

US INDEX 2022

FINDINGS

- The combined product portfolios of the 11 companies assessed— representing a sales value of more than \$170 billion in 2021 and accounting for almost 30 percent of all US food and beverage sales – have not become healthier. Only a third (29 percent) of the companies’ combined sales value for 11,041 products is derived from products meeting the “healthy” threshold.¹
- One of the improvements is in the Governance category, with all companies incorporating a greater focus on nutrition and health in their commercial strategies. Only a few have translated these commitments into concrete action plans that focus on addressing the needs of population groups at higher risk of experiencing nutrition challenges, such as families with low incomes.
- Another improvement is that ten manufacturers now define what they consider “healthy.” However, there is an urgent need for a standardized definition.
- Only four companies, compared to one in 2018, are taking concrete actions to improve the affordability of some of their healthier products in the US. Most companies show limited evidence of making their healthier products or product varieties more affordable or accessible relative to unhealthy varieties specifically through commercial channels in the US.
- Eight companies are evaluating the healthiness of their portfolios as part of broader sustainability strategies and annual reporting frameworks.
- Ten companies, compared to six in 2018, are disclosing information on the relative sales of “healthy” products and adopting their own nutrient-profiling models (NPMs) to monitor the healthiness of their products and portfolios. However, there is no standardized, objective approach to measure healthiness across companies to help consumers make informed choices.
- Responsible marketing for all audiences, but specifically protecting children from the harmful effects of marketing unhealthy products, seems to be on the agenda for all companies, but they do not cover children of all ages, nor do the companies incorporate specific compliance targets. Only one company commissions regular external audits on this topic.
- While most companies are making some commitment to improving the health of their employees in the US, the scope and content of the workforce health and nutrition programs vary considerably.
- Six companies have implemented front-of-pack (FOP) labeling on more than 80 percent of their products and nine display online information for more than 80 percent of their product portfolios: a clear improvement since 2018.

FINDINGS ON GOVERNANCE

While all companies include a commitment to focusing on nutrition or health in their commercial growth strategies, few show evidence of concrete plans and actions to increase the accessibility and affordability of healthy foods to priority populations in the US. Overall, companies perform well in incorporating nutrition in their corporate strategies, but there are only a few improvements observed in accountability mechanisms: Only four companies link the remuneration of the person accountable for their nutrition strategy to nutrition-related objectives.

Notable examples:

- Among the companies assessed, Nestlé and Unilever demonstrate the most comprehensive nutrition strategies, management systems, and reporting.
- General Mills is one of five companies that commit to conducting regular management reviews and internal audits of their nutrition strategies.

Recommendations:

- While 2022 results show more companies are committing to a strategic focus on nutrition and health – as articulated in their mission statements and strategic commitments – they can do more in terms of developing specific objectives and activities to improve nutrition and address malnutrition, and publicly disclose progress against these objectives.
- ATNI recommends that food and beverage manufacturers continue to integrate nutrition considerations into their core business functions, including linking executive pay to performance on nutrition objectives.
- These commitments could then be translated into specific actions, and research conducted into how best to use commercial opportunities to address specific needs of priority populations.

FINDINGS ON PRODUCTS

The Product Profile results show that a sector-wide transformation is needed to improve the nutritional quality of the US food supply. Only 31% of all unique products assessed (3,381 out of 11,141) meet the independent 'healthy' threshold (an HSR of 3.5 stars or more), with substantial variation observed between companies. Overall, companies with mixed portfolios perform better in the Product Profile (Campbell and Conagra), compared to those that derive most sales from less healthy categories (Mars). Ten companies have adopted an NPM to guide their product (re)formulation strategies and define what products are considered 'healthy/healthier,' compared to six in 2018; Coca-Cola is the only company that has not yet formally adopted such system. So far, no company has publicly shown how the results of applying its own criteria/NPM, compared to applying an internationally recognized NPM to its portfolio. Only three companies have targets in place to increase sales from 'healthy' products, according to their company-specific criteria – and none include a US-specific target. Two companies disclose US-specific sales from 'healthy' products. More companies disclose specific nutrient (re)formulation targets.

Notable examples:

- PepsiCo published its NPM in a peer-reviewed journal article. The article presents PepsiCo Nutrition Criteria (PNC), a new internal NPM designed to guide and monitor improvements in nutrient density and the overall nutritional quality of foods and beverages. The new PNC NPM assigns food products to four classes of increasing nutritional value, based on the content of nutrients to limit, along with nutrients and ingredients to encourage. The nutrient standards used for category assignment follow those developed by global dietary authorities. Standards are proposed for calories, sodium, added sugars, saturated fats, and industrially-produced trans fats. In the article, the company provides examples of recently reformulated products according to these guidelines.
- Conagra uses an independent NPM (NutriScore) for some product categories. In its 2021 Citizenship report, the company describes the introduction of a new metric, Sustainable Nutrition, as measured by NutriScore A or B for vegan and vegetarian products. According to the company, 82% of its vegan and vegetarian meals and meat replacements currently qualify for this attribute. In addition, Conagra applies the FDA Healthy criteria to its Healthy Choice products, which include soups and ready-to-eat meals. Using external nutrition criteria.

Recommendations:

- Considering the limited progress in product healthiness of their portfolios, companies can and must do much more to develop and deliver a comprehensive strategy to improve the overall nutritional quality of their portfolios and within product categories. Product innovation, reformulation, diverging from unhealthy product lines, and/or acquiring healthier brand lines are some of the ways companies can achieve this.
- ATNI recommends companies define concrete and time-bound targets to increase sales of 'healthy' products and report progress on delivering against their 'healthy' sales targets on an annual basis. Coupling financial growth targets with higher sales of healthier products could be an effective way to incentivize the increase in 'healthy' products.
- ATNI also recommends companies benchmark their definition of 'healthy' and/or full NPMs against externally validated and preferably internationally recognized (and, where applicable, government-endorsed) systems – such as the planned FDA standard on the criteria to use the term 'healthy' as a nutrient content claim.

FINDINGS ON ACCESSIBILITY

This category remains the lowest-scoring category of the Index, with an average score of 1.5 out of 10. Most companies show limited evidence of addressing either the affordability or accessibility of their healthy products specifically through commercial channels. With food and nutrition insecurity being a major challenge in the US, it is crucial that companies go beyond federal assistance programs and charitable donations and adopt strategies to increase the commercial accessibility and affordability of their healthy products to those population groups most in need. That said, more companies than in 2018 now have some form of access and affordability strategies in place. However, with the exception on Unilever, companies' affordability strategies pay limited attention to addressing low-income or food-insecure consumers, and none were found to have concrete quantitative targets in place. The predominant approach to addressing access and affordability continues to be through charitable donations instead of a systemic commercial approach. Companies do not have policies in place to ensure donations are predominantly healthy, although two companies showed evidence of tracking the healthiness of their product donations.

Notable examples:

- Unilever, through its Knorr brand, specifically seeks to price some of its 'healthy' products appropriately for low-income consumers, which is a first for this Index.
- Campbell has started to track the relative pricing of its products that meet its healthiness criteria against the rest of its portfolio and publishes the overall price differential, the first company found to do so.

Recommendations:

- ATNI recommends that US food and beverage manufacturers adopt a clear policy on affordability and accessibility of healthy products. These include strong, unifying public commitments and SMART (specific, measurable, achievable, realistic, and timely) targets to guide their actions – such as the number/percentage of stores in food-insecure neighborhoods stocking 'healthier' products or the number of food-insecure households to reach through improved distribution, as defined by USDA definitions and ranges.
- Of the companies with affordability strategies in place, most could go further by specifically considering the affordability of their 'healthier' products for low-income consumers in the US. They could begin by conducting pricing analyses to ensure their 'healthier' products are priced appropriately and are affordable for these groups.
- ATNI recommends all companies disclose more information on their affordability strategies, enhancing transparency and accountability.
- Most companies that commit to addressing access to their 'healthy' products predominantly focus on charitable donations and federal assistance programs. These companies are encouraged to translate such commitments into commercial strategies to improve the distribution of their healthy products in low-income/food-insecure areas by working with their distribution and retail partners.
- Where philanthropic activities are undertaken to address food insecurity, it is essential that companies adopt policies and tracking systems to ensure these donations are predominantly healthy, to avoid inadvertently exacerbating malnutrition issues for the populations they are seeking to help.

FINDINGS ON MARKETING

Responsible marketing seems to be on the agenda for all companies; however, strategies are not comprehensive and performance remains limited. Where some companies make a commitment to increasing their marketing spending on healthier products relative to overall marketing spending, none of the included companies have set quantitative targets for a specified timespan. As marketing influences purchasing behavior, all companies are encouraged to increase their marketing budgets for the promotion of healthier products relative to unhealthy or standard product varieties and make such commitments public, expressed as a percentage of the overall marketing budget. All companies commit to not marketing or advertising their products in elementary schools, but this commitment is made by just four companies for (junior) high schools. Even fewer companies (two) make such a commitment to marketing in other places where children gather (e.g. YMCAs, after-school clubs, Boys and Girls Clubs, etc.). Companies – and the Children’s Food and Beverage Advertising Initiative (CFBAI) – particularly need to focus on committing to ending marketing in and near secondary schools and extending this pledge to other places popular with children. Where all companies commit to applying their policies for children up to either 12 or 13 years, Unilever has announced it will increase this threshold to 16 years as of 2023. These are positive steps toward increasing the age threshold, but all companies – and CFBAI – are strongly encouraged to apply their policies to all children up to 18 years, protecting them from the harmful effects of marketing unhealthy foods.

Notable examples:

- Since 2018, Mars was, and remains, the only company that has commissioned an independent, third-party audit of its marketing compliance to all consumers. All companies are recommended to adopt this approach.
- Unilever made a new commitment not to market its products to children, but also announced in April 2022 that, as of 2023, it is raising the age threshold of this commitment to all children under 16. It is the first US Index company to use this age limit and the closest to the International Child Rights Convention’s definition of a ‘child’ (18 years).

The remaining companies commit to only marketing products meeting internal ‘healthy’ criteria to children, of which PepsiCo and Coca-Cola increased the threshold to 13 years. It is also worth noting that the CFBAI is due to raise its age threshold to 13 as of January 1, 2023, requiring all its member companies to do so.

Recommendations:

- ATNI recommends that US food and beverage manufacturers invest in improving marketing policies that accelerate efforts to drive sales of healthy options. Commitments should align with the International Chamber of Commerce marketing framework, widen the media channels to which policies apply, and explicitly address in-store/point-of-sale and sponsorship marketing in policies.
- While ATNI acknowledges that companies are slowly moving in the right direction, they are encouraged to further increase the age threshold for their marketing restrictions to 18 years, as recommended by WHO, to ensure *all* children are sufficiently safeguarded from the marketing of unhealthy products.
- Marketing restrictions in elementary schools could be extended to include secondary schools, other places where children gather, and areas surrounding these places. Also, an audience threshold of 25% should be adopted by all companies.
- ATNI recommends all companies commit not to market to children at all.
- All companies are encouraged to establish their own independent auditing systems and ensure that they have robust corrective mechanisms in place for when instances of non-compliance are found, and that these are publicly disclosed.

FINDINGS ON WORKFORCE

Eight of the 11 companies make some commitment to improving the health of their employees through workforce nutrition programs involving at least one of the following elements: 1. Healthy food at work; 2. Nutrition Education; and/or 3. Nutrition-related health checkups. Only three companies (Kellogg, PepsiCo, and Unilever) were found to have all three in place. The scope of the workforce nutrition programs varies considerably: Kellogg, Mars, Nestlé, and Unilever were the only companies to demonstrate their programs are available to all company employees, while others limit the availability in some way. Six companies also make these programs available to some staff family members. Only four companies report conducting some form of evaluation on the health impact of their workforce nutrition program in the US during the last three years. Six companies formally commit to both granting paid parental leave, and to providing appropriate working conditions and facilities to facilitate breastfeeding. Another five companies formally commit to granting paid parental leave only.

Notable examples

- PepsiCo offers an employee wellbeing program called 'Healthy Living,' which is based on three pillars: Be Well, Find Balance, and Get Involved. Healthy eating is a key component of the 'Be Well' pillar, where free fruit is offered onsite and healthy food options are provided in cafeterias. Some locations offer nutrition advice and seminars to employees.

Recommendations:

- COVID-19 has shown that safeguarding the health and resilience of those working in the food supply chain is key to food security in times of crisis. Hence, ATNI recommends that companies urgently improve and extend their workforce nutrition programs. These programs should contain elements of each of the workforce nutrition pillars, including healthy food at work, nutrition education, and nutrition-related health check-ups. They should be accessible to all employees and their families. Becoming a signatory of the Workforce Nutrition Alliance and utilizing its self-assessment scorecard is a good first step in this regard. Companies are advised to regularly and independently assess the impact of these programs and extend workforce nutrition commitments across the wider food supply chain, both in the US and beyond.
- ATNI recommends that companies that have not yet done so develop robust and publicly available paid parental policies that, at a minimum, go beyond current national regulations, but ideally for six months or more – to support the infant and maternal health of their employees. Companies are encouraged to develop a formal policy on extending support to breastfeeding mothers at work, applying equally in all facilities in the US.

FINDINGS ON LABELING

All companies commit to listing some nutritional information FOP, and six companies have implemented FOP labeling on more than 80% of their products. However, no company commits to implementing interpretive labeling. In the absence of uniform government guidance, companies need to take more responsibility for FOP labeling, to guide consumers in selecting healthier products. Considering the challenge of overweight and obesity in the US, having clear information on pack is important to help consumers make healthier choices. Companies should link interpretive FOP labeling to their NPMs. Encouragingly, all companies display online information for some products: Nine display this information for more than 80% of their product portfolios; a significant improvement over 2018.

Recommendations:

- Having clear information on pack is essential for consumers to make healthier choices. In the absence of clear government guidelines, companies are encouraged to step up and adopt an interpretive FOP labeling system in the US (as is in place in other countries). Ideally, this system should be applicable to the entire US market.
- Companies could collaborate to identify or adapt an existing interpretive FOP system and draw on experience from the use of such systems in other countries.
- Companies are encouraged to provide detailed nutrition information online for all products in the US to an equal or greater extent than on the physical product. Companies are also advised to display the amount of 'nutrient-dense' ingredients derived from fruits and vegetables contained on relevant product labels in the US, to provide consumers with a better understanding of the nutrient content and healthiness of these products.
- All relevant companies should consider enhancing the information disclosed on-pack regarding wholegrains claims – by displaying the percentage of wholegrains in a product vs. the percentage of all grains – to assist consumers in making informed decisions on the healthiness of products.

FINDINGS ON ENGAGEMENT

Nearly all companies assessed assign to their boards oversight of their lobbying policies, processes, and activities, and conduct regular reviews of their trade association memberships. Some companies show evidence of lobbying in support of specific government policies to address nutrition challenges in the US, although no evidence of any company supporting key WHO-endorsed policies to address obesity could be found at federal, state, or local level. While most companies are transparent about their direct political contributions on their own domains, companies were less forthcoming about their spending on lobbyists and trade associations, and the spending of their employee-run political action committees (PACs). There was also limited improvement in the comprehensiveness of disclosure of trade association memberships since 2018. Moreover, clear disclosure regarding the companies' lobbying positions on important nutrition-related public health policies remains limited.

When it comes to engaging with governments and policymakers, encouragingly, all companies demonstrate some evidence of engaging with nutrition-related stakeholders in the US, the majority providing a wide range of examples and types: A noticeable improvement since 2018. Nevertheless, disclosure regarding stakeholder engagement lagged significantly behind performance.

Notable examples:

- PepsiCo discloses its total spending on lobbying in the US annually, as well as publishing the names of its lobbyists and lobbying firms and which state jurisdictions it is actively lobbying in.
- Unilever publishes 'Advocacy and Policy Asks' on its website, covering a range of key nutrition-related policies. The company provides additional detail, publicly specifying under which conditions the company would support (or not support) certain policies, such as mandatory policies to reduce sugar content and FOP labeling.

- All companies could significantly improve their disclosure regarding lobbying positions on key public health policies that would affect the industry.
- Companies could strengthen their lobbying management systems by conducting internal and/or independent third-party audits of their lobbying activities and disclosure to ensure alignment with their policies and/or codes of conduct.
- Companies are encouraged to actively support (or commit to not lobby against) public policy measures in the US to benefit public health and address obesity.
- ATNI recommends that companies ensure their disclosure of trade association memberships in the US is as comprehensive as possible, including the specific dues paid that are used for lobbying purposes and any Board seats held at these organizations.
- To further enhance transparency, companies are encouraged to publish comprehensive lobbying information on their own domains, rather than only on public registries.
- Companies should ensure that – in the process of developing a new nutrition strategy, policy, or other nutrition-related activity, or when updating or reviewing an existing one – they engage directly with a range of stakeholders, such as civil society organizations, academic institutions, and scientific bodies with recognized expertise in nutrition and public health. All companies are encouraged to improve their transparency regarding which specific stakeholders they engage with and the identities (or, at minimum, affiliations) of experts they have consulted, as far as possible. In addition, the degree of financial compensation for these engagements should be disclosed.

Footnotes

1. Healthy is defined as a Health Star Rating (HSR) of 3.5 or more out of a possible 5 stars

