



CATEGORY D: MARKETING

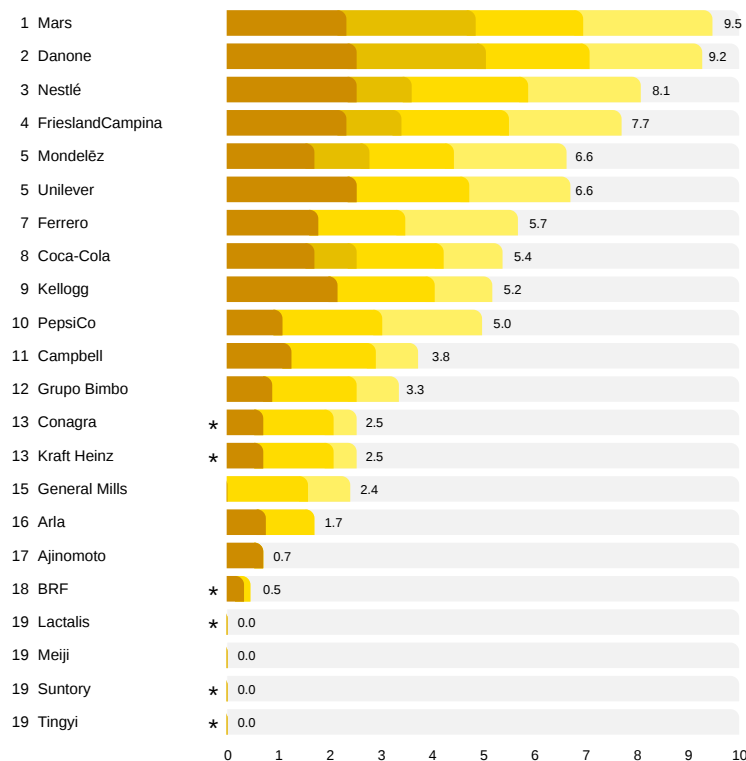
20% OF THE SCORE

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

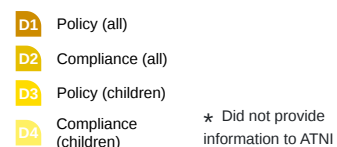
- D1 Responsible marketing policy
- D2 Auditing and compliance with policy Children
- D3 Responsible marketing policy
- D4 Auditing and compliance with policy

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



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

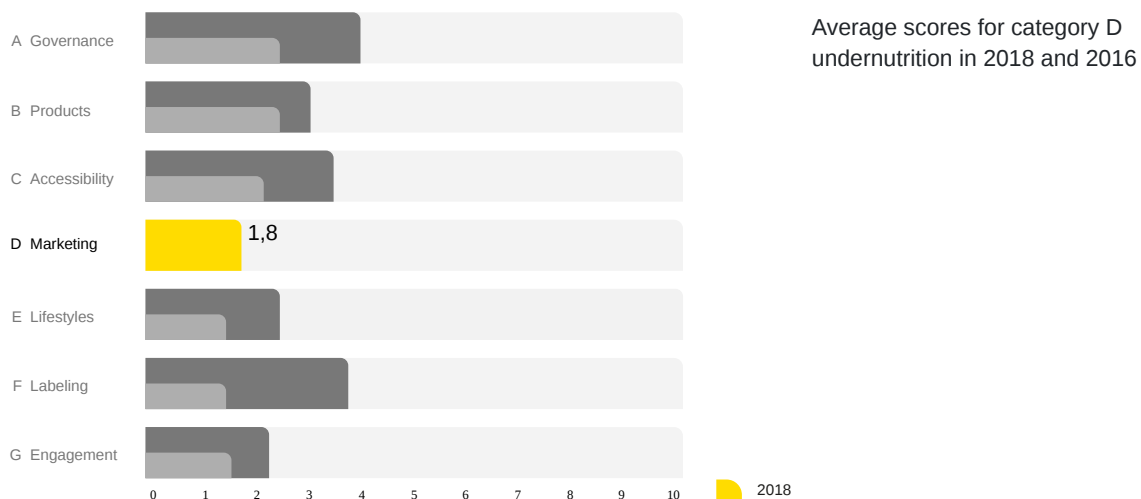
1. Align interpretations of commitments covered by pledges
2. Adopt or strengthen marketing policies
3. Underpin marketing practice with an appropriate NPS
4. Publish individual audit results



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.