meiji did not provide any evidence that it considers nutrition issues in mergers and acquisitions nor that it has conducted a recent assessment of the risks to the business of nutrition trends, including potential legal, regulatory, strategic, market and reputational risks. The company is encouraged to conduct and publish such an assessment and outline how it intends to address any risks identified.
- The company does not frame or link its nutrition commitments to the priorities set out in the WHO Global Action Plan for the Prevention and Control of NCDs 2013-2020, nor does it commit to delivering nutrition-related SDGs. Meiji has an opportunity to consider how it might orientate its business more towards contributing to achieving international nutrition goals.
- Meiji discloses that 76% of its total global revenues in FY2016 were generated from healthy products. ATNF was unable to generate a figure to compare to Meiji's figure in the Product Profile, as it excluded Japan, a major market for Meiji where it sells many dairy products. As these products typically have a much better nutritional profile than confectionery and the other indulgent products included in its Product Profile, the results do not provide a sufficiently balanced view of Meiji's portfolio to use as a comparison.
- Accountability for delivering its nutrition strategy is allocated to a member of the Board of Meiji Holdings and day-to-day responsibility is allocated to an executive manager of the Product Development Department of each category at the head office. However, the company does not appear to link the remuneration of the CEO and/or senior managers with performance on nutrition targets/objectives, which it is encouraged to do.
- The company is encouraged to establish a high-level expert panel to advise the Board, comprised of specialists in all areas relevant to the delivery of a comprehensive nutrition strategy, as no evidence was found that it has one.
- Meiji provides regular updates on its nutrition-related performance on an annual basis, although these updates are not as comprehensive as they could be, and they are not subject to verification or external review. There is no sense of how the nutrition strategy contributes to business performance. Broadening its reporting and having it independently reviewed would enable stakeholders to better understand how its nutrition strategy is adding value to the business.

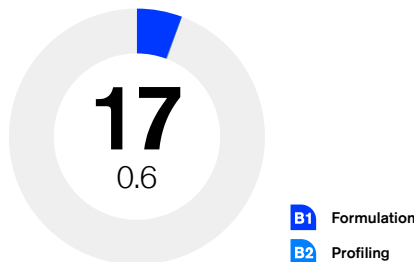
Category A - Governance 12.5% - Undernutrition



16/2/2018

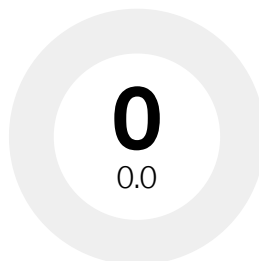
Not applicable

Category B - Products 25% - Nutrition



- Meiji makes no specific statements regarding its deployment of R&D funds towards improving the nutritional quality of its portfolio nor does it set any targets in this area. It states only that it will, 'take on the challenge of creating a new value that contributes to customers' healthy diets'. Meiji is strongly encouraged to set and disclose clear targets on dedicating R&D budgets to improving the nutritional quality of its portfolio.
- There is no evidence that Meiji has a Nutrient Profile System to assess the nutritional quality of its products, yet it states that more than 50% of its products meet its healthy standard. The company is encouraged to adopt and publish a well-verified, independently developed nutrient profiling model as soon as possible to provide a basis for figures it cites in respect of 'healthy' products.
- The company states in its 2016 Annual Report that it has developed, "products catering to health-conscious customers" such as, "low-sugar/low-fat drinking milk, yogurt and margarine". However, the company did not provide to ATNF nor publish consolidated figures relating to all the new healthy products it has introduced in the last three years.
- Meiji also did not provide information to ATNF, or report, whether it offers at least one healthy product in each brand, either for adults or children.
- The company is encouraged to improve its disclosure and accountability by publishing much more information about how it plans to improve the nutritional quality of its portfolio and its progress to date.

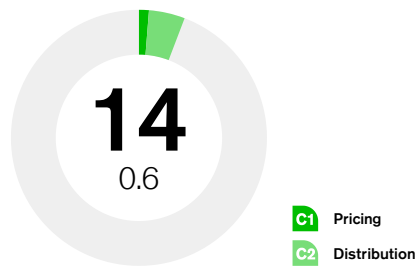
Category B - Products 25% - Undernutrition



16/2/2018

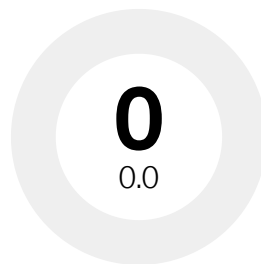
Not applicable

Category C - Accessibility 20% - Nutrition



- Meiji appears to do very little with respect to ensuring the affordability of its healthy products, though it does make efforts to address accessibility. The only evidence Meiji provided with respect to affordability was a few examples of offering discounts and similar promotions on its healthy products in Japan.
- With respect to accessibility, the company makes a broad commitment but did not provide any detail, nor does it appear to have a particular focus on low-income consumers. It only mentioned a home-delivery service in Japan, which includes its healthy products, and which therefore helps elderly consumers.
- The company is encouraged to develop and publish an accessibility and affordability strategy, underpinned by research in all of its markets, to increase the market penetration of its healthy products.

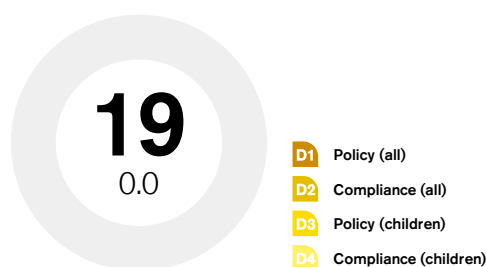
Category C - Accessibility 20% - Undernutrition



16/2/2018

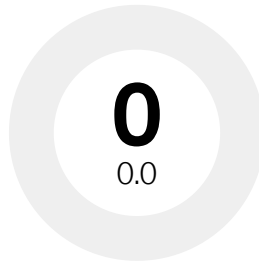
Not applicable

Category D - Marketing 20% - Nutrition



- Meiji is strongly encouraged to commit to adhere to the ICC Code for Responsible Food and Beverage Marketing Communication globally, to demonstrate its commitment to responsible marketing to all consumers and put in place systems to monitor its compliance with those principles.
- It is also urged to adopt a comprehensive policy on responsible marketing to children that covers all media, sets a low audience threshold for relevant channels, extends to the age of 18 and all schools and locations popular with children. Committing to commissioning independent monitoring its compliance with this policy would also be a welcome step.

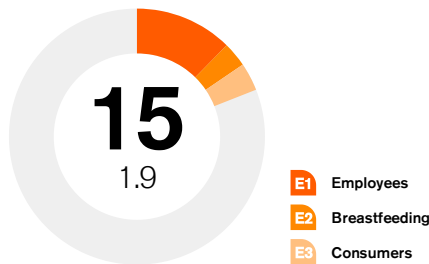
Category D - Marketing 20% - Undernutrition



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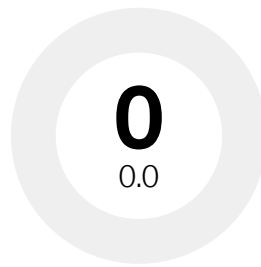
- Not applicable.

Category E - Lifestyles 2.5% - Nutrition



- Meiji makes a commitment to support healthy diets and exercise among its employees. In Japan, it offers a range of healthy diet, healthy body and healthy behavior programs. It has a target to track whether participation in all of its program elements increases each year. It also has a target for 50% of its employees to participate in its 'walking campaign', tracks use of its gym and tracks health outcomes annually, in terms of weight loss and lower waist measurements, for example, which is commendable. It also does its own evaluations of some of its programs/sites.
- To improve, the company could offer its health and wellness programs in more countries and open them up to all employees and their family members, and strengthen its tracking of participation. Commissioning independent evaluations of the impact of its programs is also recommended.
- In terms of supporting breastfeeding mothers, in Japan the company offers paid maternity leave of 101 days. It could extend the length of maternity paid leave to at least six months and offer the same benefits to employees in all markets.
- Meiji offers two breaks to mothers during the work day for the first year of the child's life, but no information was found about providing private, hygienic, safe rooms to express breastmilk, with fridges. The company is encouraged to offer these facilities, or, if it does already, report that it does so.
- Although Meiji doesn't make public a policy about which types of consumer-orientated nutrition education and physical activity programs it supports, it does promote 'food education' by explaining the value and health benefits of food at various events in Japan. It offers seminars for people of all generations, from children through to seniors, to increase interest in healthy diets. It collaborates with third-party organizations in offering these seminars. In financial year 2017, Meiji offered 2,900 such seminars in which more than 138,000 people participated.
- The company also has an Olympic and Paralympic Education Program through which it encourages people to do sports thus promoting health and active lifestyles in Japan.
- The company is encouraged to expand the coverage of all of its programs to promote both healthy diets and healthy lifestyles, and to extend their reach to all markets in which it operates. Its policy would ideally encompass commitments not to brand such programs and to design and develop them with independent expert organizations, to make clear that the purpose of these programs is consumer education and not marketing.
- Commissioning independent evaluations of these programs to determine whether they deliver strong health impacts would also be a positive step forwards.

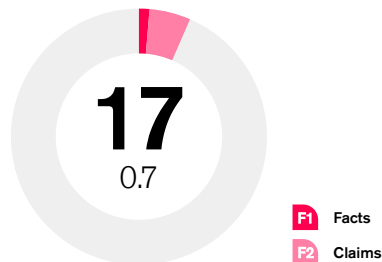
Category E - Lifestyles 2.5% - Undernutrition



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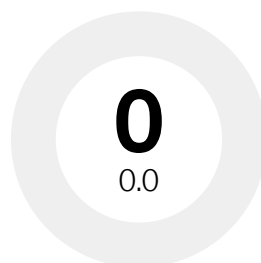
Not applicable

Category F - Labeling 15% - Nutrition



- Meiji only confirmed that it complies with local regulations in Japan. It did not provide a policy relating to which nutrients it includes in labels on the front or back of packs in other markets nor other aspects of labeling.
- The company is strongly encouraged to develop and publish in full a global labeling policy that commits to labelling all of the 'Big 8' nutrients on the back of all packs, using Guideline Daily Amounts or Daily Values, and which follows Codex guidance. Best practice is to provide this information on a per serving or on a per 100 mg or per 100 ml basis. Further, Meiji is encouraged to use an interpretative label on the front of all its packs to help consumers understand the nutritional quality of its products at a glance. Meiji should ensure to not undermine existing local interpretative FOP labeling systems by implementing alternative or additional systems. Track and publishing information about its progress in placing such labels on products in all of its markets would enhance transparency.
- Meiji does not publish and did not provide to ATNF its policy on the use of nutrition or health claims in all markets and therefore does not seem to commit only to use such claims when they comply with Codex standards in countries where no regulation exists. Establishing such a policy and publishing it would be a positive step forwards.
- It does, however, track the number of products that carry function claims but in Japan only, and disclosed that information to ATNF. The company stated that no complaints have arisen against it over the misuse of claims.

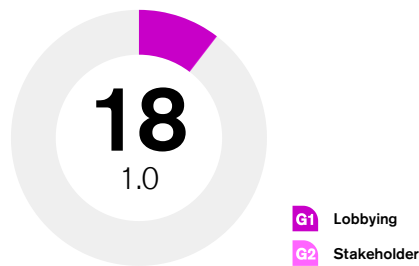
Category F - Labeling 15% - Undernutrition



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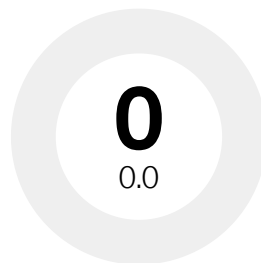
Not applicable.

Category G - Engagement 5% - Nutrition



- Meiji publishes a list of industry associations which it is a member of but does not report on its financial support for any organizations that lobby on its behalf, seats on their Boards or similar, or on its lobbying activities. It also does not publish its public policy positions on key nutrition issues. Meiji therefore has considerable scope to provide further information about how it lobbies in support of government efforts in markets it operates in to prevent and address obesity and diet-related chronic diseases.
- Meiji does not disclose how it engages with stakeholders to design and improve its nutrition strategy or policies. The company is encouraged to publish such a commentary.

Category G - Engagement 5% - Undernutrition



16/2/2018

Not applicable

Product Profile



17

Rank 17 / Score 3.2

Average HSR score products (sales-weighted)	Percentage of healthy products (sales-weighted)	Percentage of healthy products suitable to market to children (sales-weighted)	Number of products included in HSR and WHO EURO assessments		Number of countries included in the assessment
			HSR	WHO EURO	
1.6 stars	1%	0	75	75	3

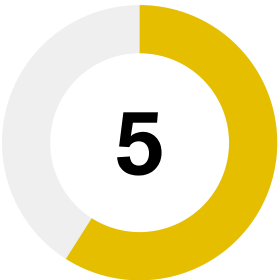
- Meiji's average sales-weighted HSR is 1.6 (1.4 unweighted), generating a Product Profile score of 3.2 out of 10, and it ranks seventeenth.
- For Meiji, the results from the Product Profile are not likely to be representative of the nutritional quality of the company's full global portfolio. First, Japan is the company's main market (accounting for more than 90% of its total global sales in FY2016) and this was not one of the countries assessed. Second, in Japan, dairy products make up a large proportion of its sales, but not in the three countries included in the assessment. Dairy products typically have a much better nutritional profile than confectionery and the other products that were assessed in those countries. Meiji is the only company in the Product Profile assessment that misses coverage of its global dominant product category completely.
- In the three countries assessed, only 1% of products were considered healthy, using an HSR of 3.5 or more as the cut-off. None of the company's products in these three countries met the WHO EURO criteria for marketing to children.
- Out of the three countries included in Meiji's analysis, China had the highest mean HSR both before and after results were weighted by sales (1.9), with Australia having the lowest HSR of 0.6. These results were mainly driven by the types of products available in each country, with 'Ice Cream and Frozen Desserts' being the category with the highest mean HSR, and China selling the majority of these products
- Meiji ranks seventeenth on the 2018 Global Index, as well as on the Product Profile assessment. Although the results of the Product Profile assessment are not likely to be representative of Meiji's global portfolio, the company is recommended to step up its efforts to improve the healthiness of its products in the countries assessed through product reformulation, innovation and/or portfolio changes.

For full details, see the company's Product Profile scorecard.

Mondelēz ⁶⁰

Reported product categories

Bakery, Confectionery, Dairy, Snack
Bars, Snacks, Hot Drinks



↓ Rank 5 / Score 5.9

Rank 4 (2016)



Product Profile

Rank 19 / Score 2.5

Headquarters
U.S.

Market capitalization
\$68,308 m

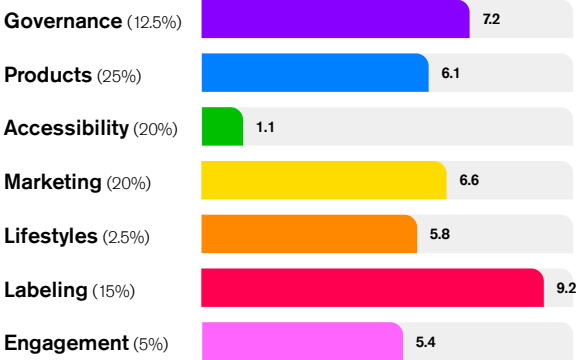
Reported revenue by geography ⁶²
Americas 39%, Europe 38%,
Africa / Middle East Asia 22%

Number of employees
99,000

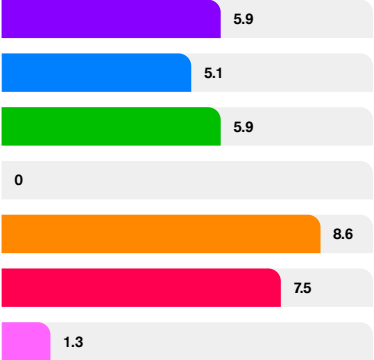
Total revenues ⁶¹
\$25,923 m

Corporate Profile

Nutrition 5/5.8



Undernutrition 6/4.6



Main areas of strength

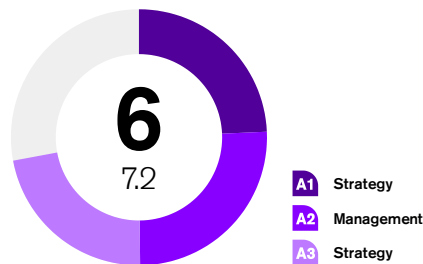
- Mondelez' score has increased from 4.1 in 2016 to 5.9 out of 10 in 2018. Since 2016, the company has improved in a number of categories and on its approach to undernutrition, specifically related to accessibility, affordability and labeling. The company now ranks fifth on the Global Index.
- Mondelez does not advertise its products in any media primarily directed to children under age 12, irrespective of the product's nutritional profile. This is an improvement since 2016 and a commitment demonstrated by only three companies in the Index. In addition, Mondelez is one of only a handful of companies that does not advertise in secondary schools, in addition to primary schools.
- Mondelez shows strong commitments and performance related to consumer education. It is one of two companies that funds only healthy eating and healthy lifestyles programs set up and run by third-parties. It also commissions independent evaluations of the programs' health impact which is publicly disclosed. This approach extends to undernourished consumers in developing countries.
- Mondelez has rolled out its full labeling commitments (front-of-pack and back-of-pack) in all markets. This is leading practice in terms of the level of product coverage among companies in the 2018 Global Index.
- In 2017 Mondelez updated its fortification policy by strengthening its product fortification commitments and including a commitment to consider the accessibility and affordability of fortified products targeted towards populations with micronutrient deficiencies. It provided many examples of how it does this from a range of developing countries.
- Mondelez commits to labeling products that either have naturally high levels of micronutrients or that have been fortified in accordance with local regulations or by recognized bodies, such as Codex. This commitment also extends to health and nutrition claims.

Priority areas for improvement

- Mondelez ranks nineteenth in the Product Profile with a score of 2.5 out of 10, which included its major product categories in eight countries. Mondelez was estimated to derive only 7% of its total sales in 2016 from healthy products, i.e. those that achieve 3.5 stars or more on the Health Star Rating (HSR) system. This indicates that Mondelez has significant scope to improve the healthiness of its portfolio through product reformulation, innovation and/or acquisitions or disposals. As there is limited potential to make products such as confectionery and snacks healthier, the company is encouraged to continue supporting efforts to stimulate healthier diets, e.g. through serving size.
- As in the 2016 Index, Mondelez does not have a sugar target. This is a significant omission. The company could improve its commitments on product formulation by setting goals to add positive nutrients such as fruits, vegetables, nuts and legumes, where relevant, to its product range.
- Mondelez has not made any commitments nor did it provide examples of marketing strategies designed to ensure that its healthy, fortified products reach undernourished populations in developing countries. Further, it could not provide commitments or examples of playing an active part in supporting the efforts of governments in developing countries to address undernutrition nor of engagement with relevant organizations on undernutrition. This is an area it should place more focus on.
- Mondelez's approach to undernutrition, both through its core business and other non-commercial routes, broadly focuses on developing countries rather than on higher-priority countries. To improve its approach, Mondelez should focus on priority populations within those priority countries, i.e. those with the most serious micronutrient deficiencies.
- Overall, Mondelez could improve by publishing more on its commitments, policies and performance to allow stakeholders to better understand the scope of its commitments and its progress.

Category Analysis

Category A - Governance 12.5% - Nutrition

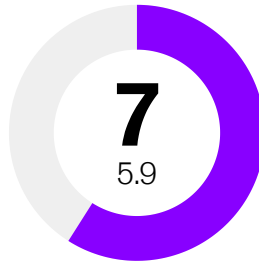


- In early 2016, Mondelez introduced its updated 'Strategy Globe' and formulated a vision, 'to be the best snacking company in the world.' To achieve its vision and strategic focus, Mondelez has identified three growth ambitions: Grow our people, grow our business and grow our impact. In this context, it has developed a new platform, 'Impact for Growth' which the company sees as a focused approach to driving growth and delivering positive change.
- Mondelez factors nutrition into its decisions about acquisitions. The company also conducts extensive nutrition-related risk assessment to mitigate risks to support its 'Well-being Strategy.' This type of risk assessment is one of the most comprehensive from the companies assessed.
- Despite some strong elements described above, the company could strengthen its commitment to grow by making nutrition and health more central in its 'Strategy Globe' and by having it play a more integral and central role in its 'growth ambitions.' This should be built upon a clear commitment to deliver more, healthy foods with specific reference to low-income populations in both developed and developing markets.
- 'Impact for Growth' covers Mondelez' global 'Well-being Strategy' which has three pillars: 1. Expanding ten existing well-being brands in Mondelez portfolio, with the goal of growing them at twice the rate of its base portfolio; 2. Renovating and improving the nutrition and ingredient profile of its best-selling brand; 3. Continuing to inspire consumers to snack mindfully and planning to deliver 15% of its revenue from portion-controlled snacks that are individually wrapped and have 200 calories or fewer.

Within these three pillars, Mondelez has formulated additional 2020 goals covering a broad range of nutrition-related topics such as product reformulation, developing its healthy product portfolio, labeling, marketing to children, consumer education and stakeholder engagement.

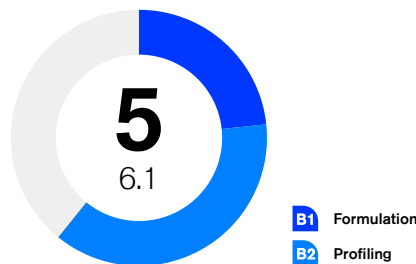
- Mondelez's CEO, in conjunction with a Board Committee, is engaged in the review and progress of its 'Well-being Strategy.' The company has established a 'Well-being Leadership Team' that is overseen by three senior executives who report directly to the Board and the CEO. The 'Well-being Leadership Team' sets the direction of Mondelez global 'Well-being Strategy.' Even though the CEO's accountability for the overall business strategy of which the 'Well-being Strategy' is an important component, Mondelez could strengthen this commitment by linking directly the remuneration of its CEO to its well-being objectives.
- To strengthen its 'Well-being Strategy', the company is encouraged to conduct annual internal audits of its delivery. It could also expand the formal panel that advises the Board with specialists from a broader range of expertise, such as marketing, labeling and promoting active lifestyles.
- The company annually publishes a progress report entitled, The Impact for Growth, and provides global updates on nutrition. Despite its global presence, the company does not publish separate reports for its major markets. Mondelez also does not yet follow the industry-leading practice of commissioning external verification of the nutrition information and data in its reports.

Category A - Governance 12.5% - Undernutrition



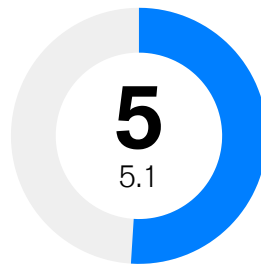
- Mondelez commits to playing a role in combating undernutrition in low-income countries. The Board of Directors is involved in the strategic review of commercial opportunities available to Mondelez in addressing undernutrition and reviews all of its growth plans. This is an improvement in Mondelez's approach since 2016.
- Mondelez has strategy in place for addressing undernutrition through non-commercial initiatives. The Mondelez International Foundation (MIF) is focused on addressing diet-related diseases among children aged six to 12. One of the key focus areas of MIF is to address undernutrition in developing countries. This is done through nutrition education, encouraging children to be active and focusing on improving access to fruits, vegetables and other fresh foods with rooftop gardens and micro-farms near schools.
- To strengthen its performance, Mondelez is encouraged to develop a well-structured strategy applicable to all developing countries, in which it sells its products guided by market research, or wider studies to assess the specific needs of undernourished populations in individual countries. The company should also establish a formal panel of specialists with a broad range of expertise such as fortification, targeted marketing, community engagement and knowledge of the causes and effective solutions to undernutrition.
- Mondelez reports on its efforts in tackling undernutrition in its progress reports and on its website. However, the commentary in those reports remains limited and the number of relevant key documents, such as its fortification policy, remain confidential. Mondelez should be more transparent about its actions in this area and publish policies, studies and examples of its activities with more detailed descriptions. It should also set objectives and report against them, providing a clear outlook in its progress in achieving them and its future plans.

Category B - Products 25% - Nutrition



- The company commits to invest in research and development (R&D) but did not provide evidence of specific nutrition-related R&D budget targets for the next few years. This makes it difficult to assess how strong the company's commitment is.
- In FY2016, Mondelez reported that 70% of its new product development focused on products that meet consumers' well-being needs - 'Well-being Choices.' Mondelez is encouraged to publish consolidated data of new healthy products introduced, annually, rather than just examples.
- In 2015, Mondelez set a goal that by 2020 half of its portfolio will be 'Well-being Choices.' These include 'Better Choice snacks' that have an improved nutrition profile, individually-wrapped 'Portion Control' options that have 200 calories or fewer, and 'Lifestyle Choice snacks' designed to meet specific consumer needs. The first two types of products must also meet the same baseline nutrition criteria used to assess new products/product renovation. Further, Mondelez requires that all types of product development meet its internal nutrition profiles and portion limits.
- Mondelez bases its approach to product reformulation on globally recognized nutrition science and dietary guidance from international bodies, including U.S. Dietary Guidelines, Institute of Medicine, CODEX Alimentarius, European Reference Intakes and other regional/national standards.
- The company's Nutrient Profiling System (NPS) – the 'Nutritional Requirements' assesses products' nutritional quality. This system sets baseline criteria for all products and more stringent criteria for its 'Better Choices'. It considers both negative and positive nutrients.
- Mondelez has global 2020 reformulation targets related to sodium, saturated fat, portion size and whole grains. It reports against a 2012 baseline, indicates progress over the last three years and shows the status in relation to its 2020 target, an improvement since 2016. Nevertheless, as in 2016, the targets remain limited in scope - the lack of an added sugar target is a significant gap. The company also does not have a target to increase levels of fruit, vegetables, nuts or legumes, as relevant.
- In FY2016, Mondelez generated 26% of its revenue from 'Better Choice' products that meet strict category-specific nutrition criteria and 10% from 'Portion Control options'. In terms of its global product portfolio, 29% of Mondelez SKUs meet 'Better Choices' criteria and 12% meet the 'Portion Control' criteria. However, the Product Profile estimated that only 7% of sales that year were generated from products that meet the healthy standard (HSR of 3.5 or more) and only 5% of products by number met that standard. The discrepancy between these figures and the company's data implies that its specific nutritional thresholds and definition of 'healthy' within its NPS need to be recalibrated so that they align with well-verified systems such as HSR.
- Given the relatively small proportion of healthy products it makes, Mondelez should continue improving the health and nutrition profile of its products and seek to make its portfolio as healthy as possible within the context of being a confectionery and snack company. It should also keep investing in portion control.

Category B - Products 25% - Undernutrition



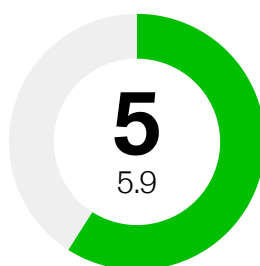
- Mondelez has a fortification policy which guides its efforts on appropriate fortification. In 2017, the company updated its policy and strengthened its approach to fortification. This had a positive impact on its score.
- The company commits that all nutrient additions/fortification must meet local regulations and must follow the general dietary guidance set out by local government agencies and/or authoritative bodies. Furthermore, it follows WHO/FAO guidelines on food fortification with micronutrients.
- Mondelez makes a specific commitment to fortify only products of high underlying nutritional quality that are appropriate to fortify and not to fortify indulgent products. Mondelez could strengthen its approach by extending its commitment to explicitly state it will seek to use ingredients with high inherent levels of micronutrients, including fortified staple ingredients. Unlike in 2016, Mondelez, through its foundation, commits to tackle undernutrition in developing countries with initiatives that aim to increase the volume of foods that address micronutrient deficiencies available to undernourished populations.
- Mondelez's commercial and non-commercial activities focus on children over six and other populations. While commercially it operates in higher-priority countries, Mondelez's philanthropic activities do not focus on these countries. Mondelez could strengthen its approach by placing more focus on higher-priority countries and populations with the highest risk of undernutrition.
- To improve further, Mondelez should be more transparent about its undernutrition efforts, publish its fortification policy and set specific targets with respect to increasing R&D spending on developing fortified products.

Category C - Accessibility 20% - Nutrition



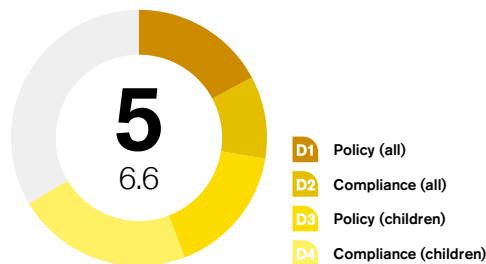
- As in 2016, Mondelez does not have affordability commitments for healthy foods nor a strategy to improve the accessibility of healthy foods that incorporates targets. For example, the number of consumers it intends to reach with healthy foods or the number of units it intends to sell.
- However, compared with 2016, Mondelez provided evidence of conducting analysis of the accessibility and pricing of healthy products among low-income populations in developing countries such as China, India, Brazil and Nigeria. Furthermore, Mondelez shared examples of improving the pricing of products that meet the company's healthy standard. These examples include a re-launch of wholegrain Belvita breakfast biscuits in Brazil at a more affordable price for local consumers and offering single-serving sticks of Tang in China that are more affordable due to being in a smaller pack size.
- Compared with 2016, Mondelez has made some improvements in this area and is encouraged to continue this accessibility and affordability efforts for its healthy products.

Category C - Accessibility 20% - Undernutrition



- Mondelez has improved its performance and score on the accessibility and affordability of products that address micronutrient deficiencies in developing markets. Unlike in 2016, Mondelez now makes a commitment to consider the affordability and accessibility of fortified products targeted towards populations with micronutrient deficiencies. To strengthen its commitment, the company could define objectives with respect to making its healthy products affordable and accessible.
- Mondelez shared commercial and non-commercial examples of improving the affordability and accessibility of fortified healthy products which meet the company definition of healthy. For example, in India, fortified Bournvita biscuits are offered in small affordable packs of six biscuits. In the Philippines, the company offers fortified Eden cheese spreads in low-unit packs. Its spreads are recognized by the Department of Health as part of the Sangkap Pinoy (fortification) Program, which was set up to address major nutrient deficiencies in the Philippines's population. In Nigeria, Mondelez offers the Bournvita milk-based beverage, fortified with multiple micronutrients in a single-serve 20 gm packet sold at affordable price for lower income brackets.
- Its non-commercial approach to tackling the accessibility and affordability of fortified products is delivered by MIF which focuses on improving access to affordable fresh foods such as fruits and vegetables in local markets to address micronutrient needs. Its approach is based on external stakeholder input - from Yale University and local public health partners on the ground. In Indonesia, the MIF cooperated with Helen Keller International's Enhanced Homestead Food Production (EHFP) program through which women have learned how to diversify their crops, resulting in better nutrition for their families. These are leading examples of how a confectionary and snacking company with few healthy products suitable for fortification can improve the accessibility and affordability of these products.
- To strengthen its performance, Mondelez could increase disclosure in a number of areas. For instance, it could publish its commitment and objectives to improve affordability and accessibility of products that address micronutrient deficiencies in developing countries and disclose examples of doing so.

Category D - Marketing 20% - Nutrition



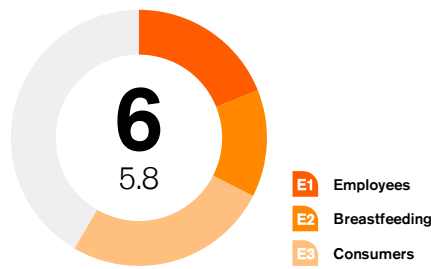
- As in 2016, Mondelez commits to the International Chamber of Commerce (ICC) Code of Advertising and Marketing Communication Practice. Its marketing commitments are applied to all media assessed by the ATNI methodology. Mondelez has an internal auditing process in place which assesses compliance of its marketing practices with its responsible marketing commitments to all consumers. The company could improve its performance on the Index by appointing an independent external auditor to assess compliance on a regular basis and publishing the results of these assessments.
- Mondelez has its own global policy on marketing to children and participates in pledge organizations including IFBA, CFBAI, the E.U. pledge and pledges in Canada, Australia and Singapore. The company's policy covers all media assessed by the ATNI methodology. This is a leading industry practice. As of January 2016, Mondelez is one of three companies that does not advertise its products in any media primarily directed to children under age 12, irrespective of the product's nutritional profile. This is a major improvement since the last Index. Mondelez is one of four companies to have extended a ban on marketing in primary schools to secondary schools in all markets.
- However, as in the previous assessment, there are no commitments that prohibit any advertising near primary and secondary schools or other places popular with children, as recommended by the WHO. The company's threshold for defining a child audience under 12 is 35% which is below the best-practice threshold of 25%. The company is encouraged to lower its threshold to this figure to further restrict the exposure of children to less healthy products.
- As in 2016, compliance with the IFBA, CFBAI, E.U. pledge and other pledge commitments are assessed on an annual basis by third-party auditors commissioned by the pledge organizations. The company also conducts compliance internally. Mondelez publishes in its Progress Report compliance levels for TV and digital media. Mondelez is one of only a handful of companies that explicitly commit to corrective action when non-compliant practices are found. This is an improvement compared to 2016. To meet best practice standards on auditing and compliance with marketing to children policy, Mondelez is encouraged to commission its own global annual independent third-party audits and publish the results.

Category D - Marketing 20% - Undernutrition



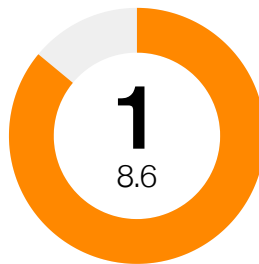
- Mondelez does not disclose any commitments or examples of marketing strategies designed to ensure that its healthy, fortified products reach undernourished populations in developing countries. The company should consider investing more in developing such strategies and reporting on their effectiveness.

Category E - Lifestyles 2.5% - Nutrition



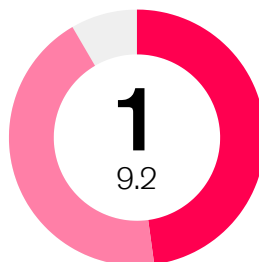
- Mondelez commits to encourage and support its employees in having healthier lifestyles. The company offers a broad range of health and wellness programs to employees and, in some countries, to their families. Mondelez aims to achieve 100% participation. As in the previous Index, Mondelez conducts its own evaluations of the health impact of the nutrition, diet and activity elements of its health and wellness programs for at least one site. However, the company could enhance its impact by extending these programs to the families of all employees in all markets, and by commissioning independent evaluations of the programs and reporting the results.
- Since 2016, Mondelez has made some improvements in supporting breastfeeding mothers at work but has not yet codified this commitment in a global policy. The length of paid maternity leave and working arrangements offered to mothers varies by region and according to local legislation. Mondelez is encouraged to adopt and publish a consistent global policy with paid maternity leave of six months (if country legislation is not stronger) and to provide the same working arrangements and facilities globally to support all breastfeeding mothers.
- Mondelez is a leading performer on criterion E3: 'Supporting consumer-oriented healthy eating and active lifestyles programs'. To support its 'Well-being Strategy', 80% of company and Mondelez Foundation contributions are directed to healthy lifestyles programs. The company defines healthy lifestyles programs as those that promote physical activity and good nutrition and educate on topics such as obesity, physical activity, eating habits, access to fresh foods and malnutrition.
- Mondelez is one of only two Index companies that funds healthy eating and healthy lifestyle programs only if they are set up and run by third-parties. Furthermore, Mondelez only supports and funds programs where the content is developed by an independent third-party. As in 2016, Mondelez demonstrates best practice by independently evaluating these programs' health impacts and disclosing the results. To strengthen its performance, Mondelez is encouraged to develop a policy which excludes brand-level sponsorship of consumer-orientated programs and content which aligns to relevant national dietary guidelines.

Category E - Lifestyles 2.5% - Undernutrition



- Mondelez ranks first in Category E (Undernutrition) and shows very strong performance in supporting consumer-oriented healthy eating and active lifestyles programs. Most of its consumer-education programs targeted at undernourished consumers are conducted through MIF.
- Mondelez is one of only two companies to have specific guidelines establishing funding criteria for undernutrition programs. Furthermore, Mondelez is the only company assessed that commits to exclusively supporting programs developed and implemented by independent organizations with relevant expertise. The company only supports and funds programs that are developed by an independent third-party over which the company has no editorial control. Mondelez also demonstrates best practice by commissioning independent evaluation of its programs' health impacts and by publicly disclosing these. This is an improvement since 2016.
- Examples of consumer education programs for the undernourished include: Mondelēz educational and school/community gardening programs available in Brazil, China, India, Indonesia, Mexico and South Africa, which focus on nutrition and healthy eating through classroom instruction on preparing fruits and vegetables that students grow themselves. In India, it supported the creation of mothers' groups to provide nutrition and health education for women with infants and young children (aged zero to six). These groups teach the preparation of healthy foods, promote improved infant and young child feeding practices, and strengthen the participants' skills and knowledge in making healthy, affordable food choices.

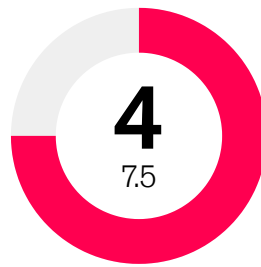
Category F - Labeling 15% - Nutrition



F1 Facts
F2 Claims

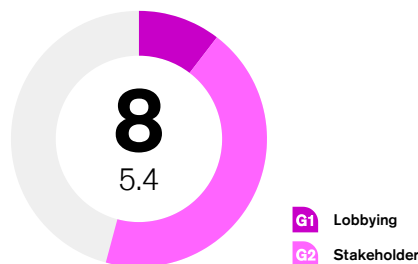
- As in 2016, Mondelez is committed to providing nutrition labeling on all products in all markets. The company reports that its approach to nutrition labeling is in line with international standards, including Codex Alimentarius. Mondelez provides labeling information per serving and/or per 100 grams on eight key nutrients. Mondelez front-of-pack (FOP) labels provide numeric information on the recommended daily intake such as Daily Value or Dietary Reference Intake. The company could better communicate the nutritional value of its products by using interpretive FOP labels globally. Similar to all companies, Mondelez should ensure to not undermine existing local interpretative FOP labeling systems by implementing alternative or additional systems.
- Mondelez discloses publicly that it has rolled out its full labeling commitments in all its markets. This is an improvement compared to 2016 and a leading practice among companies assessed on the 2018 Global Index.
- As in 2016, Mondelez commits only to placing a health or nutrition claim on a product when it complies with the relevant Codex Alimentarius standards or other regulatory standards such as those in the EU or U.S., unless national regulation is in place which takes precedence over these standards. Mondelez does not disclose publicly the percentage of SKUs (stock keeping units) that meet its healthy standard and which carry nutrition content or health claims and whether any complaints have been upheld against it about the misuse of health or nutrition content claims. This is an area it could focus on more.

Category F - Labeling 15% - Undernutrition



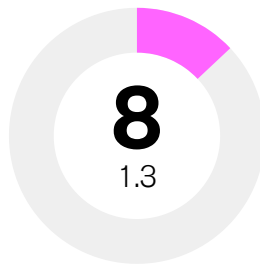
- Mondelez has improved considerably in this area. In 2016, the company did not score at all. Mondelez commits to labeling products that either have naturally high levels of micronutrients or that have been fortified with micronutrients. It also commits to include information on such nutrients on the label, in accordance with local regulations or by recognized bodies, such as Codex in those cases where country regulations or standards have not been set. This commitment also extends to health and nutrition claims - the company follows Codex standards in countries where there is no regulatory framework on the use of nutrition and health claims, and specifically mentions that this approach covers fortified products.
- In line with industry leading practice, Mondelez discloses its approach on labeling micronutrients for products targeted at consumers at risk of undernutrition for all relevant markets, and on using health and nutrition claims on fortified products.

Category G - Engagement 5% - Nutrition



- Mondelez has a policy on interacting with government officials and 'Code of Conduct' in place. The company provides a broad commentary about its participation in public dialogue on policy issues that affect its business, employees and communities. However, the company does not report on specific topics on which it engages with policymakers around the world and does not make an explicit commitment not to lobby against government initiatives to improve public health. To strengthen its approach, the company could commit to lobby only in support of public health policy initiatives in all markets.
- Mondelez could improve its transparency related to its commitments and activities on lobbying and influencing governments and policymakers on nutrition issues. The company only discloses its membership in U.S. trade associations, to which it paid dues of \$50,000 or more and political expenditures. Moreover, it does not set out whether it has any governance conflicts of interest or holds board seats on industry associations and/or advisory bodies related to nutrition issues. Mondelez could improve its approach by extending disclosure on its lobbying related activities to all markets.
- The company engages on a number of topics related to its 'Well-being Strategy' with a wide range of stakeholders including academia, consumers, NGOs, governments, authorities and other relevant organizations. In the process of updating its 'Well-being Strategy' including improving its overall portfolio, Mondelez provided evidence of engaging with key stakeholders to solicit their input on its new strategy. Overall, Mondelez provided evidence of comprehensive, well-structured stakeholder engagement. To strengthen its performance, the company could disclose specific examples of how stakeholder input has been used to adapt its policies and strategies.

Category G - Engagement 5% - Undernutrition



- Mondelez provided a few examples of supporting developing countries governments' efforts to introduce policies or regulations to address undernutrition. For example, in Nigeria, the company claims to support the government's efforts in raising awareness of the Nigerian Fortification Standard. In the Philippines, Mondelez supported the Department of Health's fortification program, Sangkap Pinoy, to help people identify and seek out those products that are fortified with the key micronutrients that are low in local diets. The company could improve its support of public policy to address undernutrition in developing countries by articulating a specific commitment and reporting publicly about relevant actions in this area.
- The company failed to provide evidence of one-on-one discussions with key organizations working on undernutrition to solicit input on its commercial strategy/policy/approach to undernutrition. This is an area it should focus on and increase transparency in its stakeholder engagement activities to address undernutrition.

Product Profile



19

Rank 19 / Score 2.5

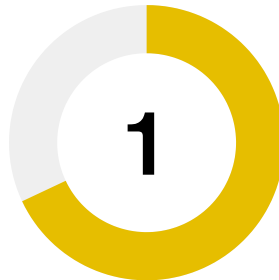
Average HSR score products (sales-weighted)	Percentage of healthy products (sales-weighted)	Percentage of healthy products suitable to market to children (sales-weighted)	Number of products included in HSR and WHO EURO assessments		Number of countries included in the assessment
			HSR	WHO EURO	
1.3 stars	7%	3%	2047	2269	8

- Mondelez's average sales-weighted HSR is 1.3 (1.2 unweighted), generating a Product Profile score of 2.5 out of 10, and it ranks nineteenth.
- Seven percent of its 2016 sales of the products assessed were estimated to meet the healthy threshold (5% of its products by number). The proportion of its 2016 sales of products assessed as suitable to market to children was estimated to be 3% both sales-weighted and as a proportion of its products by number.
- Of the eight countries in which Mondelez's products were analyzed, it had the highest mean HSR of 1.5 in South Africa and 17% of products met the threshold for healthy of an HSR of 3.5 or more. Mexico ranked first in terms of the country with the highest proportion of sales from products considered 'healthy', with 18%. No products in China or New Zealand received an HSR of 3.5 or above.
- Overall, a very low proportion of Mondelez products (3%) were eligible for marketing to children. Mexico by far had the highest proportion of products eligible for marketing to children (33%) followed by the U.K. with 4%, with all other countries not selling any products eligible for marketing to children. 'Confectionery' dominates most country portfolios and 'Confectionery' products are automatically ineligible for marketing to children under the WHO Euro criteria .
- The 'Dairy' category had the highest proportion of products that met the threshold for healthy (24%), followed by 'Savory Snacks' (22%). 'Confectionery' and 'Baked Goods' ranked lowest out of the seven categories.
- The Product Profile shows that Mondelez generates a low level of sales from its healthy products and overall only 5% of its products by number are considered to be healthy. In addition, a low proportion of its portfolio fulfils the criteria to be marketed to children. The company should step up its efforts to improve the healthiness of its portfolio through product reformulation and other means. Given that options to increase the healthiness of products in certain categories (such as confectionery) are limited, the company should optimize the levels of relevant 'negative nutrients' and 'positive nutrients' in other product categories where possible.

For full details, see the company's Product Profile scorecard.

Reported product categories

Baby Food, Powdered & liquid beverages, Pet Care, Nutrition & health care, Dairy, Confectionery, Ready Meals, Ice cream, Water, Canned/ Preserved Food, Chilled & Frozen Processed Food, Snack foods, Cereals



↑ Rank 1 / Score 6.8

Rank 2 (2016)

**Product Profile**

Rank 13 / Score 3.8

**BMS Marketing**

Rank 2 / Score 45%

Headquarters

Switzerland

Market capitalization

\$221,698 m

Reported revenue by geography ⓘ 65

Rest of World 70%, U.S. 30%

Number of employees

335,000

Total revenues ⓘ 64

\$88,786 m

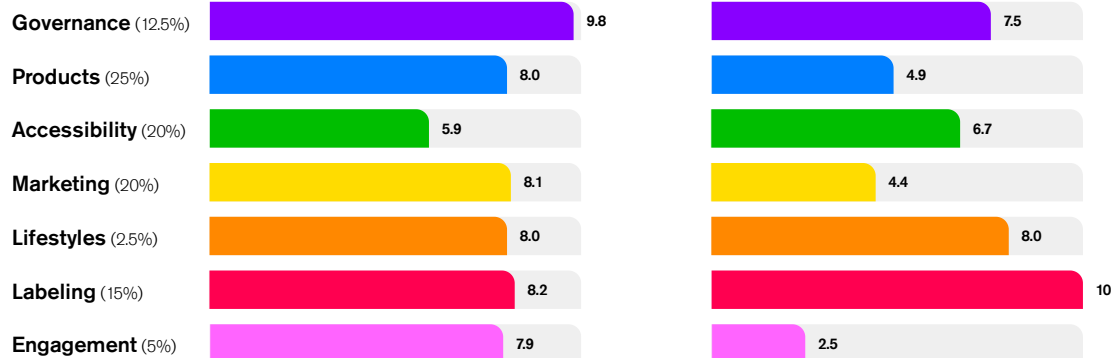
Corporate Profile

Nutrition

1/7.8

Undernutrition

2/6.2



Main areas of strength

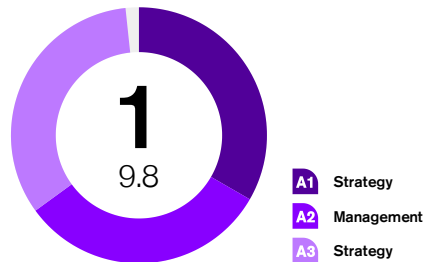
- Nestlé's score has increased from 5.9 in 2016 to 6.8 out of 10 in 2018. The company also improved its position compared with the 2016 Global Index and now ranks first.
- Nestlé leads the 2018 Global Index with above average performance in all categories of the Index. Its overall nutrition governance and management systems are comprehensive, well-structured, transparent and applied globally with a clear accountability structure.
- The company has a global Board-approved nutrition strategy. This includes a comprehensive set of 15 nutrition-related targets updated in 2016, which are directly linked to the SDGs.
- The company has formalized most of its nutrition-related commitments in global policies, which are to a large extent disclosed publicly.
- Since the last Index, Nestlé has updated its policy on marketing to children, which sets an industry leading audience threshold of 25% for children aged 2-12. Furthermore, Nestlé remains one of the few companies to conduct an independent audit, in addition to participating in industry association audits that review the company's compliance with its policy on marketing to children.
- Nestlé has an industry leading global 'Maternity Protection Policy' based on the principles of the ILO's Maternity Protection Convention (C183).
- The company further updated and strengthened its labeling standards and has more comprehensive standards and policy relating to engagement with governments and policymakers.
- The company's efforts to tackle undernutrition are delivered through commercial strategies focused on children and women as well as key priority groups, and is extended to developing countries, including high priority countries. It also pursues 'Creating Shared Value' program initiatives to promote healthy diets and nutrition education.

Priority areas for improvement

- Nestlé reports that a high percentage of sales are generated by products that meet the company's definition of healthy. The Product Profile, using the Health Star Rating (HSR) system, estimated a much lower percentage. Nestlé should review its NPS to ensure it aligns with internationally recognized systems such as the HSR.
- Nestlé ranks thirteenth in the Product Profile assessment with a score of 3.8 out of 10, based on an assessment of its major product categories in nine countries. Nestlé was estimated to derive only 19% of its total sales from healthy products. These findings illustrate that Nestlé has significant scope to improve the healthiness of its portfolio through product reformulation, innovation and/or portfolio changes.
- While Nestlé's policy on marketing to children is considered relatively strong, it does not extend to secondary schools and the approach to marketing in places popular with children could be strengthened.
- Nestlé does not commit to exclusively support programs designed and implemented by third-parties with relevant expertise that provide nutrition education or promote healthy lifestyles among consumers. Nestlé should seek to support unbranded programs to avoid the impression that educational programs are used for marketing purposes.
- Nestlé ranks second on the breast-milk substitutes (BMS) marketing sub-ranking. The wording of its policy aligns closely with the International Code of Marketing of Breast-milk Substitutes (The Code) and subsequent World Health Assembly (WHA) resolutions, although the policy is not applied to all products and in lower-risk countries. In both Thailand and Nigeria, many incidences of non-compliance with The Code were found. The company should re-double its efforts to ensure that it complies with its own policy and extend its commitments so that it complies with The Code in all countries, for all products.

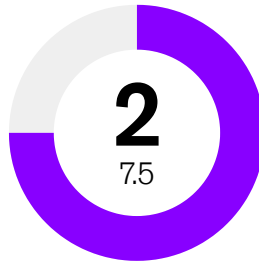
Category Analysis

Category A - Governance 12.5% - Nutrition



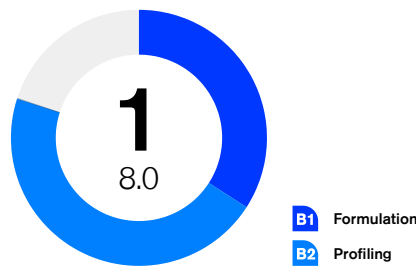
- Nestlé is the top performer in Category A, with comprehensive nutrition governance. This enables the company to effectively put into practice its commitment to help tackle the challenges of increasing obesity, undernutrition and diet-related chronic diseases.
- Since 2012, Nestlé has had a series of nutrition-related commitments in place. In the fiscal year 2016, the company conducted an internal review and strengthened these commitments to align them with its 2030 ambitions and the SDGs. These commitments consist of 15 distinct objectives and address topics such as product formulation, undernutrition, encouraging healthy and active lifestyles, product labeling, responsible marketing and stakeholder collaboration.
- The company also makes it clear that its commitment to grow through a focus on health and nutrition plays a part in its decisions about mergers and acquisitions.
- Nestlé remains very transparent about its nutrition governance. Formal accountability rests with the company's CEO and the members of Nestlé's Executive Board, demonstrating a strong organizational commitment to nutrition. To improve further, the company should link remuneration of the CEO and other senior executives directly to performance on nutrition targets (which are currently linked only to broader CSV performance) and publish a commentary about this in the annual compensation report.
- Nestlé's quality of reporting on nutrition themes remains high. In its global 'Creating Shared Value' report, the company reports against its 2016 and 2020 objectives, provides an indication of progress compared with the last three fiscal years and clearly links its commitments to specific SDGs. In addition, Nestlé is one of very few companies that have separate reporting for its major markets and where nutrition commentary is subject to independent external review.

Category A - Governance 12.5% - Undernutrition



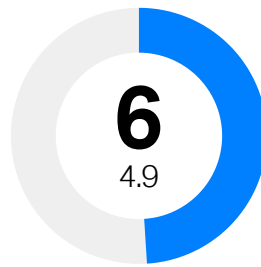
- Nestlé remains committed to playing a role in addressing undernutrition on a global scale through its commercial activities. The company has a strategy that combines micronutrient fortification and products designed to appeal to low-income consumers, while also being affordable and accessible. This strategy is implemented across a number of higher and lower-risk countries, with oversight delegated to the company's Nestlé in Society Board, chaired by the CEO. The company does not have a philanthropic strategy.
- Like many companies assessed, Nestlé's commercial undernutrition activities are focused on both higher and lower-priority developing countries, as well as relevant target groups. Nestlé has identified seven priority markets which include higher priority countries. This focus is notably driven by a formal process of market research to assess the commercial need and/or potential for fortified products, with studies conducted in many higher and lower-priority countries. This is a practice not widely demonstrated across assessed companies.
- To strengthen its undernutrition strategy, the company is encouraged to work within regional and national frameworks in support of goals set by the international/national nutrition community to address specific fortification needs. Further, the company should extend its formal advisory panel by adding members with a broader range of expertise on preventing and addressing undernutrition. This panel could evaluate new initiatives and the effectiveness of existing ones, as well as review and update the overall strategy.
- Similar to the company's reporting on nutrition broadly, Nestlé's reporting on its work to tackle undernutrition is extensive, providing a clear commentary on how it aims to prevent and address undernutrition in developing countries.

Category B - Products 25% - Nutrition



- Nestlé leads the ranking on nutrition in Category B. The company has a commitment to develop, design and launch food and beverages that address the daily nutritional needs and key nutritional gaps of children up to age 12, among other target groups, which leads Nestlé's activities in product reformulation.
- The company's commitment to product reformulation is also mirrored in its R&D commitments. In the fiscal year 2016, the company articulated a target to spend 64% of its R&D budget on nutritious product development. In addition, the company has a standard in place which requires that all innovations and all children products meet the Nestlé Nutritional Foundation (NF) criteria. As indicated above, considering the Product Profile assessment results, the NF should be reassessed to align with internationally recognized systems.
- Nestlé's reformulation targets cover all food and beverages on a global basis and are based on WHO recommendations. The company has defined targets for negative nutrients - salt/sodium, sugar, trans-fat and saturated fat. However, the company could improve these targets by committing to achieve the NF criteria (or an updated version) by a specific date. Currently, it commits only to reduce negative nutrients by a certain percentage if products do not meet the NF criteria.
- Although Nestlé is one of the few companies to articulate a commitment to increase vegetables, fiber-rich grains, pulses, nuts and seeds in its products, the current target is broad and not specific about which products are covered. The company should be more explicit and define quantitative targets that can be verified.
- Nestlé could improve its performance by annually publishing consolidated data of new healthy products introduced. The company should also expand its healthy offering per brand, as currently not all brands include at least one healthy option for adults or children.
- Nestlé's NPS calculates a score for the nutritional rating of its products across its global portfolio, assessing levels of energy, fat, added sugars, fiber, sodium and calcium. The system was established by incorporating recommendations from relevant institutes and authorities, including the WHO, and is now published in five peer-reviewed journals. According to these criteria, related to how the NPS was set up, it achieves the maximum healthy multiplier.
- The company reports that it generated more than 80% of its 2016 revenues from healthy products. However, the Product Profile research in nine countries worldwide estimated that the company generated only 19% of sales from healthy products (defined as an HSR of 3.5 or more). The difference may be partly due to the fact that HSR does not consider serving size in its calculations, while the company NPS does. Nevertheless, as indicated above, the findings of the Product Profile imply that the company's specific nutritional thresholds and definition of 'healthy' within its NPS need urgent reassessment. The company is urged to revise its metrics for determining sales of healthy products, aligning them to well-verified systems such as HSR.

Category B - Products 25% - Undernutrition



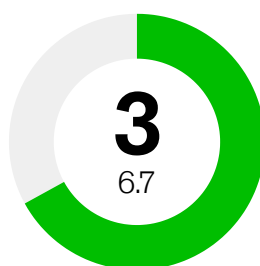
- The company has a strategic and well-structured commercial approach to addressing undernutrition through micronutrient fortification. It reports on its commitments, objectives and progress, and publicly discloses its 'Fortification Policy' which guides the company's activities in this area.
- Nestlé's product formulation activities focused on the undernourished are mostly delivered through its core business. The company formally commits to tackling micronutrient deficiencies in developing countries and sets targets with respect to developing fortified products or the introduction of new fortified products that can be sold at prices affordable for undernourished people. These are consumed widely and regularly and contribute to a healthy diet. For example, in the last two years Nestlé developed Maggi Bouillon Cubes containing iron in Cameroon, Maggi seasoning in the Philippines with iron and powdered seasoning with iron in Brazil.
- Nestlé's 2016 goal was to reach 200 billion micronutrient-fortified servings of foods and beverages annually worldwide, helping to address global micronutrient deficiencies with a special focus on children and women. This goal was achieved. The company also developed 2020 goals - to continue reaching millions of children and families with fortified foods and beverages and to initiative collective action to reduce micronutrient deficiencies in ten countries.
- Nestlé is committed to seeking the use of ingredients with higher inherent levels of micronutrients. As part of its commitment to add nutritional value at every stage of the food supply chain, the company is exploring how it can use non-GMO technologies, including marker-assisted breeding, to identify plant varieties with increased nutrient density that can be used as ingredients in products. The base species are inherently high in nutrients (e.g. vegetables). In addition, the company provides examples of working on a supply-chain of biofortified ingredients.
- The company lacks a commitment to basing its approach to fortification on Codex standards - Codex CAC/GL 09-1987 - and should commit to applying fortification guidance that reflects international agreement on best practice.

Category C - Accessibility 20% - Nutrition



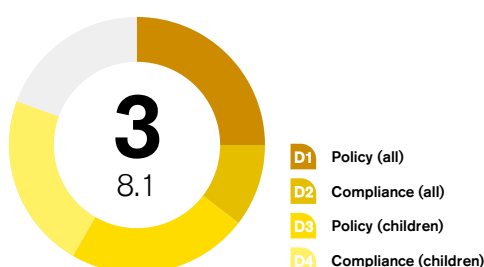
- To ensure low-income consumers can access its healthy products, Nestlé has developed its Popularly Positioned Products (PPP) strategy covering both the accessibility and affordability of healthy products. The strategy applies to both developed and developing markets, covers products that are widely consumed such as bouillons, seasonings and noodles which provide affordable nutrition for less affluent consumers.
- The PPP approach is codified in formal strategy documents that apply across a range of Nestlé product categories and across global operations, embedding it fully in the business. Accountability has been delegated to a named executive who acts as the initiative's sponsor – which ATNF considers best-practice.
- Even though the PPP strategy covers a number of product categories, the company could expand its scope by covering all product categories in which it offers healthy products. Furthermore, it is recommended that Nestlé should expand the scope of its PPP strategy in developed countries beyond Eastern Europe. This should be done on the basis of analysis of accessibility and affordability of healthy products to low-income populations in developed markets.
- Nestlé shared few examples of offering discounts, price promotions or coupons on healthy products at either the same or a greater rate as for less healthy products from developing countries. Similar examples from developed countries have not been provided. As in 2016, the company did not provide information about initiatives dedicated to improving the accessibility of healthier options. For example, special arrangements with distributors regarding how healthy products are distributed. This is an area it should focus on.

Category C - Accessibility 20% - Undernutrition



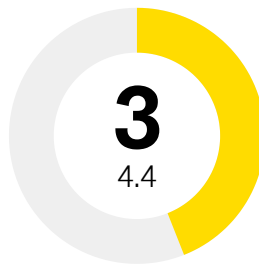
- The PPP strategy is designed to tackle undernutrition and most products covered by the strategy have been fortified specifically to meet the needs of undernourished consumers.
- The company provided many commercial examples of delivering its PPP strategy through improving the affordability and accessibility of fortified products. For example, reducing product sizes in Africa and South-East Asia.
- Nestlé commits to providing packs that are well within what consumers can afford every day and available in various formats to ensure affordability. The affordable fortified product range includes fortified Maggi in Central and West Africa and the South Asia region, fortified condiments and bouillon under the Malher brand in Central America, an affordable range of fortified dairy products in South-East Asia (e.g. Philippines), Nestlé Bunyad in Pakistan, Nutri Rindes in Mexico and Cada Dia in Angola.
- To improve the accessibility of fortified products, Nestlé has set up the Micro-Distributorship (MD) Program in several lower and higher priority countries. In this program fledgling entrepreneurs personally distribute and sell a wide range of Nestlé products to small stores in densely populated areas that cannot be covered by existing Nestlé distributors.
- Compared with 2016, the company was unable to provide relevant PPP objectives related to product pricing and is encouraged to develop and share objectives with respect to making its healthy fortified products affordable.

Category D - Marketing 20% - Nutrition



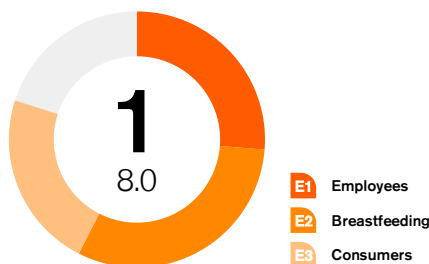
- In terms of responsible marketing to all consumers, Nestlé's approach is one of the strongest compared to its peers. It scored full marks for its responsible marketing commitments to consumers. The company commits to a comprehensive set of responsible marketing techniques on all media covered by the ATNI methodology. Furthermore, the company is transparent about its commitments - the Nestlé Consumer Communication Principles are published online.
- As in 2016, its compliance with this policy is audited by Nestlé's internal Group Audit function. The company could improve its performance on the Index by appointing an independent external auditor to assess compliance on a regular basis and publish the results of these assessments.
- Since 2016 Nestlé has updated its global marketing to children policy. One of the areas of improvement is a broader range of covered media to which the marketing commitments apply and a new, stricter audience threshold of 25% for children aged 2-6 and 6-12, which is an industry-leading practice, compared to an audience threshold of 35% applied in 2016. In terms of commitments to responsible marketing to children, the company should expand them so as not to market at all to children under 12 and develop responsible marketing commitments for children aged 12 and older.
- Nestlé remains committed to refraining from advertising in or near primary schools, including through the use of digital marketing. Nestlé is also one of two companies that makes a commitment to restrict its marketing, to some extent, in places popular with children. The company could improve its policy by extending its commitments on marketing to secondary schools and its approach on marketing in places popular with children.
- As well as Nestlé's policy on marketing to children being audited by a third-party through the IFBA and EU Pledge, the company now appoints an independent auditor covering a broad range of media. This is considered best practice. The company's compliance with the mentioned pledges exceeds 90%. Compliance levels for TV and internet-based media are publicly available, and such disclosure is a leading practice.
- The company could also make more specific and clearer commitments to action regarding compliance issues with its marketing policy to children.

Category D - Marketing 20% - Undernutrition



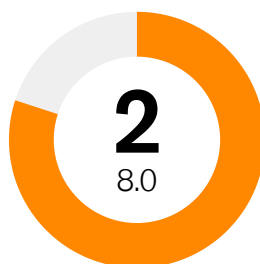
- Nestlé is one of only a few companies that provided examples of developing and delivering specific marketing strategies designed to reach undernourished populations in developing countries. However, the company lacks a formalized commitment to developing and using such approaches consistently. To strengthen its approach, it should make such a commitment and work with behavioral specialists to ensure its products reach those they are intended for through the most effective marketing strategies.

Category E - Lifestyles 2.5% - Nutrition



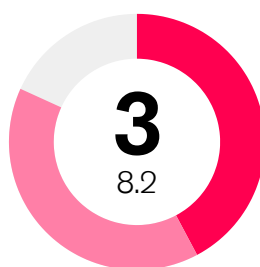
- Nestlé leads the rankings on nutrition criteria for Category E 'Support for healthy diets and active lifestyles' showing a strong performance in all three category criteria.
- The company offers robust employee health and wellness programs available to all employees and these programs are extended to the families of employees in some markets. Nestlé is one of the few companies that conducts independent evaluations on the health impact of the nutrition, diet and activity elements of its employee health and wellness programs, demonstrating both quantitative and qualitative results from these programs.
- The company is encouraged to improve its approach further by supporting employee health and wellness in a number of areas. It should enhance its impact by extending these programs to family members of all employees globally. Reporting publicly on participation targets, health and business impacts and the results of any evaluations commissioned could be strengthened as well.
- Nestlé leads its peers in terms of supporting breastfeeding mothers at work. The company's global policy 'Maternity Protection Policy' is publicly available. This policy is applicable worldwide and offers a minimum of 14 weeks paid maternity leave, flexible working arrangements and supportive working environments for breastfeeding. In addition, Nestlé is the only company that aligns its policy with the ILO's Maternity Protection Convention (C183).
- One way in which Nestlé could improve and achieve best-practice would be to extend paid maternity leave up to six months or more globally.
- Nestlé's consumer-oriented nutrition education, healthy diet and physical activity programs are global and primarily focused on children. Programs focused on nutrition education/healthy diet are aligned with national dietary guidelines and exclude brand-level sponsorship, but active lifestyle initiatives allow brand-level sponsorship. Therefore, the company is encouraged to broaden the scope of commitment to exclude brand-level sponsorship in active-lifestyle education programs and disclose such commitment.
- Currently, Nestlé commits to supporting programs developed and implemented by independent groups in addition to its own programs. The company is encouraged to strengthen its commitment by extending it to exclusively support programs designed and implemented by independent third-parties with relevant expertise and ceasing to use brand-level sponsorship on initiatives it funds. The company should expand the scope of independent evaluations to all educational programs and provide more information about the results publicly.

Category E - Lifestyles 2.5% - Undernutrition



- Nestlé has some consumer-oriented educational programs in the area of undernutrition in a number of higher and lower-priority developing countries such as Philippines, Cameroon, Peru, Vietnam and some other African countries..
- For example, in Peru the company developed a program 'El Plato más Rico del Perú' to help address child malnutrition. Parents and caregivers are guided to prepare balanced meals and in appropriate portion sizes for children aged 4–12. In Côte d'Ivoire, the company has funded training across Central and West Africa on the importance of good nutrition, micronutrient deficiencies and fortification, balanced diets and culinary hygiene.
- The company's approach to educational programs for the undernourished remains the same as in 2016. As with its consumer-oriented educational programs for nutrition more broadly, the company could strengthen its approach to tackling undernutrition by committing to exclusively support programs designed and implemented by independent third-parties with relevant expertise and providing more comprehensive descriptions of this work.

Category F - Labeling 15% - Nutrition



F1 Facts
F2 Claims

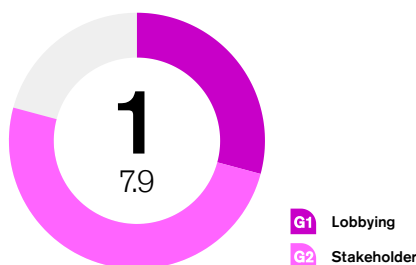
- Since the last Index, Nestlé has updated and strengthened its labeling standards. Nestlé remains committed to providing consumers with nutritional information on back-of-pack (BOP) and front-of-pack (FOP) labels. This global commitment encompasses guidance for consumers expressed in the daily amounts of all key nutrients except trans-fat.
- While Nestlé's FOP labeling provides numeric information on the levels of key nutrients and the percentage intake based on recommended daily values, the company could improve by using interpretive FOP labels. Currently, the company does so for markets where such systems are developed and, in the EU, Nestlé partners with its peers when developing the FOP interpretative format. Similar to all companies, Nestlé should make a commitment to implement FOP interpretative labeling globally, and like all companies, should ensure to not undermine existing local interpretative FOP labeling systems by implementing alternative or additional systems.
- Nestlé commits only to placing a health or nutrition claim on a product when it complies with the relevant Codex Alimentarius standards unless national regulation is in place which takes precedence over these standards.
- Overall, Nestlé should increase transparency by publishing and reporting publicly how many markets it has implemented its full labeling commitments on all products and by tracking the percentage of SKUs that meet its healthy standard and that carry nutrition content or health claims.

Category F - Labeling 15% - Undernutrition



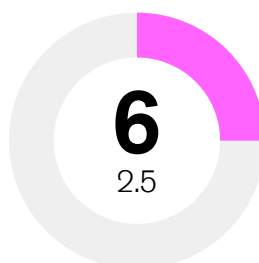
- Nestlé received a full score for undernutrition Category F and shows best practice in this area. The Nestlé Policy on Micronutrient Fortification of Food and Beverage Products commits to labeling all products worldwide that have been fortified with micronutrients. The company also has guidelines in place to ensure that fortified products only carry health and nutrition claims when consistent with Codex Alimentarius' standards in the absence of a national regulatory framework. Nestlé is one of a few companies taking this best practice approach and publicly disclosing its commitments.

Category G - Engagement 5% - Nutrition



- Nestlé is one of three companies that has a global commitment to engage with governments and policymakers to support measures to prevent and address obesity and diet-related chronic diseases. Despite having stronger commitments than some of its peers, Nestlé does not make an explicit commitment not to lobby against public health topics.
- Nestlé discloses its membership in industry associations and other organizations, its financial support and its lobbying measures to prevent and address obesity and diet-related chronic diseases. By disclosing any potential conflicts of interests, board seats held in these organizations and policy position used in lobbying/governmental engagement, the company would strengthen transparency and accountability on lobbying activities.
- Nestlé has a comprehensive and well-structured approach on stakeholder engagement and provides extensive examples such as Nestlé's annual stakeholder convenings around topics such as SDGs, Nutrition and Health and BMS. These are organized and hosted by external experts.

Category G - Engagement 5% - Undernutrition



- Nestlé's new policy 'The Nestlé Policy on Transparent Interactions with Public Authorities' strengthened the company's approach and now includes a formal commitment with regards to playing an active and 'constructive part in support of developing countries' governments' efforts to address undernutrition. Despite the commitment, the company did not provide examples to demonstrate having supported developing governments' efforts to introduce policy or regulations to address undernutrition.
- Furthermore, the company could improve reporting on one-to-one discussions with key organizations working on undernutrition to solicit input on its commercial strategy/policy/approach to undernutrition.

Product Profile



13

Rank 13 / Score 3.8

Average HSR score products (sales-weighted)	Percentage of healthy products (sales-weighted)	Percentage of healthy products suitable to market to children (sales-weighted)	Number of products included in HSR and WHO EURO assessments		Number of countries included in the assessment
			HSR	WHO EURO	
1.9 stars	19%	20%	2029	2039	9

- Nestle's average sales-weighted HSR is 1.9 (2.2 unweighted), generating a Product Profile score of 3.8 out of 10, and it ranks thirteenth. Across the nine countries included in the assessment, products from 13 product categories were assessed using the HSR system. Nestlé's baby food products were not included in this analysis.
- 19% of its 2016 sales of the products assessed were estimated to meet the healthy threshold (27% of its products by number). The proportion of its 2016 sales of products assessed suitable to market to children was estimated to be 20% (17% of its products by number). The lower sales-weighted HSR scores suggest that its products with lower HSRs accounted for a relatively higher proportion of sales than those with higher HSRs.
- Of the nine countries in which Nestlé's products were analyzed, it had the highest mean HSR in the U.S. and India – both 2.4, and the lowest average HSR in China of 0.6.
- Nestle has the highest proportion of healthy products in Australia, the U.S. and New Zealand (38%, 29% and 27% respectively) with zero products in China being identified as healthy. The highest proportion of products eligible for marketing to children was found in India (30%). None of its products were eligible for marketing to children in South Africa and China. No products were eligible to market to children in a large number of categories (7 out of 13).
- In terms of categories, Nestle's healthiest category on average is 'Breakfast Cereal' (HSR of 3.8), followed by 'Soup' (3.3), with 'Sweet Biscuits, Snack Bars and Fruit Snacks' having the lowest mean HSR of all Nestlé product categories (0.5). The low mean HSR for China is explained by the category rankings, with the only Nestlé products sold in China being those in the lowest-ranked 'Sweet Biscuits, Snack Bars and Fruit Snacks' category.
- Nestlé ranks first in the Corporate Profile and leads in a number of Index categories including on product reformulation criteria. The company also reports high level of sales generated from products that meet the its healthy criteria. The Product Profile identifies considerably fewer products as healthy than reported by the company. The difference in score and rank between the two elements of the ATNI methodology suggest that while the company has the comprehensive governance structure and well-structured commitments, it should look at how it can strengthen its NPS and metrics to track the number of healthy products and sales generated from these products. In other words, Nestlé needs to demonstrate its commitment to nutrition and health by offering a much healthier product portfolio.

For full details, see the company's Product Profile scorecard.

Breast-milk Substitutes (BMS) Marketing



2

Rank 2 / Score 45%

Rank	BMS Marketing	Adjustment to Global Index Score	BMS 1	BMS 2	Level of compliance in country studies	
		Max. of - 1.5			Thailand	Nigeria
2	4.5%	0.83	56	33	Low (0%)	High (66%)

- Nestlé is one of four Index companies included in the BMS Marketing sub-ranking. Its score is based on two assessments: BMS 1 which assessed the company's BMS marketing policy commitments, management systems and disclosure and BMS 2 which assessed its marketing practices in Thailand and Nigeria during 2017.
- Nestlé ranks second in the BMS sub-ranking with a level of compliance with the ATNI methodology of 45%.
- It published a new BMS Marketing policy following the last Index and improved commitments related to collaboration with governments in their efforts to monitor the application of the Code and to BMS-related lobbying. It has also published more information on its management systems. Nevertheless, its policy still does not extend to lower-risk countries nor to growing-up milks. Thus, its overall score is 56% on BMS 1.
- To improve, Nestlé could extend its policy to include growing-up milks, and cover all markets. It should revise its policy to ensure it encompasses all of the recommendations of the WHA resolutions (including WHA 58.32 and 69.9), and make sure it has a full set of consistent management mechanisms, such as instructions to staff linked to each of its commitments.
- In the two in-country studies of marketing practices, it achieved a level of compliance of only 33% on aggregate, being rated as having a low level of compliance with The Code and local regulations in Thailand, but a high level of compliance in Nigeria.
- To bring its marketing practices into line with The Code in Thailand and Nigeria it should ensure that all of its product labels include all necessary information. In Thailand – and in all other markets – Nestlé should particularly take steps to ensure that all online retailers comply with its policy prohibiting point-of-sale promotions. It should also stop donating equipment and materials to healthcare facilities.

PepsiCo ^{i 66}

Reported product categories

Confectionery, Dairy, Pasta, Snacks,
Spreads, Drinks, Baby Food



↓ Rank 7 / Score 5.2
Rank 6 (2016)



Product Profile

Rank 11 / Score 4.6

Headquarters
U.S.

Market capitalization
\$150,238 m

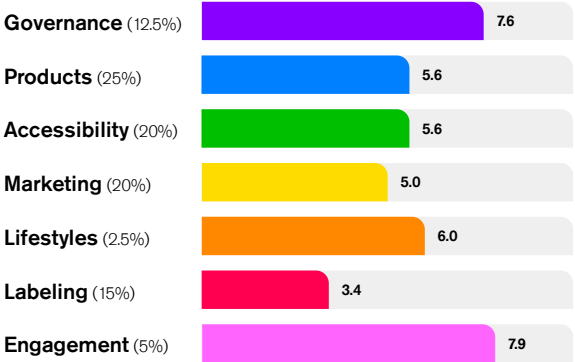
Reported revenue by geography ^{i 68}
U.S. 58%, Rest of World 42%

Number of employees
264,000

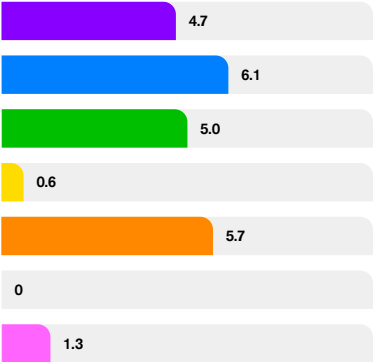
Total revenues ^{i 67}
\$63,056 m

Corporate Profile

Nutrition 7/5.5



Undernutrition 10/3.4



Main areas of strength

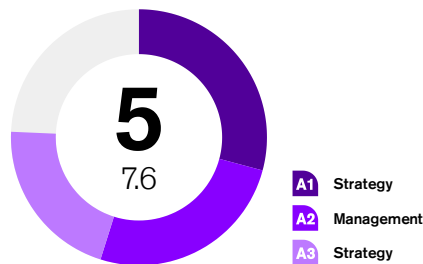
- PepsiCo's score has increased from 3.6 in 2016 to 5.2 out of 10 in 2018 and currently ranks seventh. Since 2016, the company has strengthened its overall performance and has improved in a number of categories and areas.
- The company's strategy 'Performance with Purpose', and its goal to transform its portfolio to meet consumers' changing taste preferences and make healthier foods and beverages, is central to its growth strategy, which is overseen by the CEO. In 2016, PepsiCo announced new Performance with Purpose goals for the next decade. PepsiCo continues to have one of the strongest nutrition-related risk assessments, which is published in its annual report.
- The company's score has improved considerably in accessibility and affordability of healthy products (Category C). PepsiCo has made a strategic commitment to address societal nutritional needs and has expanded its commercial accessibility and affordability strategy. It is developing guidelines on product composition, relative price point and consumer accessibility which are tailored to the specific initiative and situation.
- As in previous editions of the Index, PepsiCo's staff wellness program, Healthy Living, is among the leading approaches to supporting employee health and wellness. The company conducts regular studies with independent third-parties to measure the effectiveness of its employee well-being program and to calculate its return on investment and to refine the program to address the emerging health risks of the population.
- The company also showed considerable improvement in engagement with governments, policymakers and other stakeholders. PepsiCo is one of three companies that expressed a commitment to engage with governments and policymakers to support measures that prevent and address obesity and diet-related chronic diseases. PepsiCo is also transparent about its lobbying positions related to nutrition.

Priority areas for improvement

- PepsiCo has a Nutrient Profiling System (NPS) and applies the 'PepsiCo Nutrition Criteria' (PNC) to guide product renovation of existing products by improving their nutritional profile, as well as guide the development of new product offerings. PepsiCo offers 'Everyday Nutrition' products which contain nutrients like grains, fruits and vegetables, or protein, plus inherently nutritious products such as water. However, these do not necessarily meet the company's healthy definition. PepsiCo should clarify and disclose how its 'Everyday Nutrition' products relate to its definition of 'healthy' products linked to its NPS.
- Strengthened since 2016, PepsiCo's product reformulation targets remain limited as they do not cover all relevant products and nutrients globally. Furthermore, progress on these targets is reported for ten major markets instead of globally. Similarly, the company aims to increase levels of fruits and wholegrains in some products, but has not set clear targets or timelines.
- Since the 2016 Index, the company adopted a new global standard on health and nutrition claim substantiation. Despite this improvement, the company does not make a clear commitment to only place a claim on a product if it complies with Codex guidance in the absence of local regulation. In addition, the company should develop a tracking system for products which have nutrition and or health claims.
- Despite expanding its commercial approach to undernutrition, activities and strategy focused on fortification remain limited. The company should adopt a commitment to fortify according to relevant Codex standards, using products of high underlying nutritional quality only.
- PepsiCo ranks eleventh in the Product Profile assessment with a score of 4.6 out of 10, based on an assessment of its major product categories in nine countries. PepsiCo was estimated to derive only 19% of its total sales from healthy products, i.e. achieve a rating of 3.5 stars or more in the HSR system. This indicates that PepsiCo has significant scope to improve the healthiness of its portfolio through product reformulation, innovation and/or portfolio changes.

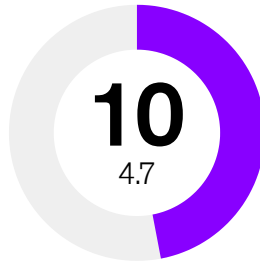
Category Analysis

Category A - Governance 12.5% - Nutrition



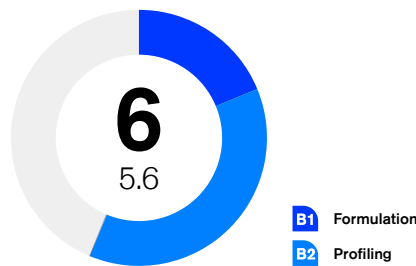
- PepsiCo's approach to doing business is driven and guided by its 'Performance with Purpose' vision, which aims to deliver long-term top-tier financial performance by integrating sustainability, including nutrition, into its business strategy. At its core is PepsiCo's portfolio transformation which includes making products already in the portfolio healthier and also offering new, healthy products. The company's vision is also incorporated in its approach to acquisitions. In late 2016, PepsiCo acquired KeVita, a leader in fermented probiotic and kombucha beverages, to expand its Everyday Nutrition Portfolio.
- PepsiCo continues to have one of the most extensive regular nutrition-risk assessments and the risks are described in detail in its annual report. Comprehensive nutrition-related risk assessments have increased PepsiCo's preparedness to address the potential nutrition-related market, regulatory, litigation and reputational risks. This is considered a leading practice.
- In 2016, the company reviewed its sustainability structure and as of FY 2017 the PepsiCo Executive Committee (PEC), led by PepsiCo's Chairman & CEO, sector CEOs and top functional leaders, now has direct oversight of the sustainability agenda. Strategy and progress in the 'Performance with Purpose' goals, which include other product and nutrition-related goals, is part of the Committee's responsibility. In addition, PepsiCo Board of Directors created a Public Policy and Sustainability Committee. This committee assists the Board in providing more focused oversight over PepsiCo's policies, programs and related risks that concern key public policy, sustainability matters including product portfolio transformations.
- PepsiCo's nutrition strategy covers a broad range of nutrition-related topics. However, its goals and targets are mostly focused on product reformulation. To strengthen its nutrition strategy, the company should develop a broader concrete range of measurable objectives and report on progress like it does for product reformulation. In formulating these, PepsiCo should set up a formal panel with experts with a broad range of expertise in marketing, labeling and promoting active lifestyles that can provide strategic advice on preventing and addressing obesity and diet-related disease to the Board.
- Even though the CEO's commitment to portfolio transformation and positioning PepsiCo as responsive to changing consumer trends is evident across the company's reporting, PepsiCo could strengthen this commitment by linking its CEO's remuneration directly to performance on nutrition objectives.
- The company regularly publishes its progress on implementing its nutrition strategy for its global operations. Despite its global presence, the company does not publish separate reports for its major markets. PepsiCo also fails to meet industry leading practice by not conducting an external review of the reported nutrition data.

Category A - Governance 12.5% - Undernutrition



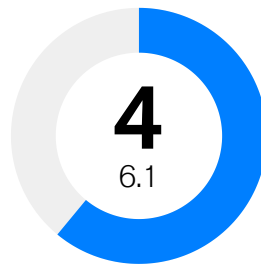
- PepsiCo is committed to playing a role in combating undernutrition in low-income countries. To address the issue of meeting societal nutritional issues, PepsiCo has worked on developing products that are suited to the local needs in terms of taste and nutrition. Compared to 2016, the company has provided more examples of its commercial approach to tackle undernutrition and has disclosed more information about its activities in this area. This is an improvement, as in 2016 there was no reporting on its undernutrition strategy. However, PepsiCo's non-commercial strategy, embedded within its Global Citizenship seems to be more structured, comprehensive and applied in a larger number of countries.
- To strengthen its performance, the company should focus its commercial undernutrition strategy on fortification efforts, which would be based on market research or wider studies to assess the need for addressing undernutrition commercially. The strategy should be extended to more countries, especially higher-priority countries and targeted at children under the age of two and/or women of childbearing age. Currently, top-level oversight for its commercial strategy is shared. The company should strengthen the governance structure and oversight of its commercial undernutrition strategy and allocate it to the CEO or other senior executives.
- Even though PepsiCo and PepsiCo Foundation support several NGOs and initiatives to address undernutrition in low-income countries, it failed to provide evidence that it has sought external experts' advice on preventing and addressing undernutrition. The company could improve its performance by setting up a formal panel of experts which would have a wide range of expertise such as community engagement, marketing and fortification.
- Similar to 2016, the company could improve its disclosure practice on this topic and share a more comprehensive picture of its commercial undernutrition strategy including objectives, future plans and challenges.

Category B - Products 25% - Nutrition



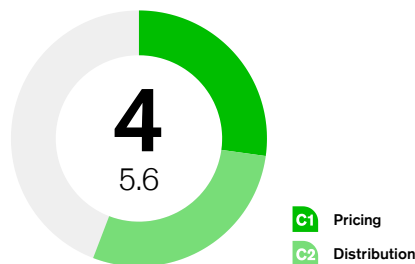
- The company commits to invest in R&D activities with the goal of meeting changing consumer demands and preferences and accelerating sustainable growth. PepsiCo's R&D activities are focused around product reformulation, improvement of product quality and identifying opportunities to transform, grow and broaden its product portfolio. Despite these commitments, similar to 2016, PepsiCo still fails to provide evidence of targets with respect to the amount it intends to increase its R&D spending on nutrition in the coming years. This makes it hard to assess how strong the company's commitment is.
- The company has product reformulation targets related to sodium, sugar and saturated fat; and positive nutrition such as whole grains, fruits & vegetables. PepsiCo reports against a 2015 baseline, indicates progress since 2016 and has set a 2025 target. This is an improvement in reporting since 2016. However, the targets remain limited in scope – some targets cover only certain product categories and the company provides data only for its ten largest markets. PepsiCo should broaden the scope of its targets by developing relevant global targets for all product categories.
- PepsiCo is one of only a few companies to articulate a commitment to increase positive nutrition, such as whole grains and fruits & vegetables. However, its current target, is not specific enough to determine the percentage of products covered, geographic scope, and the level of increased positive nutrients which the company aims to achieve. The baseline year should be formulated more clearly beyond an 'Everyday Nutrition' baseline.
- To strengthen its performance in this area, PepsiCo should publish annually consolidated data of new healthy products introduced, not just providing examples. Furthermore, the company should expand its healthy offering per brand for children and adults globally.
- PepsiCo's NPS guides its product formulation. It is applied globally, covers all products and product categories and is based on international and local dietary guidelines. An improvement is that the PepsiCo Nutrition Criteria is now published online on the company's website.
- PepsiCo should provide a clearer definition of 'Everyday Nutrition' products and how these relate to PepsiCo's definition of healthy as defined by its NPS and 'PepsiCo Nutrition Criteria'.
- Furthermore, the company's reported data of healthy products based on its definition - 'Everyday Nutrition', made up 27% of PepsiCo's total net revenue in the fiscal year of 2016. The Product Profile assessment estimated that only 19% of its sales were generated from healthy products. This indicates that PepsiCo should strengthen how it defines healthy products and link it to its NPS.

Category B - Products 25% - Undernutrition



- PepsiCo offers some fortified products aimed at addressing the specific dietary needs of undernourished populations in developing countries, targeted at a broad range of undernourished consumers. One example is investing in research to develop solutions to undernutrition in Ethiopia designed to help children between the ages of six months and five years with moderate to acute malnutrition. A further example is developing and selling fortified products, and products inherently high in micronutrients, such as those sold in India and Mexico. A final example is funding programs to deliver products – Quaker 3 Minutos - specifically formulated or appropriate for specific undernourished groups in Latin America.
- Despite providing more examples, which had positive impact on the company's performance and score, PepsiCo fails to provide strategic commitments that would guide its fortification process. As in 2016, evidence of a commitment to base its approach to fortification on international guidance, such as Codex or equivalent guidance is lacking. The company should commit to using ingredients with higher inherent levels of micronutrients and only fortify products with high underlying nutritional quality.

Category C - Accessibility 20% - Nutrition



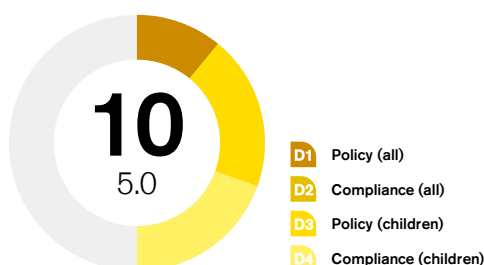
- Since the previous Index, PepsiCo has considerably scaled-up its efforts in this area. The company has a global commitment in place to address accessibility and affordability of its 'Everyday Nutrition' products.
- The company recognizes that it is in the early stages of addressing accessibility and affordability of healthy products and is in the process of developing a specific set of guidelines on relative price point and consumer accessibility of healthy products tailored to specific initiatives and situations. Some of these guidelines were already applied in some developing countries where the company operates.
- To strengthen its approach to accessibility and affordability, the company is encouraged to publish the above mentioned guidelines and cover a broader range of healthy products. In addition, the company focuses mostly on developing countries and should expand its approach to developed markets. This should be done on the basis of an analysis of accessibility and affordability of healthy products for low-income populations in developed markets.
- To improve its approach to accessibility and availability of healthy products, the company should define more comprehensive, measurable and updated commercial targets on, for example, price points and improved distribution beyond single initiatives. These should be available to the public. The company also did not provide information about initiatives dedicated to improving the accessibility of healthier options. For example, special arrangements with distributors regarding how healthy products are distributed. This is an area it should focus on.

Category C - Accessibility 20% - Undernutrition



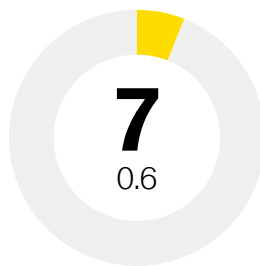
- Publicly, there is no evidence that PepsiCo has articulated policies, concrete commitments (which would go beyond providing products) or objectives designed to improve the affordability of its healthy fortified products in developing countries through its commercial strategy. However, PepsiCo shared examples of commercial activities improving affordability of products that address micronutrient deficiencies. In Mexico, PepsiCo shared an example of reducing the size of Quaker 3 Minutos, which delivers 10% of the daily value of calcium and 11% of the daily value of vitamin A, both of which are considered shortfall nutrients in Mexico.
- In terms of the accessibility of healthy products, PepsiCo is committed to providing access to at least three billion servings of nutritious foods and beverages to underserved consumers and communities by 2025. This will be achieved by a combination of commercial and non-commercial activities. Despite this commitment, PepsiCo failed to provide evidence of commercial examples aimed at improving the accessibility of fortified products, but has some philanthropic activities in place.
- Since 2016, PepsiCo strengthened its performance in this area by having an accessibility commitment in place and sharing examples to improve accessibility and affordability of products specifically formulated or appropriate for specific undernourished groups. However, the company should put a stronger and more formal focus on core business-driven solutions to accessibility and affordability of fortified products in higher-priority countries. It should also provide more funding to programs proven to address undernutrition effectively in order to seek innovative solutions for complex supply chain issues.

Category D - Marketing 20% - Nutrition



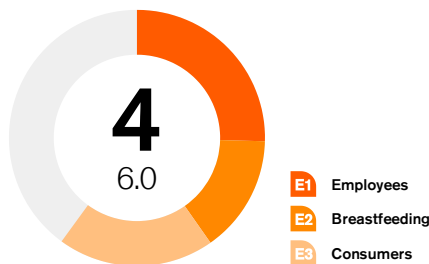
- PepsiCo's performance on criteria related to responsible marketing to all consumers has declined compared to 2016. This is mainly due to insufficient evidence provided to ATNF.
- Even though the company has no standalone policy for all consumers, PepsiCo is committed to the ICC Code of Advertising and Marketing Communication Practice. Despite the commitment, the company does not specify to which media these commitments apply. PepsiCo is encouraged to clarify with the ICC which media are covered by the Code.
- The company has a reviewing and approving process for marketing materials to ensure that marketing techniques are in compliance with company's policy, commitments and laws. However, the company failed to provide evidence of audit which would review and assess compliance of PepsiCo's marketing to all consumers with its policy after marketing material has been released. This has negatively impacted its performance on Criteria D2.
- PepsiCo has its own global policy on marketing to children and participates in pledges to organizations including the IFBA, CFBAI and the E.U. pledge. The company's policy covers a broad range of media (the company only omits in-store marketing and sponsorship) and commits to only marketing healthy products to children aged 6-12. PepsiCo does not market any products to children younger than six. It applies multiple tools across different online media to determine age groups for its marketing to children. However, like in the previous assessment, there are no commitments that prohibit any advertising near primary schools, and in or near secondary schools or other places popular with children, which is recommended by the World Health Organization (WHO). The threshold of marketing to refrain to advertise to children under 12 is 35% which is below best practice of 25%.
- Compliance with the IFBA, CFBAI and E.U. pledge commitments are assessed on an annual basis by third-party auditors commissioned by those organizations. This does not meet best practice, which is to commission independent audits and to publish compliance levels. PepsiCo should commission independent third-party audits and formulate a commitment to corrective action regarding compliance issues with its marketing policy to children.

Category D - Marketing 20% - Undernutrition



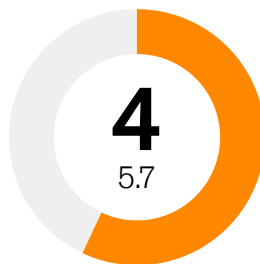
- PepsiCo is among the few companies that provided examples of research to generate consumer and marketing insights relating to undernourished populations. However, the company failed to provide any additional evidence of taking steps to understand and reach underserved consumers in developing countries.

Category E - Lifestyles 2.5% - Nutrition



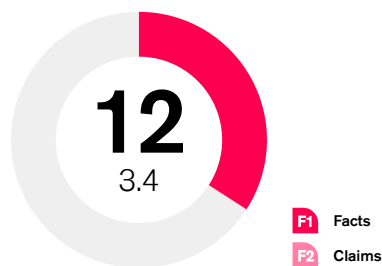
- PepsiCo's global well-being program, Healthy Living, offers a broad range of health and wellness programs to employees and their families. As in previous assessments, PepsiCo provided evidence of an in-depth study conducted by a third-party on the effectiveness of the program. This is still a leading industry practice. The company could strengthen its performance by publishing the results of the study as it did in 2016.
- PepsiCo has publicly committed to provide facilities for nursing mothers. In some of its locations, the company offers dedicated mother's rooms, wellness rooms, or alternate space available for nursing mothers. In addition, the company has commits to working to expand the number of PepsiCo locations with facilities for nursing mothers. This is an improvement since 2016. To strengthen its performance, PepsiCo could adopt a global publicly-available policy with paid maternity leave up to six months or more (if country legislation is not stronger), explicitly committing and allowing breastfeeding mothers to have breaks and offer flexible working arrangements.
- The PepsiCo Global Citizenship strategy focuses on internal and external efforts that can create a positive impact for the communities in which the company operates. The company promotes healthy lifestyles and raises awareness about nutrition and the benefits of physical activity by making grants to a variety of community programs. PepsiCo shows leadership by only funding healthy eating and lifestyle programs set up and run by third-parties. The company is encouraged to develop a policy which excludes brand-level sponsorship of all consumer-orientated programs and commission independent evaluations for all its educational programs and publicly disclose the results.

Category E - Lifestyles 2.5% - Undernutrition



- PepsiCo and its Foundation does not publish and did not provide evidence of a written policy and guidelines on the kinds of programs relating to undernutrition it will sponsor/fund through its philanthropic programs.
- Unlike in 2016, the company provided examples of educational programs focused on educating undernourished consumers about the benefits of breastfeeding and the introduction of complementary foods in Latin America. PepsiCo should strengthen its reporting by including public commitment to exclusively support programs developed and implemented by independent organizations with relevant expertise.

Category F - Labeling 15% - Nutrition



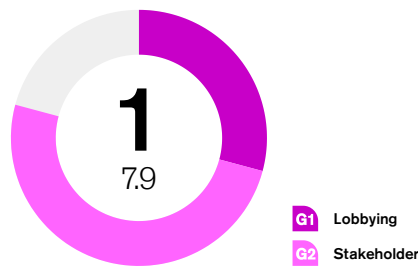
- PepsiCo's Global Labeling Policy contains commitments to both back-of-pack (BOP) and front-of-pack (FOP) labeling. As an IFBA member, the company also commits to disclose nutritional information on both FOP and BOP. This global commitment encompasses guidance for consumers expressed in daily amounts of all key nutrients.
- PepsiCo's FOP labeling provides numeric information on the levels of key nutrients and the percentage intake based on recommended daily values. The company could better communicate the nutritional value of its products by using interpretive FOP labels globally, as it does in the U.K. Like all companies, it should ensure to not undermine existing local interpretative FOP labeling systems by implementing alternative or additional systems.
- PepsiCo should increase transparency with regards to how many markets have implemented full labeling commitments on all products. Currently, the proportion of markets in which PepsiCo has achieved full compliance with its labeling commitments is unclear.
- In 2016, PepsiCo adopted a new global standard to ensure a globally consistent approach to substantiate nutrition claims in a systematic, comprehensive and transparent manner. Leading practice in this area includes a commitment to follow the relevant Codex standards on claims in markets where this is not regulated. In the future, the company should follow this leading practice, to publicly disclose the percentage of SKUs (stock keeping units) that meet PepsiCo's healthy standard and which carry health and nutrition claims.

Category F - Labeling 15% - Undernutrition



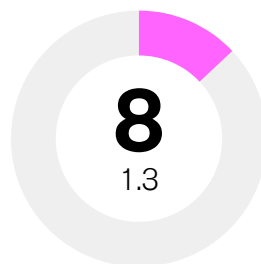
- The company does not have a clear commitment related to labeling products that either have naturally high levels of micronutrients or have been fortified with micronutrients targeted at undernourished populations in developing countries.
- A public commitment to use nutrition or health claims on fortified products only when they meet Codex standards in countries where the use of claims is not regulated or is weaker than those standards was not found.

Category G - Engagement 5% - Nutrition



- PepsiCo showed the strongest performance on Criteria G1, scored 100% on G2 Criteria and ranked first on Category G. Overall, the company considerably strengthened its commitments, performance and disclosure in Category G since 2016.
- PepsiCo is one of three companies that expressed a commitment to engage with governments and policymakers with the intention, to support measures to prevent and address obesity and diet-related chronic diseases. Despite having stronger commitments than some of its peers, PepsiCo did not make an explicit commitment not to lobby against public health topics. Furthermore, its commitment could be strengthened by explicitly extending it to third-parties that are paid to lobby on PepsiCo's behalf.
- PepsiCo provided full transparency on its lobbying positions related to health and nutrition claims, regulatory development, FOP labeling, fiscal instruments related to nutrition and marketing to children, showing leading practice by disclosing its lobbying positions comprehensively in one document. This is a major improvement since 2016.
- PepsiCo provided evidence of comprehensive, well-structured stakeholder engagement on business strategy and performance. The company summarized its approach in its publicly available 'Health and Wellness Approach and Engagement Policy.'

Category G - Engagement 5% - Undernutrition



- PepsiCo clearly articulates its commitment to engaging in conversations with governments and other stakeholders around the world on public health topics, such as addressing undernutrition. This is an improvement since 2016, however, the company did not provide examples of such activities and should bridge the gap between broad mission statements and achievable goals.
- The company should also focus on one-to-one discussions with key organizations combating undernutrition to solicit input on its commercial undernutrition strategy. It should also report on its engagement with stakeholders, specifically on undernutrition-related activities.

Product Profile



11

Rank 11 / Score 4.6

Average HSR score products (sales-weighted)	Percentage of healthy products (sales-weighted)	Percentage of healthy products suitable to market to children (sales-weighted)	Number of products included in HSR and WHO EURO assessments		Number of countries included in the assessment
			HSR	WHO EURO	
2.3 stars	19%	4%	1813	1839	9

- PepsiCo's average sales-weighted HSR is 2.3 (2.6 unweighted), generating a Product Profile score of 4.6 out of 10, and it ranks eleventh.
- It was estimated that 19% of its sales were generated from products that met the healthy threshold (31% of its products by number) in the fiscal year of 2016. This indicates that products of poorer nutritional quality accounted for a relatively larger proportion of sales than those with a better nutritional profile.
- Of the nine countries in which PepsiCo's products were analyzed, the U.K. had the highest proportion of healthy products (average HSR of 3.4), followed by Hong Kong, with South Africa and Mexico having the lowest proportion of healthy products (mean HSR of 1.6). However, when results were weighted by product sales, the rankings changed, with Hong Kong ranked first followed by the U.K. Meanwhile, South Africa remained in last place following sales-weighting. Hong Kong and the U.K.'s high rankings can be partly explained by the fact that they sold a larger number of breakfast cereal products than other countries – the product category with the highest mean HSR.
- In terms of categories, PepsiCo's healthiest category on average is 'Breakfast Cereal' (HSR of 3.9), followed by 'Juice' (3.7), with 'Concentrates' and 'Sports and Energy Drinks' being identified as the least healthy.
- The proportion of products assessed to be suitable to be marketed to children is very low – 4% (both sales-weighted and proportion of products of its portfolio). India had the highest proportion of products eligible for marketing to children both, in terms of the percentage of healthy products within its portfolio, and in terms of the most sales generated from healthy products. Australia was the only country selling no products that were eligible for marketing to children. In five product categories – 'Concentrates', 'Juice', 'Sauces, Dressings and Condiments', 'Savory Snacks' and 'Sweet Biscuits, Snack Bars and Fruit Snack' no products qualified to be marketed to children.
- The Product Profile assessment shows that PepsiCo generates low sales from its healthy products and overall only 31% percent of its portfolio is considered to be healthy. A very low proportion of its portfolio fulfils the criteria to be marketed to children. The results clearly show that the company should continue to focus on expanding its healthy portfolio and strengthen its definition of healthy as indicated in Category B.

For full details, see the company's Product Profile scorecard.

Suntory ^{i 69}

Reported product categories

Water, Coffee, Ready-to-drink Tea,
Carbonates, Functional drinks



↓ Rank 19 / Score 0.1
Rank 0 (2016)



Product Profile

Rank 15 / Score 3.6

Headquarters
Japan

Market capitalization
12,862 m

Reported revenue by geography ^{i 71}
Asia Pacific 78%, Europe 16%,
North America 6%

Number of employees
17,758

Total revenues ^{i 70}
12,804 m

Corporate Profile

Nutrition 20/0.1

Undernutrition 14/0

Governance (12.5%)	<div><div>0.5</div></div>
Products (25%)	<div><div>0</div></div>
Accessibility (20%)	<div><div>0</div></div>
Marketing (20%)	<div><div>0</div></div>
Lifestyles (2.5%)	<div><div>0.8</div></div>
Labeling (15%)	<div><div>0</div></div>
Engagement (5%)	<div><div>0</div></div>

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Main areas of strength

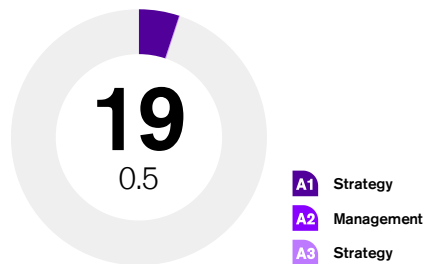
- Suntory is new to the Access to Nutrition Index, scores 0.1 in 2018 and ranks nineteenth.* The company publishes annual reports and CSR reports which mention some aspects of health in risk assessment and obesity. It does so in a non-conventional approach, through 'bio-active components' rather than decreasing 'negative nutrients' (salt/sodium, trans-fat, saturated fat, added sugars/calories) or increasing 'positive nutrients' (fruits/vegetables/nuts/legumes, whole grains), which is not assessed as relevant and therefore it scores low on the ATNI methodology.

Priority areas for improvement

- The company mentions in some minor statements that it focuses on health and lifestyle, but it does not publish a clear nutrition strategy, and therefore is not credited as such.
- Suntory ranks fifteenth on the Product Profile assessment with a score of 3.6 out of ten, based on an assessment of its major product categories in one country. Suntory was estimated to derive (only) 9% of its total sales from healthy products, i.e. achieving a rating of 3.5 stars or more on the Health Star Rating system. Suntory has significant scope to improve the healthiness of its portfolio through product reformulation, innovation and/or portfolio changes.
- The company has relevant employee health and well-being programs. It is stated as a program for the Suntory Group, of which Suntory Food and Beverage Ltd is mentioned as the main sub-entity, and therefore considered relevant to score. The plan addresses relevant activities and even targets, but focuses mostly on physical and mental health, with more focus on lifestyle and obesity than on nutrition and diet-related aspects. The company is encouraged to focus more on diet/nutrition.
- In general, Suntory's limited disclosure means that no clear strengths were identified in the Corporate Profile research. Better disclosure by the company about its approach to tackling the global double burden of malnutrition, in terms of nutrition governance, product formulation, affordability and accessibility, responsible marketing practices, lifestyles, labeling and nutrition engagement, would allow for a more complete assessment and identification of specific areas for improvement. Additionally, engagement with the Access to Nutrition Foundation (ATNF) would allow a complete assessment of Suntory's products' policies and practices. Suntory is encouraged to engage with ATNF for the next Global Index.

Category Analysis

Category A - Governance 12.5% - Nutrition



- Suntory does not make a relevant commitment with regards to delivering more healthy foods, but does mention that it works on products to address the obesity issue. Although the approach to addressing obesity and healthy lifestyles is not focused at reformulating products, the company does provide evidence that it recognizes its role in tackling obesity issues.
- Suntory should commit at Board level to address obesity and diet-related chronic diseases.
- It is recommended that the company sets clear nutrition strategies, objectives and targets in all business areas underpinned by strategic market research.
- Scoring could be improved when incentive and accountability structures at senior management level are established and used to reward successful implementation of nutrition strategies.
- It is recommended that the company demonstrates high and increasing levels of sales of healthy products.
- Suntory should develop a clear and comprehensive report on activities to prevent and address nutrition-related issues and on progress against nutrition-related objectives and targets, on a global basis.

Category A - Governance 12.5% - Undernutrition



- No strategy to address undernutrition was identified.
- Suntory should commit to address undernutrition and set objectives and targets as part of its core commercial business and philanthropic programs, with oversight assigned to its Board or other senior executives.
- It is recommended that Suntory takes a well-structured approach with a focus on higher priority countries and on critical population groups, pledging to work within regional and national frameworks to address specific fortification needs and undernutrition issues more broadly.
- It is recommended that the company carries out extensive research and publicly discloses information about these activities to identify the needs of key populations with specific micronutrient deficiencies.

Category B - Products 25% - Nutrition



B1 Formulation
B2 Profiling

- Suntory does not publish any information regarding any efforts it makes to develop new healthy products nor on any strategies it may have to improve the nutritional quality of its existing products.
- It is recommended that Suntory invests in research and development to improve the nutritional quality of new and existing products.
- Suntory could strengthen its score by defining a clear approach to reformulating existing products against well-defined nutritional targets to decrease 'negative nutrients' (salt/sodium, trans-fat, saturated fat, added sugars/calories), and increase 'positive nutrients' (fruits/vegetables/nuts/legumes, whole grains).
- Suntory should offer a high percentage of products within the portfolio that meet these nutritional targets and offer healthy options across all company brands.
- The employment of a comprehensive and appropriately set up NPS, applied to all products, as the basis for the company's product reformulation efforts and its definition of healthy products, would strengthen Suntory's scoring.

Category B - Products 25% - Undernutrition



- The company does not publish any information about commitments or programs it operates or funds to address undernutrition in lower-income countries through product development and reformulation.
- Suntory is recommended to set targets to increase its R&D efforts to develop or introduce fortified products or products inherently high in micronutrients and commit to increase the number or volume of fortified foods available to undernourished populations.
- To increase scoring, Suntory should commit to align its approach to fortification with international guidance, to seek to use ingredients with high inherent levels of micronutrients and to fortify only products of high nutritional quality.
- By providing evidence of introducing new products commercially and of funding non-commercial programs, aiming to deliver appropriately fortified products to priority populations in priority countries, scoring would improve.
- Suntory should explain what it has done to increase the number or volume of fortified foods available to undernourished populations, through both commercial and non-commercial activities.

Category C - Accessibility 20% - Nutrition



C1 Pricing
C2 Distribution

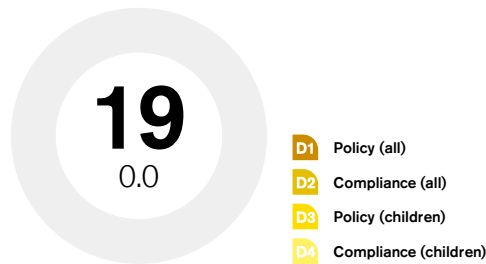
- Suntory does not publish any information about its approach to improving (through pricing and distribution) the accessibility of its healthy products.
- It is recommended that Suntory formalizes written commitments, measurable objectives and targets to improve the affordability and availability of its healthy products for all consumers in all countries worldwide. For example, by defining targets on price point for healthy products and setting a goal on how many low-income consumers should be reached.
- It is recommended that the company publicly discloses its commitments, objectives and targets on accessibility and affordability.
- Suntory should apply its approach to affordability and availability for low-income consumers to all the markets in which the company operates, including developed and upcoming markets, providing evidence of relevant examples.

Category C - Accessibility 20% - Undernutrition



- The company does not publish any information regarding improving the affordability and accessibility of its fortified products for low-income populations.
- Suntory should have a commercial commitment and objectives to improve the affordability of its healthy products that address micronutrient deficiencies in developing markets. It should be able to disclose examples of delivering against its commitment.
- In addition, it is recommended that the company has a commercial commitment with respect to improving the distribution of its products specifically formulated or appropriate for specific undernourished groups, provide examples of doing so and disclose this information.
- To increase scoring, Suntory should fund other organizations or otherwise support non-commercial programs that improve the distribution of products specifically formulated or appropriate for specific undernourished groups and disclose this funding and activity.

Category D - Marketing 20% - Nutrition



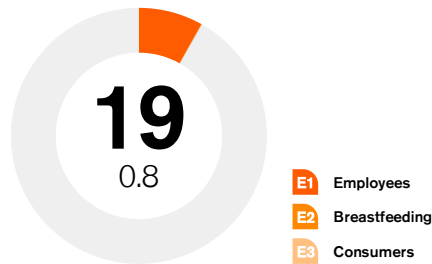
- Suntory does not publish any information regarding how it ensures that it markets its products responsibly to children and/or other consumers.
- It is recommended that Suntory develops and implement a responsible global marketing policy for all consumers which incorporates the responsible marketing principles of the ICC Framework and is applied equally to all media channels and all markets of operation.
- The company should adopt a comprehensive global policy on responsible marketing to children, which, at a minimum, would apply to children under 12 and apply when children make up more than 25% of a general audience. The policy should also explicitly commit not to market any products to children under 12 on all media, unless they meet the company definition of a healthy product. It should commit to use only responsible marketing techniques, including on online media.
- It is recommended that Suntory commissions or takes part in industry-level independent audits of these policies and disclose individual compliance levels for traditional and new media.

Category D - Marketing 20% - Undernutrition



- Suntory does not publish any information on developing and delivering marketing strategies appropriate to reaching undernourished populations in developing countries.
- Suntory should make an explicit commitment to developing and delivering marketing strategies appropriate to reaching undernourished populations in developing countries and disclose this commitment publicly.
- It is recommended that the company provides evidence of steps it has taken to understand and reach undernourished consumers in developing countries with appropriate products.

Category E - Lifestyles 2.5% - Nutrition



- Suntory has only scarce information on relevant CSR-related commitments to employee health with most attention on physical health and healthy lifestyle, and very minimal attention for nutrition and diet. It is not clear whether all employees are covered under this program.
- The company addresses diversity and advancement of female employment (including in management positions) as a central CSR topic however, no reference to breastfeeding mothers is made.
- It is recommended that Suntory offers comprehensive nutrition and healthy lifestyle programs within their overall staff health and wellness programs, for all employees and their families globally.
- To increase scoring, Suntory should offer supportive maternity leave policies including paid maternity leave of six months or more, flexible working arrangements and appropriate workplace facilities for breastfeeding mothers when they return to work.
- The company should commit to support integrated, comprehensive consumer-oriented healthy diet and active lifestyle programs and campaigns globally, developed and implemented by independent organizations with relevant expertise.

Category E - Lifestyles 2.5% - Undernutrition



- The company does not disclose a written policy and/or guidelines on any programs it supports relating to undernutrition through either its philanthropic giving or commercial activities.
- Suntory should commit to support well-designed programs educating undernourished consumers about the importance of breastfeeding, micronutrient fortification and healthy diets.
- It is recommended that the company publishes its commitments as well as the content and results of the programs it supports.

Category F - Labeling 15% - Nutrition



F1 Facts
F2 Claims

- Although Suntory reports an ambition to promote easy to understand and accurate product labeling, Suntory does not publish any information about any policies it may follow to ensure that it takes a responsible approach to product labeling and the use of health and nutrition claims.
- It is recommended that Suntory adopts, publishes and fully implements a global policy on nutrition labeling. It should commit to provide information on all key nutrients in a way that is easy to understand for consumers, including information on portion size and nutrients as percentages of daily values (or equivalent), displayed appropriately in nutrition information panels on the back of packs and in interpretative format on the front of packs. Like all companies, Suntory should ensure to not undermine existing local interpretative FOP labeling systems by implementing alternative or additional systems.
- Suntory should disclose the degree to which the full labeling policy is implemented, at the level of markets with full roll-out.
- To improve scoring, Suntory should adopt and publish a global policy on the use of both health and nutrition claims stating that, in countries where no national regulatory system exists, such claims will only be placed on products if they are in full compliance with the relevant Codex standard.
- Suntory should ensure it tracks and discloses the number of products that carry health and nutrition claims.

Category F - Labeling 15% - Undernutrition



- Suntory does not disclose a formal labeling policy or any commitments it has made to ensure that products that have been fortified or have naturally high levels of micronutrients, are labeled as such for all markets.
- It is recommended that the company adopts and publishes a global policy on labeling that includes commitments to label the micronutrient content of all products sold in developing countries fortified with or naturally high in micronutrients.
- Suntory should additionally adopt and publish a global policy on the use of both health and nutrition claims that states, in countries where no national regulatory system exists, these claims will only be placed on products if they are in full compliance with the relevant Codex standard.

Category G - Engagement 5% - Nutrition



G1 Lobbying
G2 Stakeholder

- No evidence regarding any lobbying or nutrition stakeholder engagement strategy or commitments was found. The company does have, and has published, a code of conduct, but no reference to political engagement or lobbying was found.
- Suntory should commit to lobbying on nutrition issues only in support of public health, or to not lobbying at all, and publish a policy that covers lobbying, engagement with governments and policymakers, and donations.
- It is recommended that Suntory discloses all lobbying activities on nutrition issues, membership and financial support of industry associations or other lobbying organizations, and board seats on such bodies.
- Suntory should conduct comprehensive, well-structured stakeholder engagement focused on improving its business strategy and performance, and provide evidence and examples showing how stakeholder engagement has led to improvements of policies and practices.

Category G - Engagement 5% - Undernutrition



- Suntory does not disclose any commitments to play an active and constructive role in developing countries to support government efforts to address undernutrition, and it does not provide any evidence on one-to-one discussions with key organizations working on undernutrition.
- Suntory should commit to playing an active part in supporting the efforts of developing country governments to address undernutrition and publicly disclose a narrative about such activities.
- It is recommended that the company provides evidence of engagement with relevant organizations on undernutrition and publicly disclose a narrative on its engagement with stakeholders on undernutrition.

Product Profile



15

Rank 15 / Score 3.6

Average HSR score products (sales-weighted)	Percentage of healthy products (sales-weighted)	Percentage of healthy products suitable to market to children (sales-weighted)	Number of products included in HSR and WHO EURO assessments		Number of countries included in the assessment
			HSR	WHO EURO	
1.8 stars	9%	1%	503	514	6

- Suntory's average sales-weighted HSR is 1.8 (2.6 unweighted), generating a Product Profile score of 3.6 out of 10, and it ranks fifteenth.
- It was estimated that 9% of its sales were generated from products that met the healthy threshold (29% of its products by number) in 2016. This indicates that products of poorer nutritional quality accounted for a relatively larger proportion of estimated sales than those with a better nutritional profile.
- Out of the six countries included in Suntory's analysis, New Zealand had the highest mean HSR both before and after results were weighted by sales (3.2 and 2.5 respectively), with South Africa having the lowest mean HSR of 1.2. Interestingly, Australia ranked second before sales-weighting was applied, but dropped to third following sales-weighting.
- New Zealand had the largest proportion of products with an HSR of 3.5 or higher (50%), followed by China with 29%.
- When results were examined by category, the highest mean HSR was seen in the 'Juice' category (3.9), followed by 'Carbonates' (3.6), with 'RTD Coffee' having the lowest mean HSR (1.0). Note that the 'Carbonates' category includes sparkling juices, which are responsible for the higher ranking of this product category due to the fruit content of sparkling juice products.
- Only 1% of Suntory products weighted by sales (2% by number of products) were eligible for marketing to children. This result was driven purely by the 'Bottled Water' category as this was the only category to have products eligible for marketing to children.
- Overall, the Product Profile assessment indicates that Suntory generates a small proportion of its sales from healthy products. In addition, a low proportion of its portfolio fulfils criteria to be marketed to children. These results indicate that the company should step up its efforts to improve the healthiness of its portfolio through product reformulation, innovation or other portfolio changes.

For full details, see the company's Product Profile scorecard.

Global Index 2018

Tingyi ^{i 72}

Reported product categories

Meal Replacement, Noodles,
Carbonates, Juice, RTD Tea

20

Rank 20 / Score 0

Rank 20 (2016)



Product Profile

Rank 16 / Score 3.3

Headquarters

China

Market capitalization

\$6,815 m

**Reported revenue by
geography** ^{i 74}

Not available

Number of employees

79,003

Total revenue ^{i 73}

\$8,365 m

Corporate Profile

Nutrition

21/0

Undernutrition

14/0

Governance (12.5%)

0

Products (25%)

0.1

Accessibility (20%)

0

Marketing (20%)

0

Lifestyles (2.5%)

0.9

Labeling (15%)

0

Engagement (5%)

0

0

0

0

0

0

0

0

Main areas of strength

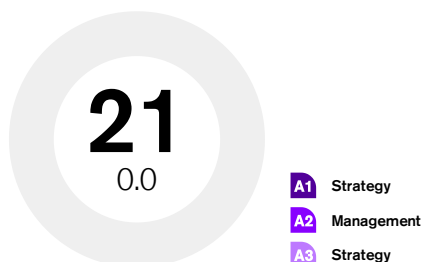
- As in the 2013 and 2016 Global Index, Tingyi's disclosure is limited and therefore no clear areas of strengths were identified.

Priority areas for improvement

- Despite marginal scores in Category B (Products) and E (Lifestyles), Tingyi's overall rounded score on the Global Index 2018 is 0.0 and it ranks twentieth, which is shared last position.
- Tingyi ranks sixteenth on the Product Profile assessment with a score of 3.3 out of ten, based on an assessment of its major product categories in one country. Tingyi was estimated to derive (only) 17% of its total sales from healthy products, i.e. achieve a rating of 3.5 or more on the Health Star Rating system. Tingyi has significant scope to improve the healthiness of its portfolio through product reformulation, innovation and/or portfolio changes.
- In general, Tingyi's limited disclosure means that no clear strengths were identified in the Corporate Profile research. Better disclosure by the company about its approach to tackling the global double burden of malnutrition, in terms of nutrition governance, product formulation, affordability and accessibility, responsible marketing practices, lifestyles, labeling and nutrition engagement, would allow for a more complete assessment and identification of specific areas for improvement. Additionally, engagement with the Access to Nutrition Foundation (ATNF) would allow a complete assessment of Tingyi's products' policies and practices. Tingyi is encouraged to engage with ATNF for the next Global Index.

Category Analysis

Category A - Governance 12.5% - Nutrition



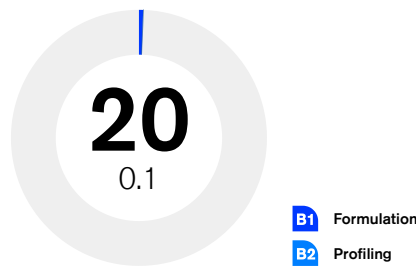
- Tingyi does not publish any information regarding its nutrition strategy or governance.
- Tingyi should commit at Board level to address obesity and diet-related chronic diseases.
- It is recommended that the company sets clear nutrition strategies, objectives and targets in all business areas underpinned by strategic market research.
- Scoring could be improved when incentive and accountability structures at senior management level are established and used to reward successful implementation of nutrition strategies.
- It is recommended that the company demonstrates high and increasing levels of sales of healthy products.
- Tingyi should develop a clear and comprehensive report on activities to prevent and address nutrition-related issues and on progress against nutrition-related objectives and targets, on a global basis.

Category A - Governance 12.5% - Undernutrition



- Tingyi does not publish any information regarding its nutrition strategy or governance.
- It is recommended that Tingyi commits to address undernutrition and sets objectives and targets as part of its core commercial business and philanthropic programs, with oversight assigned to its Board or other senior executives.
- It is recommended that the company takes a well-structured approach with a focus on higher priority countries and on critical population groups, pledging to work within regional and national frameworks to address specific fortification needs and undernutrition issues more broadly.
- Tingyi should carry out extensive research and publicly disclose information about these activities to identify the needs of key populations with specific micronutrient deficiencies.

Category B - Products 25% - Nutrition



- Tingyi states that "the premium healthy concept of broth was promoted and emphasized, [...] with emphasis on the nutrition of compound broth and health value of compound acid, were developed and launched in the market consecutively to meet the diversified consumer demand for health and customized needs accurately." However, the company does not disclose consolidated data on the number of products launched.
- It is recommended that Tingyi invests in research and development to improve the nutritional quality of new and existing products.
- Tingyi could strengthen its scoring by defining a clear approach to reformulating existing products against well-defined nutritional targets to decrease 'negative nutrients' (salt/sodium, trans-fat, saturated fat, added sugars/calories), and increase 'positive nutrients' (fruits/vegetables/nuts/legumes, whole grains).
- Tingyi should offer a high percentage of products within the portfolio that meet these nutritional targets and offer healthy options across all company brands.
- The employment of a comprehensive and appropriately set up NPS, applied to all products, as the basis for the company's product reformulation efforts and its definition of healthy products, would strengthen Tingyi's scoring.

Category B - Products 25% - Undernutrition



- The company does not publish any information about commitments or programs it operates or funds to address undernutrition in lower-income countries through product development and reformulation.
- Tingyi should set targets to increase its R&D efforts to develop or introduce fortified products or products inherently high in micronutrients and commit to increase the number or volume of fortified foods available to undernourished populations.
- To increase scoring, Tingyi should align its approach to fortification with international guidance, seek to use ingredients with high inherent levels of micronutrients and fortify only products of high nutritional quality.
- By providing evidence introducing new products commercially, funding non-commercial programs, and aiming to deliver appropriately fortified products to priority populations in priority countries, scoring would improve.
- It is recommended that Tingyi explains what it has done to increase the number or volume of fortified foods available to undernourished populations, through both commercial and non-commercial activities.

Category C - Accessibility 20% - Nutrition



C1 Pricing
C2 Distribution

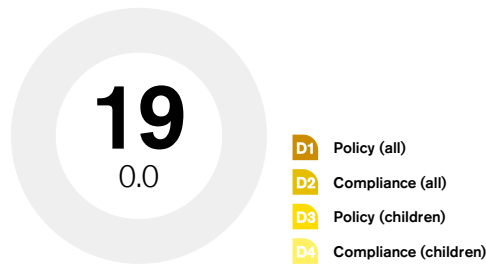
- Tingyi does not publish any information about its approach to improving (through pricing and distribution) the accessibility of its healthy products.
- Tingyi should formalize written commitments, measurable objectives and targets to improve the affordability and availability of its healthy products for all consumers worldwide. For example, by defining targets on price point for healthy products and setting a goal on how many low-income consumers should be reached.
- It is recommended that the company publicly discloses its commitments, objectives and targets on accessibility and affordability.
- Tingyi should apply its approach to affordability and availability for low-income consumers to all the markets in which the company operates, including developed and emerging markets and provide evidence of relevant examples.

Category C - Accessibility 20% - Undernutrition



- The company does not publish any information regarding improving the affordability and accessibility of its fortified products for low-income populations.
- Tingyi should have a commercial commitment and objectives to improve the affordability of healthy products that address micronutrient deficiencies in developing markets. It should disclose examples of delivering against its commitments.
- In addition, it is recommended that the company has a commercial commitment with respect to improving the distribution of its products specifically formulated or appropriate for specific undernourished groups. It should disclose examples of doing so.
- To increase scoring, Tingyi should fund other organizations or otherwise support non-commercial programs that improve the distribution of products specifically formulated or appropriate for specific undernourished groups and disclose this funding and activity.

Category D - Marketing 20% - Nutrition



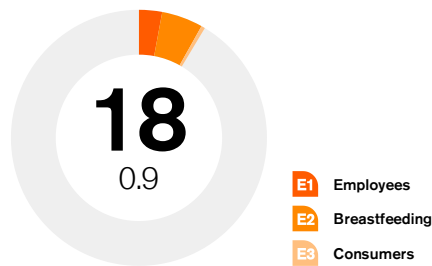
- Tingyi does not publish a policy regarding its marketing to consumers or to children.
- It is recommended that Tingyi develops and implements a responsible global marketing policy for all consumers which incorporates the responsible marketing principles of the ICC Framework and is applied equally to all media channels and all markets of operation.
- the company should adopt a comprehensive global policy on responsible marketing to children, which, at a minimum, would apply to children under 12 and apply when children make up more than 25% of a general audience. The policy should explicitly commit not to market any products to children under 12 on all media, unless they meet the company definition of a healthy product. It should commit to use only responsible marketing techniques, including on online media.
- It is recommended that Tingyi commissions or takes part in industry-level independent audits of these policies and discloses individual compliance levels for traditional and new media.

Category D - Marketing 20% - Undernutrition



- Tingyi does not publish any information on any commitment to developing and delivering marketing strategies appropriate to reaching undernourished populations in developing countries.
- Tingyi should make an explicit commitment to developing and delivering marketing strategies appropriate to reaching undernourished populations in developing countries and disclose this commitment publicly.
- The company should provide evidence of taking steps to understand and reach undernourished consumers in developing countries with appropriate products.

Category E - Lifestyles 2.5% - Nutrition



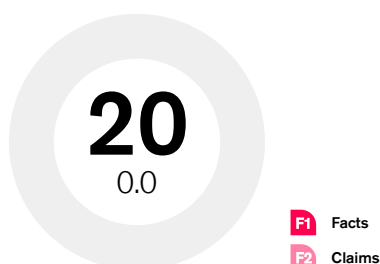
- The company does not disclose extensively on information regarding the provision of employee health and wellness programs or support for consumer-oriented education to encourage healthy diets and active lifestyles. However, Tingyi has a commitment to care for employees, but no program focused on nutrition and diet, although physical activity is addressed as part of team building activities.
- It is recommended that the company offers comprehensive nutrition and healthy lifestyle programs within its overall staff health and wellness programs, for all employees and their families globally.
- To increase scoring, Tingyi should offer supportive maternity leave policies including paid maternity leave of six months, flexible working arrangements and appropriate workplace facilities for breastfeeding mothers when they return to work.
- It is recommended that Tingyi commits to support integrated, comprehensive consumer-oriented healthy diet and active lifestyle programs and campaigns globally, developed and implemented by independent organizations with relevant expertise.

Category E - Lifestyles 2.5% - Undernutrition



- The company does not disclose a written policy and guidelines regarding the type of programs related to undernutrition that it will sponsor or fund through any philanthropic giving or commercial activities.
- Tingyi should commit to support well-designed programs that educate undernourished consumers about the importance of breastfeeding, micronutrient fortification and healthy diets.
- It is recommended that the company publishes its commitments as well as the content and results of the programs it supports.

Category F - Labeling 15% - Nutrition



- Tingyi does not publish any information about any policies to ensure that it takes a responsible approach to product labeling and the use of health and nutrition claims.
- It is recommended that Tingyi adopts, publishes and fully implements a global policy on nutrition labeling. It should commit to provide information on all key nutrients in a way that is easy to understand for consumers, including information on portion size and nutrients as percentages of daily values (or equivalent), displayed appropriately in nutrition information panels on the back of packs and in interpretative format on the front of packs. Like all companies, it should ensure to not undermine existing local interpretative FOP labeling systems by implementing alternative or additional systems.
- Tingyi should disclose the degree to which the full labeling policy is implemented, at the level of markets with full roll-out.
- To improve scoring, Tingyi should adopt and publish a global policy on the use of both health and nutrition claims which states that, in countries where no national regulatory system exists, such claims will only be placed on products if they are in full compliance with the relevant Codex standard.
- Tingyi should ensure it tracks and discloses the number of products that carry health and nutrition claims.

Category F - Labeling 15% - Undernutrition



- Tingyi does not disclose a formal labeling policy or any commitments it has made to ensure that products that have naturally high levels of micronutrients, or that have been fortified with micronutrients for all markets, are labeled as such.
- It is recommended to adopt and publish a global policy on labeling that includes commitments to label the micronutrient content of all products sold in developing countries fortified with or naturally high in micronutrients.
- Tingyi should also adopt and publish a global policy on the use of both health and nutrition claims which states, in countries where no national regulatory system exists, that these claims will only be placed on products if they are in full compliance with the relevant Codex standard.

Category G - Engagement 5% - Nutrition



G1 Lobbying
G2 Stakeholder

- Tingyi does not publish any information about its approach to lobbying or stakeholder engagement.
- Tingyi should commit to lobbying on nutrition issues only in support of public health, or to not lobbying at all. It should publish a policy that covers lobbying, engagement with governments and policymakers, and donations.
- It is recommended that Tingyi discloses all lobbying activities on nutrition issues, membership and financial support of industry associations or other lobbying organizations, and board seats on such bodies.
- The company should conduct comprehensive, well-structured stakeholder engagement focused on improving its business strategy and performance, and provide evidence and examples showing how stakeholder engagement has led to improvements of policies and practices.

Category G - Engagement 5% - Undernutrition



- Tingyi does not disclose any commitments to play an active and constructive role in developing countries to support government efforts to address undernutrition, and it does not provide any evidence on one-to-one discussions with key organizations working on undernutrition.
- Tingyi should commit to play an active part in supporting the efforts of developing country governments to address undernutrition and publicly disclose a narrative about such activities.
- It is recommended that Tingyi provides evidence of engagement with relevant organizations on undernutrition and publicly discloses a narrative on its engagement with stakeholders on undernutrition.

Product Profile



16

Rank 16 / Score 3.3

Average HSR score products (sales-weighted)	Percentage of healthy products (sales-weighted)	Percentage of healthy products suitable to market to children (sales-weighted)	Number of products included in HSR and WHO EURO assessments		Number of countries included in the assessment
			HSR	WHO EURO	
1.6 stars	17%	13%	137	137	1

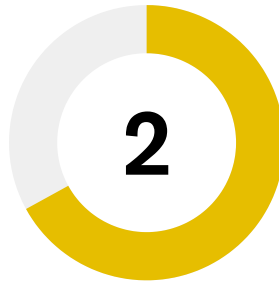
- Tingyi's average sales-weighted HSR is 1.6 (2.0 unweighted), generating a Product Profile score of 3.3 out of 10, and it ranks sixteenth.
- It was estimated that 17% of its sales (31% of its products by number) were generated from products that met the healthy threshold, an HSR of 3.5 or higher, in 2016. This indicates that products of poorer nutritional quality accounted for a relatively larger proportion of estimated sales than those with a better nutritional profile.
- The one country (China) used in this analysis represented 98% of Tingyi's estimated total global food and beverage sales in 2016.
- Assessing by category, showed that 'Bottled Water' had the highest mean HSR of 5.0, followed by 'Juice' with 3.6 and 'Dairy' with 2.6.
- Only 13% of Tingyi products weighted by sales (8% by number of products) were eligible for marketing to children; 100% of 'Bottled Water' products were eligible for marketing to children followed by 24% of 'Dairy' products. 'Juice' products are ineligible for marketing to children under the WHO Euro criteria.
- Overall, the Product Profile assessment indicates that Tingyi generates a small proportion of its sales from healthy products. In addition, a low proportion of its portfolio fulfils criteria to be marketed to children. These results indicate that the company should step up its efforts to improve the healthiness of its portfolio through product reformulation, innovation or other portfolio changes.

For full details, see the company's Product Profile scorecard.

Unilever ^{i 75}

Reported product categories

Canned / Preserved Food, Ice Cream,
Noodles, Oils, Sauces, Soups, Soft and
hot drinks, Spreads



↓ Rank 2 / Score 6.7

Rank 1 (2016)



Product Profile

Rank 12 / Score 4.2

Headquarters
U.K.

Market capitalization
\$51,914 m

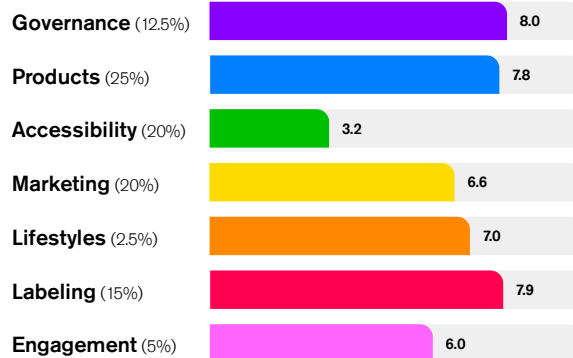
Reported revenue by geography ^{i 77}
Asia 40%, Americas 32%,
Europe 27%

Number of employees
169,000

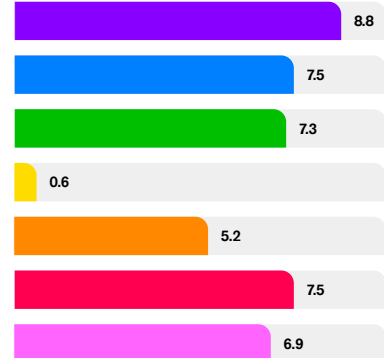
Total revenues ^{i 76}
\$53,272 m

Corporate Profile

Nutrition 4/6.6



Undernutrition 2/6.2



Main areas of strength

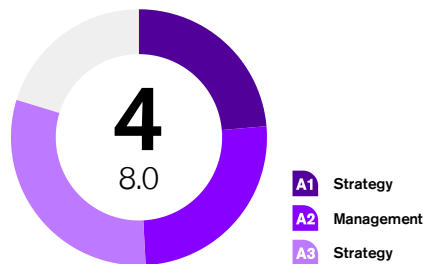
- Unilever's score has increased from 6.4 (out of 10) in 2016, to 6.7 in 2018. Despite this slight increase, the company now ranks second on the 2018 Global Index.
- Unilever is a strong performer across most categories of the ATNI methodology. From its high-ranking 2016 performance the company has shown incremental improvements across most categories. However, the company has lost its leading position in the overall ranking and on healthy product formulation (Category B) because other companies have improved more.
- Unilever has a comprehensive, global governance system and a clear focus on health and nutrition through its Unilever's Sustainable Living Plan, which contains three overarching goals including 'Improving Health and Well-being'. The company commits to contribute to SDG 2 (Zero Hunger) and SDG 3 (Good Health and Well-being) through this approach, which is fully integrated into its business strategy and, according to Unilever, is commercially successful.
- Unilever's commitments on responsible marketing to all consumers and to children are strong. It only markets healthy products to children aged 7-12 and it has recently updated this approach by implementing stricter nutritional criteria for healthy products. As in 2016, the company publishes its individual level of policy compliance achieved relating to marketing to children, as assessed through a global industry association.
- Unilever has introduced a 'Global Maternal Well-being Standard' in 2017, setting a minimum standard of care and support for female employees. It is one of only three companies that arranges paid maternity leave between 3-6 months and provides other support for breastfeeding mothers as well.
- Addressing undernutrition is a strong focus within Unilever's commercial strategy. Unilever has changed its non-commercial approach, which was driven through the company Foundation previously, but is now integrated within commercial category strategies. Unilever works in partnerships with relevant organizations to fight undernutrition in higher-priority countries.

Priority areas for improvement

- Unilever reports that 35% of its sales volume is derived from products that meet the company's definition of healthy. The Product Profile assessment, using the Health Star Rating (HSR) system across nine countries, estimated the percentage of healthy products to be substantially lower, and a similar discrepancy was found for the percentage of products that met nutritional criteria to be suitable to be marketed to children. Unilever should therefore review its NPS to ensure that its nutritional criteria align with internationally recognized systems such as the HSR system.
- Unilever ranks twelfth on the Product Profile assessment with a score of 4.2 out of ten, based on an assessment of their major product categories in nine countries. Unilever was estimated to derive only 10% of its total sales from healthy products, i.e. achieving a rating of 3.5 stars or more on the HSR system. These findings illustrate that Unilever has significant scope to improve the healthiness of its portfolio through product reformulation, innovation and/or portfolio changes.
- Similar to 2016, Unilever does not define product reformulation targets to increase the levels of fruits, vegetables, nuts, legumes or whole grains in relevant products. This aspect is also missing from its otherwise well-designed and implemented NPS.
- Despite making broad commitments to improve the affordability and accessibility of its healthy and fortified products, Unilever is encouraged to develop and/or disclose a global strategy with concrete objectives to ensure the affordability and accessibility of its healthy and fortified products for low-income groups in developed and developing countries.
- Unilever's responsible marketing strategy could be further improved by extending its commitments to refrain from marketing in or near primary and secondary schools, and by applying a stricter audience threshold, lowering it from 35% to the leading practice level of 25%.

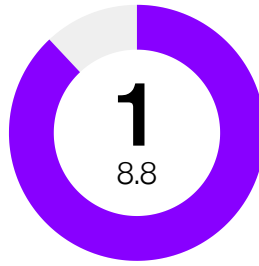
Category Analysis

Category A - Governance 12.5% - Nutrition



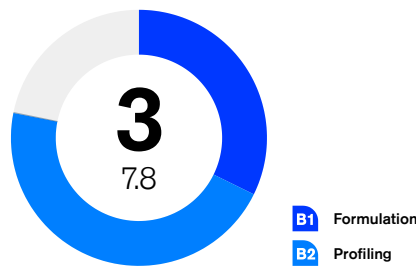
- Unilever demonstrates strong governance on nutrition and a focus on health and nutrition in its central business strategy: the Unilever Sustainable Living Plan (USLP). It has been in place since 2010 and focuses on improving health and well-being, as well as on a broader range of sustainability objectives. Nutrition is a core component of this strategy, which is rigorously implemented in the company's commercial approach, growth strategy, business risk assessments and decisions about mergers and acquisitions. Unilever reports that 'USLP brands' performed better financially than other brands in 2016, illustrating the commercial success of their integrated approach.
- The company clearly recognizes its role in addressing diet-related chronic diseases, such as heart health, obesity and undernutrition, and commits to contribute to SDG 2 (Zero Hunger) and SDG 3 (Good Health and Well-being). The company commits to providing nutritious food that is accessible for all but does not make an explicit reference to low-income populations. The company could improve by explicitly committing to serve these populations with healthy and affordable products.
- Unilever publishes a global nutritional policy document and discloses its 'Improving Nutrition' strategy on its website. Linked to its overarching 2020 goal to help over a billion people to improve their 'health and well-being', the company defines concrete and comprehensive targets to improve nutrition. The company consistently defines and reports these targets in relation to sales volumes to drive consumption of healthy foods rather than price.
- Unilever is transparent about its well-arranged nutrition governance. Formal accountability for aspects of the nutrition strategy rests with various members of the Unilever Executive Board, who are also members of the USLP steering committee. However, the company could improve its disclosure of the day-to-day responsibility for the for the nutrition strategy. CEO compensation arrangements are disclosed and linked to USLP targets, but the company could improve by linking it directly and explicitly to targets to improve nutrition.
- The USLP Council advises the company on its USLP strategy and focuses on a wide range of sustainability issues, but the relevance of the areas of expertise of this council in relation to nutrition is not obvious. Therefore there is no evidence that a formal panel of relevant experts is in place to advise the company on a strategic level on preventing and addressing obesity and diet-related chronic disease. The company should improve on this point.
- Unilever provides annual and comprehensive nutrition reporting in its Sustainable Living Report, reflecting on progress towards 2020 commitments, including the commitment to double the proportion of products that meet the company's healthy criteria. The reporting on USLP targets is combined with reporting on economic growth, also in its Annual Report and Accounts. The company is commended for having its nutrition reporting independently verified at regular intervals. The company provides limited local reporting for national markets and can improve its score by providing more reports per major market, explaining how its approach is adapted to each local nutrition and health context.

Category A - Governance 12.5% - Undernutrition



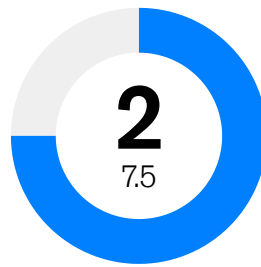
- Unilever commits to play a role in fighting undernutrition in low-income countries with a strong, strategic focus that is anchored in two of the main goals of its central USLP strategy: “Improving Health and Well-being” and “Enhancing Livelihoods”. Unilever achieves the highest undernutrition score in Category A. It commits to offer fortified foods at an affordable price in developing and emerging markets. Unilever states it is accelerating efforts on undernutrition to help deliver the relevant SDGs and states an additional commitment to provide 200 billion fortified product servings with at least one of five key micronutrients (iodine, vitamin A, vitamin D, zinc and iron) by 2022. The company could enhance its commitment by expressing it in terms of meeting or solving a nutritional need or deficiency, rather than focusing on a number of servings.
- Unilever has evolved its non-commercial approach since 2015. It no longer works through its foundation as an independent philanthropic arm of the business, but instead integrates activities with social and environmental impact into its category strategies. Within this new approach it still works in partnerships on non-commercial programs with relevant organizations, including Oxfam, Save the Children, UNICEF, the World Food Programme and others.
- The company performed market research to assess the need and potential for addressing undernutrition commercially in more than five countries, including in India, Indonesia and the Philippines. The company includes priority populations in its approach, focusing on women of child-bearing age, children (including those under two) and families of smallholder farmers. Unilever’s programs run in many higher-priority countries, including Myanmar, Bangladesh, India, Ethiopia, Angola, Tanzania, Ghana and various others.
- Unilever has room to improve its performance by setting up a formal panel of experts with a broad range of expertise to obtain structural and strategic advice on preventing and addressing undernutrition, as well as feedback on existing initiatives and programs.

Category B - Products 25% - Nutrition



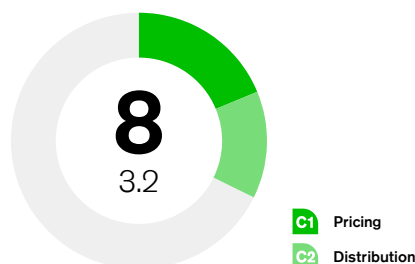
- Unilever commits to invest in R&D to make its products healthier through the Unilever Nutrition Network, part of the broader innovation team that plays a role in delivering the USLP targets. The commitment to double the percentage of products (60%) that meet the 'Highest Nutritional Standards' (HNS) by 2020 is a concrete commitment to deliver on R&D activities, but no financial R&D commitment is provided.
- The company reports that 35% of products met the HNS by 2016, an increase of just 2% compared to 2014. The company should considerably scale up its efforts to improve the healthiness of their products and to meet the USLP target of 60% by 2020.
- The reported percentage of healthy products, which is based on sales volume, is substantially higher than the results of the Product Profile assessment, which found only 10% of sales products (17% based on the number of products) is estimated to be derived from healthy products (based on a HSR of 3.5 or above, which is considered healthy). Similarly, Unilever reports higher percentages of products that meet its criteria for marketing to children than the outcome of the assessment based on WHO EURO criteria. This suggests that Unilever's criteria for healthy products are less strict than internationally recognized criteria and the company is strongly encouraged to align to these, revising its metrics for healthy products as needed.
- Unilever reports to offer healthy product options across the majority of brands, meeting its criteria for healthy products for adults and children. The company could improve its score by offering healthy product choices across all brands without exception.
- Unilever discloses all reformulation targets, nutritional criteria and performance against those criteria. The company defined a near-comprehensive set of targets to reduce relevant 'negative nutrients' across assessed product categories, linked to its HNS criteria, but does not define a sugar or calorie target for its 'Soup' category. The company did not define any targets to increase levels of fruits, vegetables, nuts, legumes, or whole grains in its products where relevant. The company is encouraged to define such targets, making them quantitative and verifiable.
- At the core of Unilever's nutrition strategy is a well-defined NPS that is applied globally across all products, achieving the maximum healthy multiplier that is applied across the ATNI methodology. Process-wise, the nutritional criteria within the NPS are applied consistently by the company as criteria for healthy products. Unilever is one of two companies that have published its NPS in a peer reviewed journal, which is industry best practice. However, it does not address 'positive nutrients' as recognized in the ATNI methodology. Unilever should update its NPS to include these.

Category B - Products 25% - Undernutrition



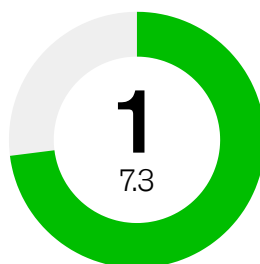
- Unilever commits to invest in R&D to develop fortified or otherwise suitable products to fight undernutrition, both through commercial and non-commercial programs. It sets internal as well as public targets on increasing the number of fortified products, basing its fortification approach on international (Codex) guidance. Unilever could increase its transparency by publishing its fortification policy.
- Unilever provided recent product development examples related to the relaunch of fortified spreads in South Africa and Indonesia. In addition, Unilever combines commercial products with approaches to stimulate healthy cooking and fresh food intake. The Green Food Steps program in Nigeria combines iron-fortified Knorr cubes with a program to stimulate iron-rich fresh food intake to address anaemia in women of child bearing age in Nigeria. Non-commercial programs include a partnership with GAIN to provide vitamin A-fortified foods in Vietnam.
- Unilever does not make a clear commitment to only fortify product of high underlying quality, although it reports to do so in practice. Similarly, the company provides examples of using ingredients with high inherent levels of micronutrients, but it does not commit to seeking opportunities to do so. The company should increase clarity and transparency on its approach by making public commitments on both topics.

Category C - Accessibility 20% - Nutrition



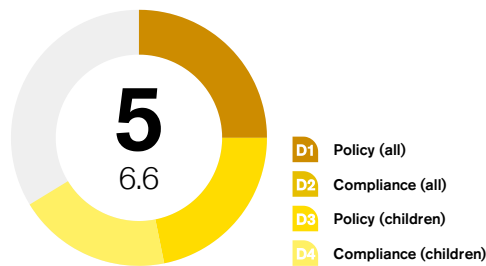
- Unilever commits to ensure the accessibility and affordability of healthy foods as part of a three-point plan to feed 10 billion people by 2050. However, the company does not make a particular reference to low-income populations, which are most likely to have poor diets. This is an area the company should focus on.
- The company does not have a formal policy on affordability or accessibility of healthy foods and does not disclose concrete targets beyond an aspiration to reach a certain number of people the future. There is no designated executive who is responsible for the implementation of such a policy or strategy. Unilever is strongly encouraged to develop a policy and disclose more information on their approach to specifically make healthy products affordable and accessible to low-income groups in both developed and developing countries.
- The company mentions that analysis of pricing and accessibility is always performed as part of its normal way of working, but provided limited examples only relevant to healthy products and low income populations in developing countries. Although the company provided examples of offering discounts, price promotions or coupons on healthy products at the same or greater rate as for less healthy products in feedback to ATNF, the company does not disclose relevant information in the public domain.
- Similar to 2016, Unilever's commitments, performance and disclosure related to improving the affordability and accessibility of healthy products, especially for low-income populations, remains weak. The company is strongly encouraged to address this topic.

Category C - Accessibility 20% - Undernutrition



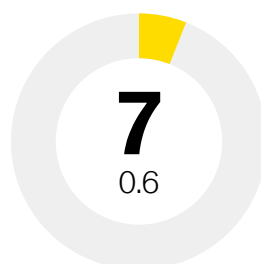
- Unilever has stated an aim to offer its own fortified foods at an affordable price and promote nutritious cooking. Although the company defines high-level goals of reaching a certain number of people or providing a certain number of fortified product servings, it does not specify explicit objectives related to affordability and accessibility. For example by reaching specific price points or reaching specific target groups through a targeted distribution approach. Unilever is encouraged to define concrete objectives on affordability and accessibility in relation to products that address undernutrition.
- The company provided evidence of implementing both its own and joint initiatives to improve affordability and accessibility in high priority developing countries. Mirroring the approach of Unilever's successful Shakti project in India, the Knorr 'Gbemiga' program trains women in Nigeria to become entrepreneurs and ambassadors for nutrition, improving the accessibility of fortified products to difficult to reach populations. Unilever partners with GAIN and Growing Business Foundation and Society for Family Health on this program. A similar approach is applied in project Zeinab, in rural areas in Egypt. Unilever provided examples of improving affordability to ATNF, for example by reducing product sizes, but could enhance its transparency in this area by disclosing information publicly.
- Unilever's non-commercial programs to improve accessibility cover higher-priority countries such as India, Kenya and Vietnam, encompassing school feeding programs and providing products for distribution to undernourished populations. Through a collaboration with GAIN and others, the company provided an example of using existing distribution systems, initially used to distribute safe drinking water and hygiene products in Kenya, for the distribution and sale of fortified products to undernourished consumers.

Category D - Marketing 20% - Nutrition



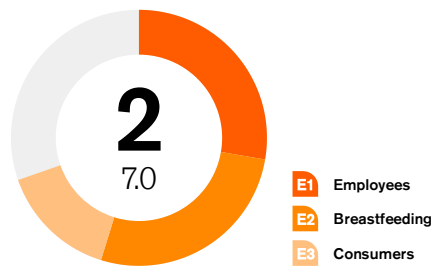
- Unilever makes strong, global commitments to market its products responsibly and is transparent by publishing Unilever's Principles on Responsible Food and Beverage Marketing Including Marketing to Children, which was last updated in July 2017.
- Unilever commits to follow the ICC Advertising and Marketing Communication Practice code (ICC Code), thereby covering all relevant media channels and commitments related to product representation. Thus obtaining the full score for its responsible marketing commitments to all consumers. However, Unilever does not provide evidence of a formal independent third-party auditing process related to these commitments, which it should.
- Unilever has signed up to the E.U. Pledge, CGF, IFBA and CFBAI, in addition to its own commitments regarding responsible marketing to children. The company states that it covers all media and forms of marketing under its policy but is also encouraged to improve by explicitly mentioning that sponsorship is included in its definition of marketing activities.
- Unilever does not market to children under six, regardless of the health profile of a product, and markets only healthy products to children aged 7-12. Unilever has strengthened the latter commitment as of January 2018, applying stricter nutritional criteria than before. To guide these commitments, Unilever applies an audience threshold of 35%, which it could improve on by applying a threshold of 25% or lower.
- Unilever commits to refrain from marketing in primary schools but does not extend this commitment to places near primary or secondary schools. The company could improve its commitments by doing so, and by extending its commitments to refrain from marketing in or near other places popular with children, as recommended by the WHO.
- Unilever audits its compliance on marketing to children through industry association and pledge organizations, as well as internally. Unilever discloses its individual compliance results of the IFBA audit, for which it is commended. The company can further improve its performance by commissioning independent auditing to complement existing audits, and by stating explicitly that corrective action will be taken in case of non-compliance. Furthermore, the company does not provide evidence that the current auditing covers compliance across all media, beyond the media covered in industry association and pledge organization audits.

Category D - Marketing 20% - Undernutrition



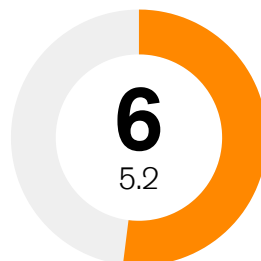
- Despite Unilever's strong focus on addressing undernutrition and various fortified, commercial products, the company does not express a clear commitment on developing and delivering marketing strategies intended to reach undernourished consumers. The company is encouraged to increase its transparency in this area.
- Unilever provides many examples of having generated consumer and marketing insights relating to undernourished populations. In many cases, these insights are used in programs that combine educational elements with branded marketing activities. Examples include Knorr Jok's education program in Thailand aimed at healthy eating and cooking, Blue Band's healthy breakfast program in Kenya and many more. This approach makes it difficult to distinguish educational activities from marketing activities. Unilever is encouraged to increase its transparency in this area.

Category E - Lifestyles 2.5% - Nutrition



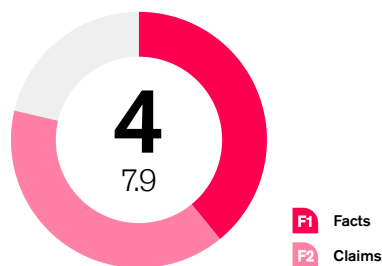
- Unilever has a codified commitment to support staff health and wellness in the Fairness in the Workplace pillar of its Sustainable Living Plan, with a program focused on physical and mental health, nutrition and well-being, based on its Global Medical & Occupational Health Strategy 2016-2020.
- As in 2016 and before, Unilever's Lamplighter employee health & well-being program is available globally. A target is in place to implement the program in all countries of operation with over 100 employees by 2020. The program encompasses health assessments, exercise, nutrition, mental resilience and individual well-being scorecards. The company articulates expectations in terms of health and business benefits and it conducts its own assessments of the outcomes of the program. The company is encouraged to extend the program's availability to family members, to conduct third-party evaluations and to disclose evaluation results fully.
- Unilever developed a new 'Global Maternal Well-being Standard' in 2017, setting a minimum standard of care and support for female employees. The company is one of only three companies to provide a minimum paid maternity leave between three and six months globally, in addition to relevant facilities to support breastfeeding mothers. The company is encouraged to further improve its performance by publishing its policy and extending paid maternity leave to six months.
- Unilever offers a wide range of programs to educate consumers on nutrition and healthy lifestyles, focusing specifically on heart health and good nutrition among the young and old. The programs cover aspects of healthy diets comprehensively, including breastfeeding education in its Baby Dove program. The company makes a conscious choice not to exclude brand-level sponsorship and it supports independently designed and implemented programs in addition to its own. Unilever is encouraged to exclude brand-level sponsorship and have all programs designed, implemented and evaluated by third parties with relevant expertise, to ensure that educational programs are not used for marketing activities.

Category E - Lifestyles 2.5% - Undernutrition



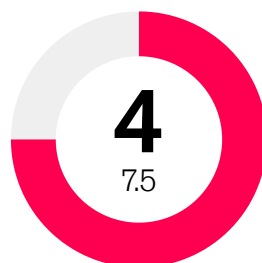
- Similar to 2016, Unilever runs many consumer-oriented educational programs in higher-priority countries that cover a range of relevant topics in relation to undernutrition: the benefits of a diverse diet, of consuming fortified foods (or foods inherently high in micronutrients), of exclusive breastfeeding and of safe, timely and adequate complementary feeding for infants and young children.
- For example, Unilever runs the 'Your milk can save lives' campaign in Brazil to drive awareness regarding breast-milk donation, especially to support premature babies. The campaign has led to increases in the number of milk donors and the total number of donations. Unilever and GAIN have created a global program to help improve the health and nutrition of 2.5 million people in rural areas in developing countries, which are difficult to reach. This program will cover Unilever's 800,000 smallholder farmers and their families, with a specific focus on female farmers, pregnant women and young children. Apart from promoting the importance of healthy foods and a diverse diet, participating families are given the means to grow their own kitchen gardens.
- Unilever does not publish a policy or commitments regarding the types of programs to be funded. The company could further improve its approach by distinguishing between educational and marketing activities, by committing to exclusively supporting programs designed and implemented by independent third parties with relevant expertise and by increasing transparency regarding its approach.

Category F - Labeling 15% - Nutrition



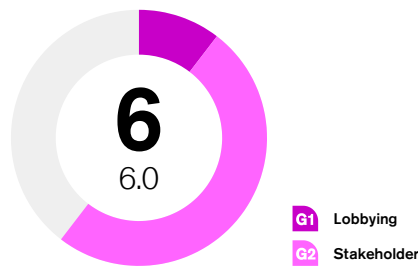
- Unilever continues to have strong commitments and performance regarding nutrition labelling, as in 2016. It commits to provide the "Big 8" nutrients on back-of-pack labels, or a smaller selection of nutrients if the product package size is limiting. In addition, it provides a percentage of daily recommendations for five nutrients as well as information on portion sizes for single and multiple portion packages.
- Unilever commits to use an icon on front-of-pack labels, showing energy content as a percentage of the daily recommendation. Unilever is part of an initiative to develop a new front-of-pack labeling system in the EU but does not make a commitment to implement interpretative front-of-pack labeling globally. The company should do so and, like all companies, it should ensure to not undermine existing local interpretative FOP labeling systems by implementing alternative or additional systems.
- Unilever discloses on its website that it implemented its full labeling commitments for 92% of products, but does not report information on the number of markets in which commitments are fully implemented. Unilever commits to fully roll out its commitments, covering all markets, and is encouraged to follow up on this.
- As in 2016, Unilever has a global set of guidelines for making health claims on its food and beverages which follow best practice and are applicable to all markets. These guidelines are not public, but since 2016 Unilever has published a position statement on its use of nutrition and health claims that addresses the main principles of Unilever's approach. Unilever could further increase its transparency by tracking and disclosing the percentage of SKUs (stock keeping units) that meet its healthy standard and which carry nutrition or health claims.

Category F - Labeling 15% - Undernutrition



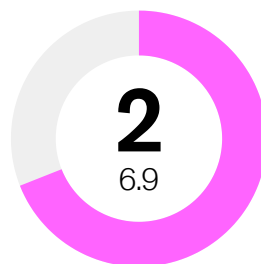
- As in 2016, Unilever commits to labeling all products in all markets that have been fortified with micronutrients, as described in its internal fortification guideline. The company also has guidelines in place to ensure that fortified products only carry health and nutrition claims when consistent with Codex standards in the absence of a national regulatory framework. Unilever makes the latter commitment in a new position statement on nutrition and health claims, published since the 2016 Index. It could improve its score by publishing its labeling commitment, now expressed in the internal fortification guideline, as well.

Category G - Engagement 5% - Nutrition



- Unilever states that its engagement with governments aligns with its Sustainable Living Plan goals. It codifies its approach to lobbying and political donations in a Code of Conduct, which is disclosed. The company does not commit to only lobby in support of measures to prevent and address obesity and diet-related chronic diseases but is encouraged to do so.
- Unilever discloses its membership of industry associations and other organizations but does not disclose its financial support for these organizations, potential governance conflicts of interest or board seats at influential organizations. In addition, Unilever publishes a list of position statements and policies but does not provide commentary or other disclosure about its lobbying activities related to nutrition and health. The company is encouraged to improve its transparency and accountability in this area.
- Unilever has a strong approach to stakeholder engagement. On its corporate website, Unilever reports engagement with a wide range of stakeholders in order to improve its decision-making and achieve its USLP goals. Unilever engages with international organizations, including GAIN and SUN, as well as with nutrition and health experts, in a systematic manner to inform its nutrition strategy. In addition, the company engages with various stakeholders to support the SDG agenda.

Category G - Engagement 5% - Undernutrition



- Unilever states on its corporate website that, in order to tackle undernutrition, partnerships between governments, NGOs and the food industry are needed. However, this statement is a description of what is needed rather than a clear commitment. Although Unilever also makes other statements about engaging with governments, is encouraged to be more explicit in its commitment to support governmental efforts to address undernutrition in developing countries.
- Unilever reports to support government efforts to address undernutrition through its work with World Food Programme, GAIN and SUN. However, the concrete examples the company provides of supporting government efforts to introduce undernutrition policy or regulation are limited to a single project with the government of Vietnam. Unilever could improve its score by providing and disclosing more such examples.
- Unilever is involved in one-to-one discussions with various key organizations working on undernutrition, as already mentioned in this document, and uses this engagement to inform its decision-making and strategy. Unilever provides a narrative about its approach on its corporate website.

Product Profile



12

Rank 12 / Score 4.2

Average HSR score products (sales-weighted)	Percentage of healthy products (sales-weighted)	Percentage of healthy products suitable to market to children (sales-weighted)	Number of products included in HSR and WHO EURO assessments		Number of countries included in the assessment
			HSR	WHO EURO	
2.1 stars	10%	9%	1653	1673	9

- Unilever's average sales-weighted HSR is 2.1 (2.3 unweighted), generating a Product Profile score of 4.2 out of 10, and it ranks twelfth.
- The estimated percentage of products that meet the healthy threshold, weighted by sales, is 10% (17% unweighted). The proportion of products that are suitable to be marketed to children, based on WHO EURO nutritional criteria, was estimated to be 9% based on sales-weighted data (19% unweighted). The lower sales-weighted HSR-related results suggest that Unilever's products with lower HSRs accounted for a relatively higher proportion of sales than those with higher HSRs.
- Out of the nine countries included in Unilever's analysis, South Africa had the highest mean HSR both before and after results were weighted by sales (2.8 and 2.7 respectively), followed by Mexico (2.7 and 2.5 respectively), with Hong Kong having the lowest HSRs (1.0 and 1.5 respectively). South Africa's high ranking can be explained in part by the types of products evaluated. It has a larger number of products in product categories such as 'Soup' and 'Processed Meat and Seafood' compared to other countries, and these categories ranked well in terms of overall mean HSR.
- When examining results by category, 'Rice, Pasta and Noodles', 'Dairy' (the definition encompasses margarines and vegetable oil-based butter-substitute spreads) and 'Soup' contained most products meeting the healthy threshold. No products in the 'Concentrates', 'RTD Tea', 'Ready Meals' and 'Spreads' categories received an HSR of 3.5 or greater.
- Unilever ranks second on the 2018 Global Index, making strong commitments on nutrition and health, and having implemented a well-designed NPS. The results of the Product Profile assessment show relatively low percentages of healthy products, substantially lower than the 35% of products that the company reports, by sales volume, to meet the nutritional criteria in their NPS. The difference in score and rank between the two elements of the ATNI methodology suggest that, while the company has a comprehensive governance structure and well-structured commitments, there is a room for improvement and strengthening of its NPS with metrics to track the number of healthy products. Consequently, the company needs to align its focus on nutrition and health with a matching healthy product portfolio.

For full details, see the company's Product Profile scorecard.

Footnotes

1. A system used to assess and improve the healthiness of products.
2. End hunger, achieve food security and improved nutrition and promote sustainable agriculture.
3. Despite making more commitments to address undernutrition through their core businesses, companies did not provide evidence to demonstrate increased sales from these initiatives.
4. High-priority countries are defined as non-OECD member countries that are classified as low-income and lower-middle income economies by the World Bank (Source: World Bank list of economies, December 2016) and have both 'More than 10 per 1000 under 5 mortality rate' (Source: World Development Indicators Database, accessed 29/3/2017) and 'More than 2% acute malnutrition (moderate and severe wasting) in under-5s' (Source: Joint Malnutrition dataset from UNICEF, World Bank and WHO, December 2016). Low-priority countries are defined as all other non-OECD member countries and Mexico.
5. Like in 2016, products that fall within the scope of the WHO International Code of Marketing of Breast-milk Substitutes (BMS) were excluded from the assessment for any aspect of the Corporate Profile assessment. To avoid any uncertainties on the potential relevance of the WHO Code for programs and initiatives targeting women of child-bearing age and children under two, these have been excluded from the assessment for companies that sell BMS products. The scoring was adapted for these companies to ensure that scores were not impacted negatively or positively by this approach. ATNF plans to refine its methodology in this area for future Indexes to enable the assessment and scoring of such programs and initiatives for companies that sell BMS products, based on objective criteria that ensure the WHO Code and related resolutions are respected.
6. Although PepsiCo sells baby food in Russia, this is fully independent of and geographically separated from their philanthropic initiatives.
7. Codex Alimentarius Commission (2015). General Principles For The Addition Of Essential Nutrients To Foods CAC/GL 9-1987. Available at: <http://www.fao.org/fao-who-codexalimentarius/codex-texts/guidelines/en/>
8. World Health Organization (2006). Guidelines on food fortification with micronutrients / edited by Lindsay Allen et al.
9. Grupo Bimbo published its updated strategy for health and wellness 'A Sustainable Way' in 2017, describing five platforms for its general commitments. The first platform is 'Products', and it describes five elements, including an approach to develop products to address undernutrition and a strategy to improve both the affordability and accessibility of its products for all consumers and for vulnerable populations with specific nutritional needs. The company publishes six 2020 goals that relate to products and health impact, including two that specifically relate to developing, pricing and distributing products for undernourished populations.
10. Unilever runs various programs to improve the accessibility of products to fight undernutrition, which are linked to its central business strategies and wider approach to sustainability. One example is the Shakti project in India, which uses a wide network of microentrepreneurs to sell a variety of products, including fortified products to address undernutrition in populations that are hard to reach.
11. Codex Alimentarius Commission (2013). Guidelines For Use Of Nutrition And Health Claims CAC/GL 23-1997. Available at: <http://www.fao.org/fao-who-codexalimentarius/codex-texts/guidelines/en/>
- 12.* ATNF was not able to assess all documents published or provided by Ajinomoto in Japanese. This language barrier may have limited the extent to which details of company performance are correctly reflected in the scoring. Scorecard version 2, 31 October 2018.
13. Source: Morningstar, USD historic exchange rate
14. Source: Morningstar
15. Although Arla markets baby food products, it was not included in the BMS assessment because it was estimated to derive less than 5% of its FY2016 revenues from baby food. Scorecard version 2, 31 October 2018.
16. Source: Morningstar, USD historic exchange rate
17. Source: Morningstar
18. In contrast to 2016, BRF did not actively participate in the research process; its assessment is therefore based on publicly available information. For the Product Profile study, only three BRF products were available for assessment in the nine countries covered. Therefore, BRF was not included in the Product Profile assessment. Scorecard version 2, 31 October 2018.
19. Source: Morningstar, USD historic exchange rate
20. Source: Morningstar
21. Although Campbell's markets baby food products, it was not included in the BMS assessment because it was estimated to derive less than 5% of its FY2016 revenues from baby food. Campbell's generates less than 5% of its sales in non-OECD countries. Therefore, the company was not assessed on Undernutrition in the Global Index 2018. Scorecard version 2, 31 October 2018.
22. Source: Morningstar, USD historic exchange rate
23. Source: Morningstar
24. Scorecard version 2, 31 October 2018.
25. Source: Morningstar, USD historic exchange rate
26. Source: Morningstar

27. ConAgra Brands generates less than 5% of its sales in non-OECD countries. Therefore, the company was not assessed on Undernutrition in the Global Index 2018. ConAgra Brands did not actively participate in the research process; its assessment is therefore based on publicly available information. Scorecard version 2, 31 October 2018.
28. Source: Morningstar, USD historic exchange rate
29. Source: Morningstar
30. Danone was evaluated on the BMS sub-ranking and its Global Index score was adjusted by –0.8 to reflect its level of compliance with the BMS methodology of 46%. The company's commitment and practices relating to its Advanced Medical Nutrition products are not within the scope of the Global Index and were therefore not evaluated. Scorecard version 2, 31 October 2018.
31. Source: Morningstar, USD historic exchange rate
32. Source: Morningstar
33. Ferrero's capacity to address undernutrition commercially is limited as it is predominantly a confectionery business. Therefore, only its non-commercial efforts to address undernutrition were evaluated. Scorecard version 2, 31 October 2018.
34. Source: Morningstar, USD historic exchange rate
35. Source: Morningstar
36. FrieslandCampina was evaluated on the BMS sub-ranking and its Global Index score was adjusted by –1.1 to reflect its level of compliance with the BMS methodology of 25%. Scorecard version 2, 31 October 2018.
37. Source: Morningstar, USD historic exchange rate
38. Source: Morningstar
39. General Mills generates less than 5% of its sales in non-OECD countries. Therefore, the company was not assessed on Undernutrition in the Global Index 2018.
40. Source: Morningstar, USD historic exchange rate
41. Source: Morningstar
42. Scorecard version 2, 31 October 2018.
43. Source: Morningstar, USD historic exchange rate
44. Source: Morningstar
45. Scorecard version 2, 31 October 2018.
46. Source: Morningstar, USD historic exchange rate
47. Source: Morningstar
48. Kraft Heinz was evaluated on the BMS sub-ranking and its Global Index score has been adjusted by –1.5 to reflect its level of compliance with the BMS methodology of 0%. The company was created in 2015 after Heinz and Kraft Foods Group merged (the two companies were assessed separately in the 2016 Index). The company did not actively participate in the research process; its assessment is therefore based on publicly available information. Scorecard version 2, 31 October 2018.
49. Source: Morningstar, USD historic exchange rate
50. Source: Morningstar
51. Although Lactalis markets baby food products, it was not included in the BMS assessment because it was estimated to derive less than 5% of its FY2016 revenues from baby food. Lactalis did not actively participate in the research process; its assessment is therefore based on publicly available information. Scorecard version 2, 31 October 2018.
52. Source: Morningstar, USD historic exchange rate
53. Source: Morningstar
54. Scorecard version 2, 31 October 2018.
55. Source: Morningstar, USD historic exchange rate
56. Source: Morningstar
- 57.* ATNF was not able to assess all documents published or provided by Meiji in Japanese and the language barrier may have limited the extent to which details of company performance were reflected correctly in the scoring. Although Meiji markets baby food products, it was not included in the BMS assessment because it was estimated to derive less than 5% of its FY2016 revenues from baby food. Meiji generates less than 5% of its sales in non-OECD countries. Therefore, the company was not assessed on Undernutrition in the Global Index 2018.
58. Source: Morningstar, USD historic exchange rate
59. Source: Morningstar
60. Scorecard version 2, 31 October 2018.
61. Source: Morningstar, USD historic exchange rate
62. Source: Morningstar
63. Nestlé was evaluated on the BMS sub-ranking and its Global Index score was adjusted by –0.8 to reflect its level of compliance with the BMS methodology of 45%. Activities funded through the Nestlé Foundation were not assessed because it is a separate entity and Nestlé S.A plays no part in its governance or management. The Foundation funds a wide range of nutrition-related research programs and other initiatives. Scorecard version 2, 31 October 2018.
64. Source: Morningstar, USD historic exchange rate
65. Source: Morningstar

- 66.** Although PepsiCo markets baby food products, it was not included in the BMS assessment because it was estimated to derive less than 5% of its FY2016 revenues from baby food. Scorecard version 2, 31 October 2018.
- 67.** Source: Morningstar, USD historic exchange rate
- 68.** Source: Morningstar
- 69.*** ATNF was not able to assess all documents published by Suntory in Japanese and the language barrier may have limited the extent to which details of company performance were reflected correctly in the scoring. Suntory did not actively participate in the research process; its assessment is therefore based on publicly available information. Scorecard version 2, 31 October 2018.
- 70.** Source: Morningstar, USD historic exchange rate
- 71.** Source: Morningstar
- 72.** Tingyi does not publish information pertaining to its nutrition practices and the company did not actively participate in the research process; its assessment is therefore based on publicly available information. ATNF may not have been able to identify and assess relevant documents in Chinese and the language barrier may have limited the extent to which details of company performance were reflected correctly in the scoring. Scorecard version 2, 31 October 2018.
- 73.** Source: Morningstar, USD historic exchange rate
- 74.** Source: Morningstar
- 75.** Scorecard version 2, 31 October 2018.
- 76.** Source: Morningstar, USD historic exchange rate
- 77.** Source: Morningstar

Disclaimer

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Sustainalytics participated in the data collection and analysis process for the Global Index 2018, contributed to the company scorecards and supported writing the report.

Westat is responsible for the collection of data related to company compliance with the International Code of Marketing of Breast-milk Substitutes and any additional country specific regulations related to marketing of these products in Bangkok, Thailand and Lagos, Nigeria. Westat is responsible for the analysis of the data related to compliance with the BMS Marketing standards and for the preparation of its final study report, the results of which have been incorporated by ATNF into the 2018 Global Access to Nutrition report and the scoring of company performance for the same Index.

The George Institute for Global Health (TGI) is responsible for the data collection for the Product Profile assessment, using data from available databases that was supplemented with data provided by companies to ATNF. TGI is also responsible for the analysis of the data related to the Product Profile and the TGI Product Profile final report, the results of which have been incorporated by ATNF into the 2018 Global Access to Nutrition report. Furthermore, TGI is responsible for the data collection and analysis related to the historic sodium reduction assessment in Australia, the results of which have been incorporated into the Product Profile chapter of the 2018 Global Access to Nutrition report.

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