

US Index 2022

# Nestlé <sup>1</sup>

Product categories assessed  
Bottled Water - Other|Dairy|Other Hot Drinks|Ready Meals|Bottled Water - Pure

Percentage of company US sales covered by Product Profile assessment  
90-100%

Headquarters  
Vevey, Switzerland (Global HQ);  
Rosslyn, Virginia (USA HQ)

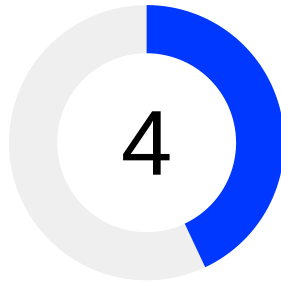
Number of US employees  
31,000

Type of ownership  
Public

Sales revenue (range) of packaged foods and beverages  
USD 16 –21 Billion

US share in global packaged food and beverage sales  
17-22%

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Product Profile <sup>2</sup>

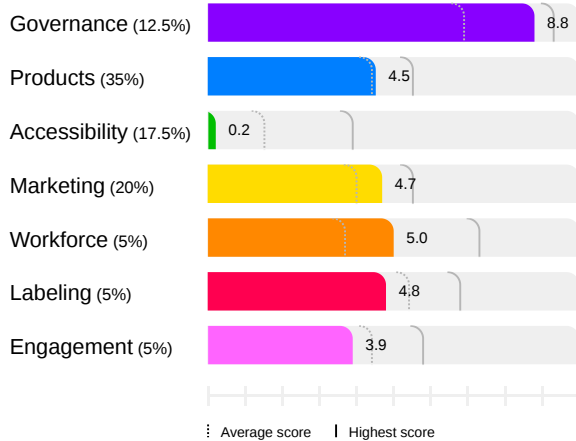
Rank 4 / HSR 2.5 <sup>3</sup>

Rank 4 (2018) <sup>4</sup>

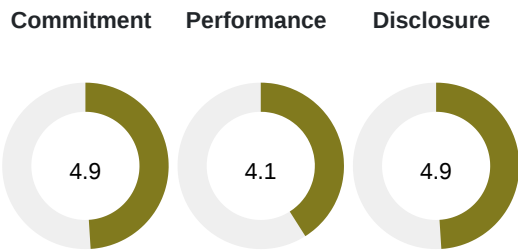
**Important:**

The findings of this Index regarding companies' performance rely to a large extent on information shared by companies, in addition to information that is available in the public domain. Several factors beyond the companies' control may impact the availability of information. Therefore, in the case of limited or no engagement by such companies, this Index may not represent the full extent of their efforts.

## SCORING OVERVIEW



(%) Figure in brackets is the weighting of the category  
All category and criteria scores are out of 10



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

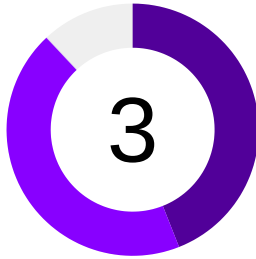
# CATEGORIES

The US Index 2022 assesses companies' nutrition-related commitments and policies, practices and disclosure across seven categories. A product profiling exercise, assessing the healthiness of companies' product portfolios using the Health Star Rating model is also part of the Corporate Profile.



# GOVERNANCE

## 12.5% OF OVERALL SCORE



Rank 3 / Score 8.8

Rank 1 (2018)

Highest score 9.3

Average score 6.9

A1 Nutrition strategy

A2 Nutrition management

- Nestlé commits to launching more nutritious foods and beverages, simplifying ingredient lists, and removing artificial colors, while adding micronutrients where they are deficient in the local population and further reducing sodium.
- Nestlé adopts a comprehensive approach to deliver on its nutrition strategy and help tackle obesity. The company's commitments cover: Reformulation (decreasing sugars, sodium, and saturated fat, and increasing vegetables, fiber-rich grains, pulses, nuts, and seeds in their foods and beverages), marketing (leveraging marketing efforts to promote healthy cooking, eating, and lifestyles), and portion control (offering guidance on portions for its products). These commitments are accompanied by several time-bound targets in the company's 'Creating Shared Value' report. Nestlé also publicly commits to support US Dietary Guidelines. As a 'National Strategic Partner' with the United States Department of Agriculture's (USDA) Nutrition Communicator's Network, several Nestlé US brands will develop a series of innovative communications efforts to promote the Dietary Guidelines Consumer Messages, encouraging consumers to make healthier food choices and exercise more.
- Nestlé links remuneration of senior leadership to ESG objectives. According to Nestlé's Remuneration Policy, which applies to the US, leadership remuneration at the company is based on the following principles: 1) performance of short-term and long-term objectives, and 2) alignment with long-term group strategy and shareholder interest. Group strategy is clearly defined in its strategic roadmap, with nutrition, health, and wellness included in this. Individual objectives of Executive Board members are integrated into the business and functional objectives. Quantitative and qualitative objectives set by the Board of Directors determine the Nestlé Group performance and reflect Nestlé's Creating Shared Value framework – and include the proportion of products with nutrition, health, and wellness benefits. These objectives are kept under review by the Board of Directors to ensure they are aligned with Nestlé's business objectives and strategic ambition. In addition to the bonus-able financial elements, the Board of Directors also approves additional quantitative targets and projects that include nutrition.

### Areas of improvement

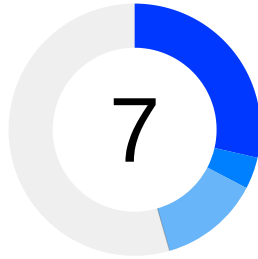
- While Nestlé seems to have strong commitments in place to improve nutrition and address diet-related diseases, it is recommended it translates these into concrete actions and reports on progress regularly at a country-level. This is especially the case for the US, as it is one of the company's major markets.
- Nestlé adopts a multi-faceted approach to tackle childhood obesity in the US. However, it is recommended to also develop strategies to increase access to healthy foods relative to unhealthy products for communities that may face food and nutrition insecurity, or that may be at a higher risk than average of experiencing diet-related diseases.





# PRODUCTS

## 35% OF OVERALL SCORE



Rank 7 / Score 4.5

Rank 2 (2018)

Highest score 5.5

Average score 4.4

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

- Nestlé met its global sugar reduction target in 2021 to reduce sugars added to its products by 5%. According to the company, between 2014 and 2020, it reported a removal of more than 99,000 equivalent tons of sugars. However, no US-specific progress reporting on this metric was found.
- Nestlé's nutrient profiling model (NPM) – Nestlé Nutritional Foundation (NF) – is currently being updated. The company informed ATNI that the new model is expected to be released by the end of 2022. Moreover, the company has used the Health Star Rating (HSR) model to assess the nutritional content of its products. No benchmarking exercise applicable to its US portfolio was found in the public domain. However, the company informed ATNI that its revised NF takes into account United States Food and Drug Administration (FDA) and International Food and Beverage Association sodium reduction targets.

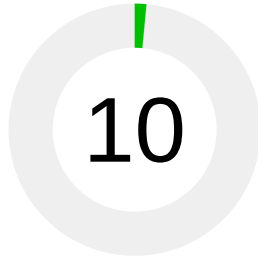
#### Areas of improvement

- While Nestlé commits to developing products that are good for people and good for the planet, no US-specific nutrient reformulation targets were found. Nestlé is encouraged to set an ambitious quantitative target (with baseline and target year) to increase sales of healthier foods and to disclose progress against this target on an annual basis.
- The company is encouraged to publish its updated NPM online and in a peer-reviewed journal article, so that stakeholders can better assess and understand it. To improve performance, Nestlé is recommended to benchmark its new criteria against US-specific standards; for example, the FDA's upcoming updated definition of 'healthy'. When FDA releases its new definition of 'healthy', ATNI hopes all companies, including Nestlé, can benchmark their internal nutrition criteria against these new standards.



# ACCESSIBILITY

## 17.5% OF OVERALL SCORE



Rank 10 / Score 0.2

Rank 3 (2018)

Highest score 3.9

Average score 1.5

C1

Product pricing

C2

Product distribution

- Nestlé has a broad commitment at the global level “to create more accessible, affordable, and nutritious products that are good for people and for our planet.” It relies primarily on government intervention through SNAP and WIC to reach low-income consumers.
- The company donates both cash and products to hunger relief organizations in order to address food insecurity in the US, as well as diverting food loss and waste from its commercial operations and providing disaster relief. For example, it provided 8.2 million lbs of food and beverages in 2021. However, it does not have a policy for responsible food and beverage donations, nor does it commit to predominantly donate healthy products.

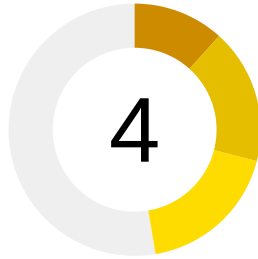
### Areas of improvement

- Given that Nestlé commits to address the affordability of healthy products on a global level, it is advised to develop a strategy to do so in the US, specifically for its healthy products, in order to encourage a shift in consumption toward healthier options. The company could start by tracking the relative prices (per serving) of its healthy products and developing targets to improve the price differential between them. Conducting analysis into how products can be priced appropriately for low-income consumers specifically is also encouraged.
- Nestlé is encouraged to develop a commercial strategy to address the accessibility and distribution of its healthy and affordable products. The company could also consider setting targets to drive accountability on this topic.
- Nestlé could work with retailers and distributors to ensure its healthy products are offered at an affordable price at point-of-sale and are distributed in food-insecure neighborhoods.
- Since the company makes sizeable product donations to hunger relief organizations in the US, Nestlé is encouraged to adopt a policy for responsible food donations which prioritizes nutritious products and limits the donations of unhealthy products. This will prevent its philanthropic efforts from inadvertently contributing to obesity and other diet-related non-communicable diseases (NCDs). For example, it could commit to responsible donation guidelines such as the Healthy Eating Research (HER) Nutrition Guidelines. In addition, it is recommended to track the nutritional profile of its product donations for philanthropic programs.



# MARKETING

## 20% OF OVERALL SCORE



Rank 4 / Score 4.7

Rank 2 (2018)

Highest score 5.5

Average score 4

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

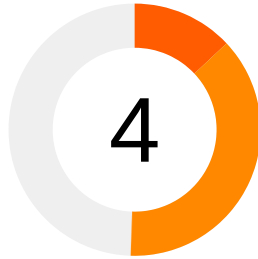
- Nestlé commits not to conduct any advertising directed primarily to children under age 12.
- Nestlé has a detailed marketing policy for all audiences, including a specific policy section for children, which includes information on the forms of marketing it entails and provides an extensive list of commitments regarding a fair representation of their products.
- Nestlé is one of two companies (together with PepsiCo) in the Index who make a commitment for some of its non-commercial US programs relating to nutrition education to exclude product branding.
- The marketing policy for children is specific on marketing strategies in schools, both primary and secondary, and includes a commitment not to market or advertise in other places where children gather.

#### Areas of improvement

- Although Nestlé made a commitment to increasing spending of marketing on healthier products, it is recommended the company publishes a commentary outlining the changes to its marketing spending in support of healthier eating, relative to their overall marketing budget.
- Nestlé undergoes auditing by the Children's Food and Beverage Advertising Initiative (CFBAI), an industry-led third-party, which publishes aggregated results of its members. The company is encouraged to make its individual compliance results publicly available on its own domain.



# WORKFORCE 5% OF OVERALL SCORE



Rank 4 / Score 5

Rank 1 (2018)

Highest score 7.3

Average score 3.7

**E1** Employee health

**E2** Breastfeeding support

- Nestlé has three global programs which comprise elements of nutrition: Know Your Numbers (KYNP), #HealthyLives, and Stress and Resilience. The Healthy Lives program offers healthy food at work, while KYNP includes nutrition-focused health checks.
- Nestlé formally commits to granting paid parental leave and to providing appropriate working conditions and facilities to facilitate breastfeeding on sites with more than 50 employees. Nestlé offers 14-18 weeks of paid parental leave for primary caregivers and one to four weeks to the secondary caregiver.

#### Areas of improvement

- Nestlé should ensure its workforce nutrition programs in the US include expected outcomes (such as healthy behavior, health-related, or employee absenteeism outcomes).
- For its workforce nutrition programs, Nestlé should consider:
  - 1) A commitment to making the program available to all employees and all family members;
  - 2) Including nutrition education;
  - 3) Disclosing the percentage of employees that participate in the program.
- Nestlé is encouraged to evaluate the health impact of its workforce nutrition programs in the US, regulated by a third-party independent evaluator. The company is further encouraged to disclose quantitative and qualitative information of the outcomes of the program.
- Nestlé could commit to improve the health and nutrition of groups across the food value chains it is involved in, that are not directly employed by the company (supply chain partners in the US), through programs focused on nutrition.
- Nestlé is encouraged to extend its current paid parental leave policies to ideally six months or more.



# LABELING

## 5% OF OVERALL SCORE



Rank 7 / Score 4.8

Rank 1 (2018)

Highest score 6.8

Average score 5.4

**F1** Product labeling

- Nestlé uses the Facts up Front (FuF) labeling icons to display front-of-pack (FOP) information, which shows the calories, saturated fat, sodium, and total sugar contained in each serving of a food or beverage product. This information is provided on 100% of 'applicable products' in the US.

#### Areas of improvement

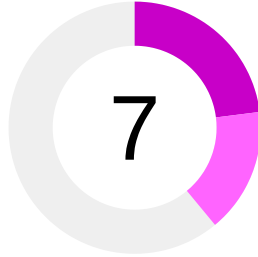
- Nestlé is advised to adopt an interpretive FOP labeling system and apply this to all products in its portfolio, such as color-coded systems, as it does in other markets.
- Nestlé is encouraged to use an externally recognized NPM to underpin FOP labeling information in the US. Nestlé currently uses the FuF labeling system, which pulls nutrient information from the Nutrition Facts Panel. However, this does not tell consumers what products the company considers healthier and the criteria used for that purpose.
- Nestlé could provide the percentage of wholegrain relative to all grain or refined grains on all relevant products, to assist consumers in making informed decisions on the healthiness of products. The company is encouraged to continue its work on their 'GRAINSMART balance' system to provide this information.
- Nestlé discloses the amount of fruit and vegetable information on some product labels. It is encouraged to commit to providing fruit and vegetable content information on all relevant product labels.
- It is recommended Nestlé sees that nutrition information is displayed online for 100% of its portfolio, to ensure that with growing online retail sales, consumers can easily access nutritional information. Currently, between 50-79% of its products have information displayed online.
- Nestlé could provide an online 'healthy' filter that is aligned with FOP information and/or ensure a filter that allows a selection of at least three nutrients on its direct-to-consumer channels; e.g., 'high in fiber' or 'low in sugar'.





# ENGAGEMENT

## 5% OF OVERALL SCORE





Rank 7 / Score 3.9

Rank 5 (2018)

Highest score 5.8

Average score 4.4

-  Influencing policymakers
-  Stakeholder engagement

- Nestlé’s lobbying policy is approved by its Board. The company also regularly reviews its involvement in trade associations, assessing the relevance of its participation and its alignment with the company’s strategy and positions – stating that it is prepared to withdraw memberships in situations of continued misalignment.
- Nestlé is a member of the Sustainable Food Policy Alliance (SFPA), which engages with the US government on: Reducing dietary sodium and added sugar in consumers’ diets; updating definitions of terms like ‘healthy’; and encouraging timely implementation of the new nutrition facts panel. SFPA also advocated for increased flexibilities in USDA food and nutrition programs to extend access to WIC, School Lunch and Breakfast Programs, and SNAP for food insecure families and children during the COVID-19 pandemic.
- However, the company provides no examples of lobbying in support of World Health Organization (WHO)-endorsed government policies to address malnutrition (including obesity and diet-related non-communicable diseases (NCDs)) in the US, at federal, state, or local levels.
- Nestlé discloses that its key global ‘advocacy priorities’ include “transparent nutrition information to consumers (on-pack labelling and digital)” and “responsible marketing to children”.
- Nestlé publishes a partial list of trade association memberships in the US, and indicates which it holds Board seats on.
- Nestlé has a policy that prohibits corporate contributions outside of its home country, including in the US. It does not have an employee-run Political Action Committee in its name.
- The company discloses the total amount it spends on lobbying in the US, and provides a link to the Lobbying Disclosure Act (LDA) website where its lobbying disclosure reports can be found.
- Regarding stakeholder engagement in the US, Nestlé is a member of several nutrition-related multistakeholder platforms, including the Portion Balance Coalition, Tufts University Food and Nutrition Innovation Council, and the Personalized Nutrition Initiative.

#### Areas of improvement

- Nestlé is encouraged to clarify the extent to which its Board has oversight over its lobbying policy positions, processes, and practices, and to undertake audits of the company's lobbying activities, disclosure, and compliance with its lobbying policies.
- Nestlé is strongly encouraged to actively support (or commit to not lobby against) key WHO-endorsed public policy measures to address obesity and diet-related NCDs, such as fiscal measures to address obesity, regulatory restrictions on marketing/advertising unhealthy products (to children), or increased FOP labeling requirements, whether at the federal, state, or local level where proposals arise. Publishing links to specific documents used in government engagements is also encouraged.
- Nestlé is recommended to be more explicit on its website about the role of the SPPA as one of the company's key channels for nutrition-related lobbying in the US.
- Nestlé is recommended to disclose a more comprehensive list of trade association memberships in the US, and to disclose the amount of dues used for lobbying purposes by each.
- While it publishes a link to its LDA reports on its website, Nestlé should also be more transparent on its own domain and publish the names of its lobbyists/lobbying firms, and what state jurisdictions it is actively lobbying in.
- Nestlé could significantly improve its disclosure regarding its lobbying positions on key public health policies, such as those recommended by WHO. These positions should be as specific and unambiguous as possible.
- Nestlé should ensure that it engages with a wide range of nutrition-specific stakeholders in one-to-one discussions regarding its nutrition strategies and activities in the US, such as civil society organizations, academic institutions, and scientific bodies with recognized expertise in nutrition and public health. This engagement should seek to inform these stakeholders about the companies' existing activities and future plans, and aim to solicit feedback and gather insights to ensure these are sufficiently aligned with the public health interest.
- Nestlé is recommended to be transparent about the identities of any experts it consults and the organizations and platforms it engages with on nutrition-related topics, as well as indicating the degree of financial compensation provided for these engagements. Nestlé is also encouraged to improve its public reporting of the purpose and outcomes of the engagements, and how they were used to change its nutrition-related practices or plans.

# PRODUCT PROFILE <sup>5</sup>



4

Rank 4/11 / Score 2.5/5

The Product Profile is an independent assessment of the nutritional quality of companies' product portfolios. For this purpose, ATNI uses the Health Star Rating (HSR) model, which rates foods from 0.5 to 5.0 based on their nutritional quality. The underlying nutrient profile model assesses nutrients of concern (sodium, total sugar, saturated fat, and overall energy) and positive food components/ nutrients (fruit and vegetable content, protein, fiber, and, in some cases, calcium) to score products on the basis of nutritional composition per 100g or 100mL. ATNI uses the threshold of 3.5 stars or more to classify products as generally healthier. Product Profile results account for 20% of the total Index score.

## Portfolio-level Results

Average HSR (out of 5 stars) (sales-weighted)	Products meeting the 'healthy' threshold (HSR of (3.5 stars or more)			Range of total 2021 US sales covered <sup>6</sup>
	Total no. products assessed	% of distinct healthier products	% sales from healthier products*	
2.5	398	33%	36%	90-100

ATNI estimates this value by taking the proportion of 'healthy' products within each category assessed and multiplying that figure by the corresponding category US retail sales-values in 2021. The values are then aggregated to generate an estimate of the overall US healthy sales.

- Nestlé's average sales-weighted HSR is 2.5 (stars) out of 5 (2.4 unweighted), ranking fourth out of the 11 companies assessed in the Product Profile. A total of 398 products across the company's five best-selling product categories were assessed using the HSR system.
- 33% of distinct products analyzed for Nestlé met the 'healthy' threshold (3.5 stars or more in the HSR). When taking category sales values into account, the company was estimated to derive 36% of its 2021 US retail sales from healthier products. These results reflect Nestlé's recent divestments of confectionery, ice cream and bottled water brands in the US market.

## Mean Health Star Rating by category for Nestlé

	No. of products assessed	Mean HSR
Bottled Water - Other	39	2.5
Bottled Water - Pure	5	5
Dairy	110	1.1
Other Hot Drinks	8	0.5
Ready Meals	236	3

• Among product categories assessed, Bottled Water – Plain (which receives an automatic 5 stars) had the highest HSR, followed by the Ready Meals (including DiGiorno, Stouffer’s, Lean Cuisine brands) category (3.0 out of 5.). A total of 236 products from the Ready Meals category were analyzed, and 94 (or 40%) met the ‘healthy’ threshold.

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## US INDEX 2022

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## Footnotes

1. The Access to Nutrition Foundation (ATNF) is an international not-for-profit organization based in the Netherlands dedicated to addressing global nutrition challenges worldwide. ATNF provides companies with a tool to benchmark performance on nutrition against others in their sector, and provides stakeholders with impartial objective, consistent, in-depth information on companies' contributions to improving nutrition.
2. The Product Profile corresponds to criterion B1, assessing the nutritional quality of companies' portfolios, relative product quality within categories compared to peers and changes in portfolio healthiness over time.
3. The current Product Profile score accounts for 20% of the total Index score. It corresponds to criterion B1 of the Index.
4. In the US Index 2018, the Product Profile Assessment was conducted as a separate assessment. The results were 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.
5. The Product Profile is an independent assessment of the nutritional quality of companies' product portfolios. For this purpose, ATNI uses the Health Star Rating (HSR) model, which rates foods from 0.5 to 5.0 based on their nutritional quality. The underlying nutrient profile model assesses nutrients of concern (sodium, total sugar, saturated fat, and overall energy) and positive food components/ nutrients (fruit and vegetable content, protein, fiber, and, in some cases, calcium) to score products on the basis of nutritional composition per 100g or 100mL. ATNI uses the threshold of 3.5 stars or more to classify products as generally healthier. Product Profile results account for 20% of the total Index score.
6. Retail sales data derived from Euromonitor International.

