



CATEGORY C: PRODUCTS

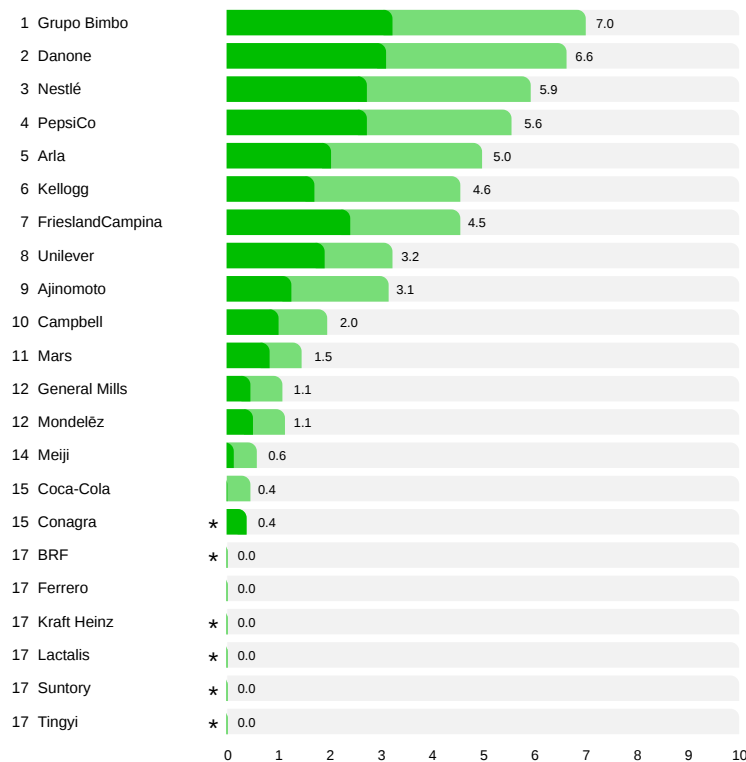
20% OF OVERALL SCORE

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](#).

Footnotes

1. 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.
2. 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.

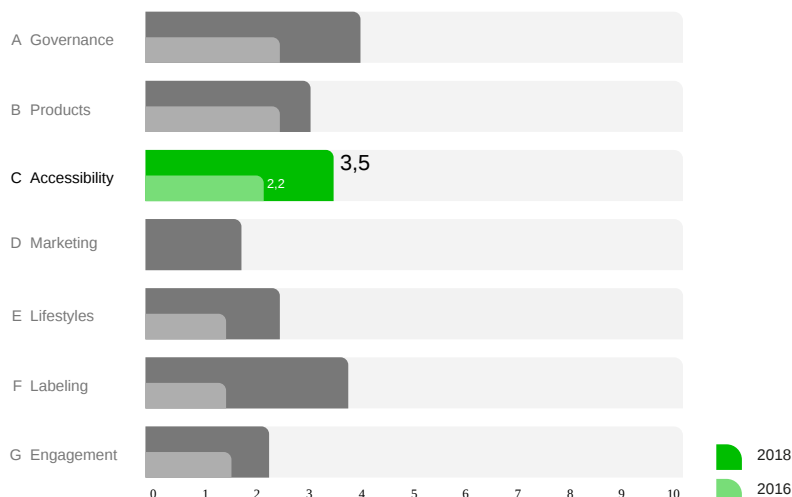


CATEGORY C: UNDERNUTRITION - ACCESSIBILITY

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.

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 Bimbo ¹ 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. ²

- 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.

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.