

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.

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.

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.

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 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.

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.

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.

