Category B: Products
25% of overall score

Category B consists of two criteria:

B1 Product formulation
B2 Nutrient profiling

To perform well in this category, companies should:

- Invest in research and development to improve the nutritional quality of new and existing products
- Define a clear approach to reformulating existing products against well-defined nutritional targets to decrease 'negative nutrients' (salt/sodium, trans-fat, saturated fat, added sugars/calories) and increase 'positive nutrients' (fruits, vegetables, nuts, legumes, whole grains).
- Offer a high percentage of products within their portfolio that meet these nutritional targets and offer healthy options across all company brands.
- Employ a comprehensive and appropriately set up Nutrient Profiling System (NPS) that is applied to all products, as the basis for the company's product formulation and/or reformulation efforts and its definition of healthy products.

Category B Nutrition ranking, based on equally-weighted Criteria B1 and B2 scores

B1 Formulation
B2 Profiling

* Did not provide information to ATNI

What are the main changes in Category B 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

B1 Product formulation

What are the developments in companies' commitments to invest in R&D to improve nutritional quality?

Seventeen out of 22 companies express commitments to invest in R&D to improve the nutritional quality of products, two more than in 2016.

The financial investment in R&D is stable: The average percentage of global revenues spent remains at 1.3%. Although 15 companies tracked and reported their R&D investment in the last three years, only four define concrete future R&D targets. It is important that companies commit to follow recognized guidelines published by national or international bodies such as the WHO to ensure that their efforts to improve the healthiness of their product portfolio align with public health requirements. The number of companies that commit to follow recognized guidelines increased from nine in 2016 to 14 in 2018.

Is there evidence that companies have increased their healthy product offering?

Compared to 2016, companies report to offer a higher percentage of products in their portfolio that meet the company's healthy standard. In addition, they report having increased the introduction of new products meeting those standards.

Seven companies report that more than half of their products meet their own definition of healthy, five more than in 2016. The actual healthiness of companies' product portfolios across nine countries was assessed independently using validated Health Star Rating (HSR) criteria in the Product Profile assessment.

The reported percentages of products that are suitable to be marketed to children in the U.S., EU and the rest of the world is low. Only two companies report that more than half of their products meet the company criteria for this in the U.S.; for the EU the figure is five; and for the rest of the world, four.

According to the WHO EURO criteria used in the Product Profile assessment, none of the companies offer more than 50% of products that meet such criteria.

Although not all products in companies' portfolios are marketed to children, children are an important consumer group. Many categories (for example breakfast cereals, confectionery, dairy products, various soft drinks and sweet biscuits, snack bars and fruit snacks) are frequently consumed by children, regardless of whether children are the target group to which the products are marketed. Therefore, it is important for companies to try to meet these criteria for such categories or products.

No changes were reported at the brand level. As in 2016, 12 companies reported that more than half of their brands offer healthy choices for adults.

Limiting serving size is a strategy that can be used to improve a product's health profile. With input from its Expert Group, ATNF has defined seven product categories in which serving size should be limited to support a healthier diet (confectionery, savory snacks, ice cream and four high-calorie soft drink categories). Nine of 20 relevant companies reported their performance in offering product serving sizes under specific calorie cut-offs, 3 of which seven did so for all relevant categories.

Do companies disclose information about their healthy products?

Companies' transparency about the healthiness of their products has improved, as ten companies now disclose the percentage of products that meet their healthy criteria versus five in 2016. However, on a critical note, four of these ten companies do not publish their criteria for healthiness in full, which severely limits the meaningfulness of the information. Nestlé and Unilever disclose publicly the total number of new healthy product introductions, as well as its nutritional criteria, providing insight into the results of its work to innovate – a best practice that others should emulate. Transparency has also improved around the proportion of products meeting criteria for marketing to children, but remains low overall with 15 companies not disclosing any information of this sort.

Have companies improved the nutritional targets to (re)formulate their products?

Product formulation and reformulation should be driven by clear, valid and published definitions of which products are considered healthy, as described in the company's NPS. Danone, FrieslandCampina and Unilever clearly link their healthy definitions and product (re) formulation targets to their NPSs. FrieslandCampina and Unilever commit to meet the nutritional criteria in their NPSs for 65% and 60%, respectively, of their products based on sales volume by 2020; however, Danone makes the clearest commitment.

Nestlé and Unilever achieve the highest scores on (re) formulation targets across a range of relevant product categories.

FrieslandCampina shows a new approach in its updated NPS regarding product (re)formulation targets to limit both added sugars and total calories. Whereas most companies define either added sugar or calorie targets, FrieslandCampina defines both types of targets for most of its products.

The majority of companies (16) define one or more targets to (re)formulate their products, but six companies – Ajinomoto, BRF, Kraft Heinz, Lactalis, Suntory, Tingyi – do not report any relevant targets.

Eleven companies define relevant targets to limit trans-fat from the most important industrial fat sources (partially hydrogenated vegetable oils), aligned with current WHO recommendations to limit trans-fat intake. NOTE

Six companies cover all of the relevant product categories with their trans-fat target, but only three companies do so with a clear global scope: Mars, Nestlé and Unilever. Several companies report commitments to have zero grams trans-fat indicated on the product labels. However, (re)formulation targets addressing trans-fat should not be related to the nutrient declaration on the product label. Instead, targets should be defined on a weight or calorie basis and should ensure the elimination of artificial trans-fats in product reformulation. Five companies define commitments that are not considered relevant or show no commitment at all.

Nestlé and PepsiCo are the only companies that have set at least one target for all relevant nutrients globally, although the targets to increase 'positive nutrients' are still in an early stage of development. None of the companies defined a full set of targets for all relevant nutrients across all product categories. In particular, targets to increase 'positive nutrients' (fruits, vegetables, nuts, legumes and whole grains) are missing for the large majority of companies.

Compared to 2016, companies have increased their transparency by disclosing more information about their targets and the number of products meeting them.

Companies that are members of the IFBA make commitments on product innovation and (re)formulation within the framework of the industry association, which are published on the IFBA website.8 These commitments are similar to the commitments expressed on companies' own websites or in feedback to ATNF, but not defined the same in all cases.

Recommendations for improvement

1. Companies should define a comprehensive set of product (re)formulation targets
2. Clarity on product (re)formulation commitments
3. Commitments and progress should be verifiable by third parties
4. More attention for (re)formulation targets to increase 'positive nutrients'
5. More attention to limiting serving sizes

B2 Nutrient profiling

What has changed in the Nutrient Profiling Systems that companies have implemented?

The quality of company NPSs is very important across the ATNI methodology. Thirteen companies have currently implemented an NPS.

The total number of companies that have implemented an NPS (13) remained the same compared to 2016, but there were positive changes.

Several companies have updated their NPSs and the criteria related to them. For example, Unilever strengthened its 'Highest Nutritional Standards' in November 2016, and FrieslandCampina updated its 'Global Nutritional Standards' with stricter requirements in 2016.

Four companies – Campbell's, Ferrero, General Mills and Kellogg – have implemented a pre-cursor to an NPS. These systems are not fully disclosed by the companies or were set up long ago without updating the nutritional criteria.

Kraft Heinz does not report having implemented an NPS, although H.J. Heinz Holding Corporation was credited in 2016 for having implemented a precursor to an NPS. Kraft Heinz is encouraged to ensure that previous performance before the merger is maintained and improved upon across the newly-formed company.

Recommendations for improvement

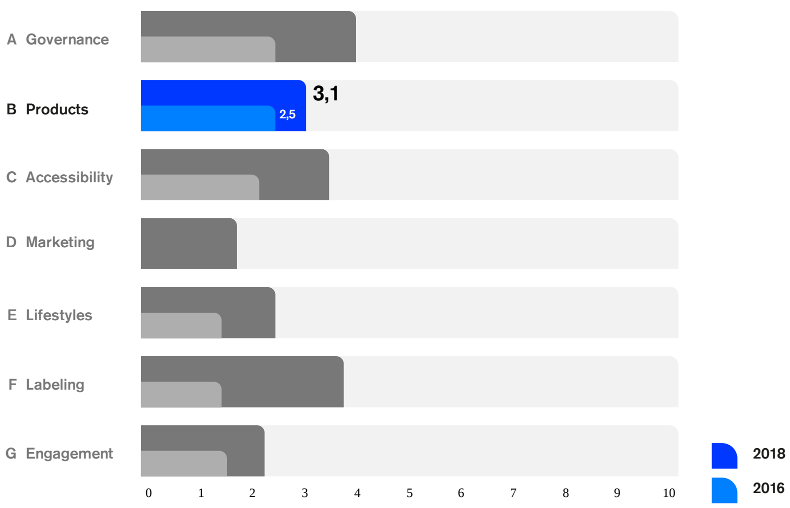
1. Companies should implement, or upgrade to, a full NPS
2. The NPS should be the basis to define healthy products
3. Details of the NPS should be disclosed publicly

Category B - Undernutrition: Products

25% of the total undernutrition score

To perform well on undernutrition in Category B, companies should:

- Set targets to increase their Research and development (R&D) efforts to develop or introduce fortified products or products inherently high in micronutrients, and commit to increase the number or volume of fortified foods available to undernourished populations.
- Commit to align their approach to fortification with international guidance, to seek to use ingredients with high inherent levels of micronutrients and to fortify only products of high nutritional quality.
- Provide evidence of having introduced new products commercially and of funding non-commercial programs, aiming to deliver appropriately fortified products to priority populations in priority countries.
- Disclose commitments and an explanation of what they have done to increase the number or volume of fortified foods available to undernourished populations, through both commercial and non-commercial activities.



The average scores for Category B Undernutrition in 2018 and 2016

What are the main changes in Category B compared to 2016?

- Progress has been made compared to 2016 as more companies make commitments to develop fortified or other appropriate products to address undernutrition. However, the quality of these commitments falls well below the expectations they raise through their commitments to address undernutrition. The average score increased from 2.5 to 3.1 points.
- Danone leads the ranking in Category B – Undernutrition as it makes a number of relevant commitments, demonstrates it is developing or already offers a range of products fighting undernutrition and discloses many of its commitments publicly. It is followed by Unilever, FrieslandCampina, PepsiCo, Mondelez and Nestlé.

What evidence is there that companies are developing more appropriately fortified and/or inherently healthy products to tackle undernutrition in priority developing countries, among the population groups most at risk?

Almost the same group of companies that commit to addressing undernutrition also commit to increase the volume and/or number of fortified products or products to address micronutrient deficiencies, showing a good level of consistency in their reporting. In 2016, Ajinomoto, Danone, Grupo Bimbo, Nestlé, PepsiCo and Unilever expressed this commitment; in 2018 Arla, Coca-Cola, FrieslandCampina, Kellogg and Mondelez now make this commitment as well. Grupo Bimbo has not restated its commitment in 2018. To ensure that food fortification delivers clear public health benefits, and is safe and appropriate, clear international guidance is provided in Codex guideline CAC/GL 9-1987 and WHO/FAO guidelines . The number of companies that commit to develop products according to these international guidelines remains very low. Only four of 18 companies, Danone, Mars, Mondelez, Unilever, commit clearly to follow these principles, and only Danone and Mars disclose this commitment publicly. Danone published its comprehensive fortification policy in 2017, containing this commitment.

It is very important that foods that are fortified are healthy and inherently of high quality in addressing undernutrition. Just one third of the companies commit to fortify only products of high underlying quality: Danone, FrieslandCampina, Kellogg, Mars, Mondelez and Nestlé. Mars and Mondelez produce a large proportion of energy-dense confectionery products and both express explicit commitments to not fortify such products with essential nutrients. Danone, Mars and Nestlé are the only companies that disclose their commitment.

It is not always necessary to fortify food products with added micronutrients. Micronutrient deficiencies may be addressed as well through ingredients that are naturally high in the micronutrient(s) of public health interest or through (bio) fortified staple foods. Nestlé was the only company in 2016 to commit to seeking to use such ingredients, including fortified staple foods, but in 2018 Danone, FrieslandCampina and Kellogg make this commitment as well.

Twelve companies provided evidence of investments in research or other areas of the business to develop solutions to undernutrition, twice the number that shared such evidence in 2016. See Box 6 for Nestlé's leading practice example related to biofortification approaches.

Unilever reports an example of governmental research cooperation, with the National Institute of Nutrition (NIN) and the Ministry of Health of Vietnam, on the 'National Strategies for Food Fortification', a GAIN-funded project with the aim to introduce fortified products to address vitamin A deficiency. In addition, Unilever has implemented an evaluation tool, the 'Eco Design Tool', to assess early on in innovation projects the potential impact on healthier products and addressing undernutrition. This is good practice and should include external expert evaluation, for example by soliciting feedback from the company's formal undernutrition expert panel.

Eleven companies report targeting undernutrition in specific populations by developing products in the last two years, or through funding non-commercial programs, non-confidentially

Recommendations for improvement

- Commitments to develop and introduce new products to fight undernutrition are necessary

To be credible and consistent, companies that commit to address undernutrition should also invest in developing and introducing new products, and to increase the volume of products sold or used.

- Implementation of tools to evaluate new innovation projects that aim to address undernutrition

Like Unilever, companies are encouraged to implement a tool or approach to evaluate the effectiveness and appropriateness of new initiatives that aim to address undernutrition early on in the process, ideally soliciting input from external experts. This applies both for commercial and philanthropic initiatives.

- Companies should express clearly that they will follow international guidelines for fortifying food and only fortify products of high underlying quality

All companies that address undernutrition through fortifying products should clearly and unequivocally state that they follow Codex and/or WHO/FAO fortification guidelines, and only fortify products of high underlying quality.

- More product formulation activities that focus on women of child-bearing age and children under two are needed

Most companies focus their programs and initiatives on school-age children or children older than two. More well-designed products and initiatives are needed to address undernutrition in women of child-bearing age and children under two.