ACCESS TO **NUTRITION** INITIATIVE

Category Report
Nutrition Governance

This category holds 10% of the overall Index score.

This category assesses the extent to which companies have developed nutrition strategies that are embedded in their commercial operations, as well as the governance and liability mechanisms to drive progress on these, such as target-setting, reporting, Board-review, accountability and incentive arrangements, and stakeholder engagement.

To perform well in this category, companies should:

- Have a clear strategy in place to address malnutrition, including the needs of priority populations specifically, through its commercial operations in India, setting targets to drive performance, and report on its progress;
- Set an India-specific, timebound target to increase sales of its ‘healthier’ products (as defined by a clear set of nutrition criteria) relative to overall sales in India, and/or, at a minimum, report on the company’s sales of healthier products;
- Formally recognize in its enterprise risk assessment (or equivalent) risks explicitly linked to nutrition and rising rates of malnutrition and diet-related diseases in India;
- Ensure regular discussion at Board (or equivalent)-level of the company’s nutrition strategy in India;
- Assign ultimate responsibility for the implementation and success of the nutrition strategy in India to the CEO or other Senior Executive (or equivalent), and link their remuneration arrangements to nutrition targets/KPIs/objectives;
- Provide evidence of its nutrition strategy in India being informed and influenced by engagement with relevant external experts/stakeholders and disclose information about this.

Nutrition Governance

Category Context

Amid rising rates of obesity and micronutrient deficiencies in India, there is growing evidence linking the consumption of unhealthy packaged foods and beverages with these trends. Malnutrition impacts both current and future generations, extending beyond public health to also affect the health of the wider economy, while exacerbating social inequality.

This concern is being recognized by an increasing number of stakeholders, including policymakers, consumers, public health advocates, and investors. Consequently, companies with commercial business models that rely on growing sales of such products are coming under increasing pressure to decouple their future growth from these, and adapt their business models to have a stronger focus on healthier products.

Failing to do so poses a wide range of risks, such as the introduction of new taxes and regulations; reduced market share as a result of changing consumer preferences; and reputational risks. In addition, the long-term costs to productivity and economic performance of increasing rates of malnutrition can not be ignored.

Therefore, it is vital that companies carefully consider all aspects of their commercial business that can have positive or negative impacts for public health, and develop a cohesive strategic plan to improve its operations in relation to nutrition (i.e., a 'nutrition strategy'). While improving the healthiness of their product portfolios is the obvious starting point, it is crucial that companies consider the *sales* of these products, for which pricing, marketing, and labelling are important.

To drive progress and increase their robustness, companies' nutrition strategies should be underpinned by strong governance and accountability mechanisms. Setting specific, measurable, and timebound targets and KPIs is an important first step, in addition to systematic and quantitative reporting on each aspect of the strategy and its results.

Moreover, assigning accountability for the success of the strategy and high-level targets at the highest levels in the company, linked to clear incentives, while also ensuring that the strategy and progress against it is reviewed by the Board, are also key to enable effective prioritization and allocation of resources. Engaging with external stakeholders, especially those independent from industry with established expertise in public health and/or groups representing those particularly affected by the companies' products and practices, can enhance the alignment of the company's strategy with the public health interest.

Box A1. Changes to methodology

This category was substantially revised from the previous (2020) Index: the three sub-categories (criteria A1 (Corporate nutrition strategy), A2 (Nutrition governance and management systems), and A3 (Quality of reporting)) have been merged and the number of indicators reduced from 20 to 9. This is partly the result of streamlining the methodology with a reduced emphasis on commitments (and a greater emphasis on strategy and performance) and 'Quality of reporting' and 'Disclosure' indicators being replaced by the 'Disclosure' multiplier.

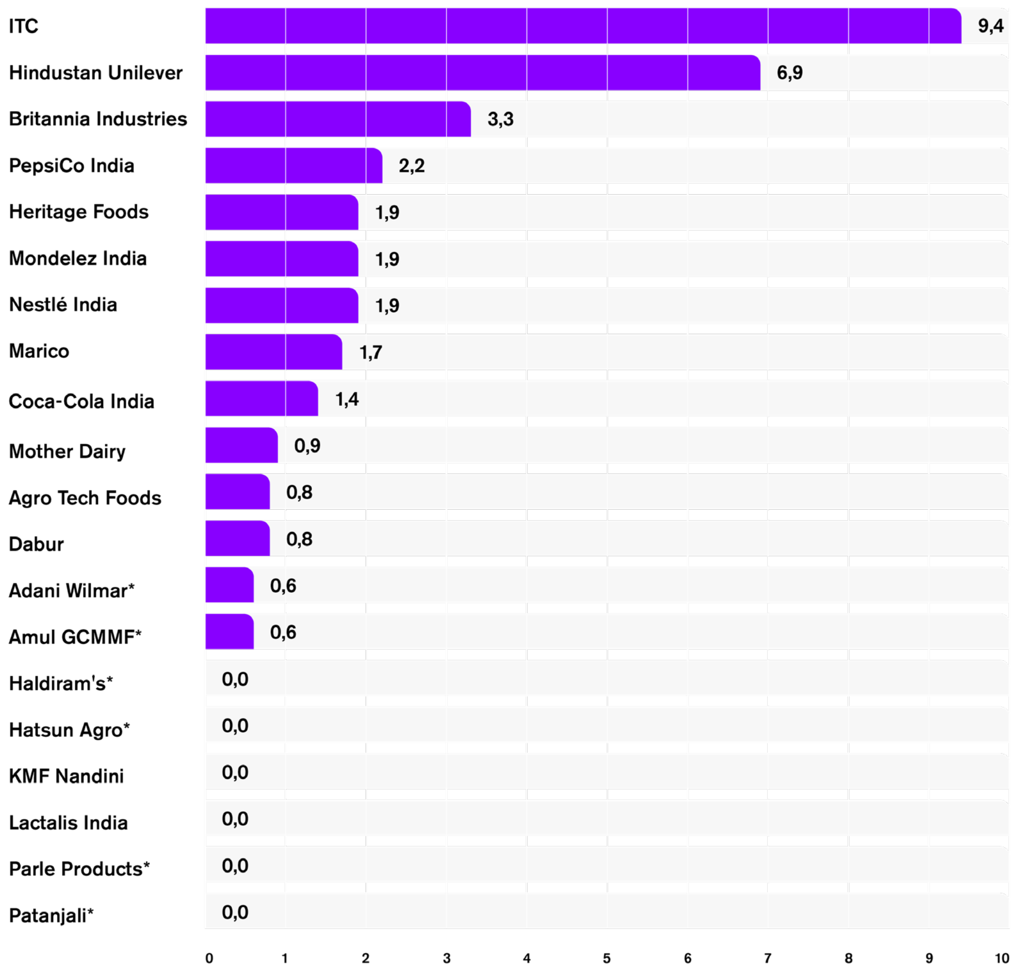
Indicators assessing the company's commitment to delivering more 'healthy products' and reporting on the financial performance of its healthy products have been made more concrete, to assess whether companies have specific, measurable, and timebound targets in place for growing sales of 'healthier' products (according to a formal definition), and reporting on its sales of 'healthier' products.

Meanwhile, the indicators on priority populations have been consolidated into one indicator, and indicators on mergers & acquisitions, strategic reviews, strategy audits, and food safety have been removed. The indicator on food loss and waste (FLW) has been moved to the section on Sustainability, and an indicator on stakeholder engagement on the nutrition strategy has been moved from the category on Policy Engagement to this section.

Find the full methodology document here.

Company Ranking

Figure A1. Category ranking for Nutrition Governance



* Did not provide information to ATNI. Assessment is based on publicly-available information only.

A company scores 0 when insufficient information or evidence is found on its policies and practices across the nutrition topics assessed in this Index.

Key Findings

- Fourteen of the twenty companies displayed a clear acknowledgement of their role in the quality of consumers' diets and in addressing malnutrition in India, ten of which showed evidence[9] of having a multifaceted nutrition strategy embedded in their commercial operations – this number is consistent with 2020.
- While product (re)formulation features across each of the ten companies' nutrition strategies, few companies were found in their strategies to also consider how their 'healthier' products reach consumers relative to their less healthy options (for example, via relative pricing strategies and/or increasing investments in marketing of healthier products).

[9] As described in the methodology, ATNI for its assessment relies on information about strategies, policies, commitments and programs that either are available and published by the company in the public domain, or that companies voluntarily share with ATNI with supporting evidence.

- Four companies demonstrated that their nutrition strategies include an approach to addressing the needs of priority populations at higher risk of malnutrition in India.
- Two companies were found to have a target in place to increase sales of products meeting 'healthier' criteria (according to the company's definition) in India. Both of these companies report against this target; no other companies report on their sales of 'healthier' products in India.
- Seven companies showed evidence of identifying nutrition-related risks in their enterprise risk assessments in India; only three identified more than two nutrition-related risks.
- Three companies were found to assign ultimate responsibility for the implementation and success of their nutrition strategies in India to the CEO or other Senior Executive (at India market-level), and two explicitly link their remuneration arrangements to success on nutrition-related targets/KPIs/objectives.
- Three companies showed evidence of engaging with independent stakeholders and/or experts in developing their commercial nutrition strategies in India.

Detailed Findings

How comprehensive are companies' commercial nutrition strategies in India?

Ten out of the 20 companies assessed were found to have a formal nutrition strategy in place to address malnutrition in India through their commercial operations; this number is consistent with findings from the 2020 Index. To be considered a 'nutrition strategy', these companies must show that they seek to address malnutrition through multiple different approaches, encompassing a significant proportion of its portfolio (rather than a narrow selection of specific product ranges), and present this cohesively in one place (such as a document, report section, or webpage).

Five other companies – Adani Wilmar, Amul, Agro Tech Foods, Dabur, and KMF Nandini – also report a commitment to grow with a focus on nutrition. However, they either did not show how this commitment is translated into planned actions going forward, or only have highly specific approaches for limited parts of their portfolios. No relevant information was found for Lactalis India, Haldiram's, Hatsun Agro, Parle Products, and Patanjali.

Increasing positive ingredients (such as whole grains/fiber, fruits, vegetables, nuts, and legumes (FVNL), and/or protein) and fortification featured prominently in each of the nutrition strategies, followed by reducing nutrients of concern (such as sugar, saturated fat, trans fat, and/or sodium). This demonstrates that companies acknowledge that improving the healthiness of their products is one of the most important ways they can contribute to healthier diets and addressing malnutrition; although, as the category on Product (Re)formulation shows, the quality of these reformulation approaches taken by companies varies significantly.

Figure A1. Approaches featured in food and beverage companies' nutrition strategies in India

7 companies' nutrition strategies focus on reducing nutrients of concern in their products, like salt, sugar, and fats	**10** companies' nutrition strategies focus on increasing positive nutrients, like FVNL and wholegrains	**4** companies' nutrition strategies focus on increasing the affordability and/or accessibility of their healthier products

While this focus on product formulation is positive, companies could pay more attention to how their 'healthier' products *reach* consumers (relative to less healthy products), through, for example, affordable pricing, accessibility strategies, and/or proportionately increasing their marketing resources for 'healthier' products. As the category on Accessibility and Affordability shows, only four companies address the affordability and/or accessibility of their products defined as 'healthier'. While seven companies have 'responsible marketing' policies to limit the marketing of unhealthy products to children, as detailed in the category on Responsible Marketing, a commitment or approach to proportionately increase the resources devoted to marketing its 'healthier' products (relative to its less healthy products) was not found in any of the companies' nutrition strategies, as reported on the public domain.

To what extent do companies' commercial nutrition strategies specifically address the needs of priority populations at higher risk of malnutrition in India?

Only three companies – Hindustan Unilever, ITC, and Nestlé India– demonstrated an approach to addressing the needs of priority populations at higher risk of malnutrition in India as part of their nutrition strategy. These companies showed evidence of identifying the unmet needs priority populations in India, based on government sources or other authoritative sources, before mapping or developing products in their portfolio that could be appropriate for meeting these needs, such as addressing micronutrient deficiencies. Most importantly, the companies showed evidence of an approach to ensuring that these products reach these groups, mostly through a combination of fortification or enriching and affordability, although they were not always transparent about this.

> **Interesting example:** ITC highlights its efforts to support the government's 'Anaemia Mukt Bharat' initiative to address anemia in India – identified as a major issue in the 2019 National Family Health Survey (NFHS-5) – through products containing or fortified/enriched with "goodness of iron". In addition, the company reports that it sells and uses iodized salt to help combat iodine deficiency in India.

Two other companies – Britannia and Heritage – expressed a commitment to addressing the needs of priority populations and indicated to ATNI that a range of their products could be appropriate for addressing the unmet needs of priority populations (such as deficiencies in Iron, and Vitamins A and D), explicitly referencing government data sources and initiatives. However, they did not show evidence of a deliberate strategy for ensuring that these products reach these groups, nor, in Britannia's case, that the products in question meet 'healthier' criteria.

To what extent do companies publicly report on making progress on their nutrition strategies and activities beyond compliance?

In addition to clearly outlining what they intend to do to address malnutrition, it is essential that companies report on the implementation of each part of their strategies. Doing so publicly will enhance the credibility of their efforts, enabling stakeholders to hold them accountable if progress is slow, and ensure that companies are meeting their goals. Ideally, the company will track progress systematically and quantifiably through KPIs, especially if it has set targets. Companies should also aim to report at the outcome level, i.e., showing the strategy's impact and effectiveness.

Thirteen companies publicly report on their nutrition-related activities in some manner. Three companies exhibited more advanced levels of reporting with quantitative metrics covering the greater part of the nutrition strategies. These include changes in the percentage of products meeting 'healthier' definitions (Hindustan Unilever and ITC), and portfolio-level progress on product (re)formulation efforts, such as reductions in sugar and sodium or increases in whole grain ingredients and fortified or enriched products (ITC and Britannia). Each also provided a range of qualitative explanations and specific examples for each element of their strategy.

> **Interesting example:** Britannia reports quantitatively on two elements of its nutrition strategy: increasing positive ingredients (reporting that it increased whole grains by 20% and dietary fibres by 15% per serving across its portfolio last year). It also quantitatively reports its sugar and sodium reductions across its portfolio, showing relatively limited progress in the previous financial year (reduction of 0.32% and 0.24% respectively). Further, in its 2021 Annual Report (p.26), the company provides an example of launching a product to address anemia in women, which aligns with the 'Address Country Specific Malnutrition' pillar of its Nutrition Policy.

Coca-Cola India, and PepsiCo India showed evidence of output-level reporting, disclosing a range of specific examples of their nutrition strategies in action over the past three years, covering most parts of their strategy, including reformulation, new product launches, and rolling out labelling commitments. Dabur, meanwhile, provides detailed reporting on its sugar reduction efforts at portfolio level until 2022, although it is unclear what the company's nutrition strategy will be going forwards. The other eight companies showed some evidence of reporting on their nutrition strategy and commitments, although their reporting was far more limited; usually confined to highly specific examples covering just part of their nutrition strategies.

Have companies set targets to increase (the relative proportion of) sales of 'healthier' products in India, and report on this metric?

To make their commitment to improving public health through its products more accountable, companies are encouraged to set targets to increase the sales of their 'healthier' products relative to the standard and/or less healthy products in their portfolio (typically defined by a formal set of criteria in a Nutrient Profiling Model (NPM)) relative to overall sales. This kind of target makes the company's commitment to selling healthier products more concrete, since it covers acquisition and divestment strategies, product (re)formulation, and promotion (including marketing and pricing). Moreover, it helps to drive performance within the company and enhances accountability (both internally and externally) for achieving it.

Only two companies were found to have such a target in place in India, as shown in Table A1.

Table A1: Companies' targets to increase the relative proportion of sales of 'healthier' products* in India

Company	Target	Relative to overall Sales	Baseline level	Baseline year
Hindustan Unilever	By 2028, we want 85% of our servings [sold] to meet our new Unilever Science-based Nutrition Criteria (USNC) [in India].	●	-	2022
	Double the number of products sold that deliver positive nutrition* [in India] by 2025.	-	-	2020
ITC	ITC Foods Division commits to achieve 90% of its sales (relative to overall sales) from healthier portfolio basis ITC's Food Division Nutrition Profiling System by 2025.	●	88%	2023

● Yes
\- No/no information

* According to Unilever's 'Positive Nutrition Standards'.
Note: No relevant targets were found for the 18 companies not included in the table.

The target set by ITC is relative to overall sales; provides a baseline level; and has a baseline and target year. However, it should be noted that a substantial difference was found between the percentage of product sales that the company reports meets its 'Nutrition Profiling System' criteria (88%) and that which meets the Health Star Rating (HSR) criteria on sales from healthy products (40%). Find the full ATNI/TGI Product Profile Report here.[63]

ITC and Hindustan Unilever are the only companies to report on their sales of 'healthier' products, using company defined metrics. Hindustan Unilever, for example, discloses that "At the end of 2022, in India currently, 43% of our portfolio is in line with our Positive Nutrition Standards", while its parent company, Unilever, discloses the percentage of sales of products in India meeting various recognized definitions. The company is yet to disclose the proportion of products/sales meeting its new Unilever Science-based Nutrition Criteria (USNC) in India, however, which is the metric of its current healthy sales target. It should be noted that there is also a significant discrepancy between HSR findings in the India Index Product Profile findings for Hindustan Unilever and those reported by Unilever. The company has indicated that it assessed the totality of their portfolio, including plain coffee and tea, while products with inherently low nutritional contribution and that are exempt from mandatory nutrition labeling in India, are not intended for HSR and therefore excluded from the Product Profile assessment.

For more information about the product healthiness, see the Product Profile assessment chapter and full ATNI/TGI Product Profile Report,[64] and for how companies define 'healthy', see the category on Nutrient Profiling.

Does the company identify nutrition- or malnutrition-related risks in its enterprise risk assessment (or equivalent)?

Identification of risks and opportunities that could affect the financial performance and strategic success of a company is an essential process for any business, especially (but not limited to) those that are publicly listed. Clear identification of the wide range of nutrition-related risks in a company's Enterprise Risk Management (ERM) system indicates that the company acknowledges the potential cost of failing to address malnutrition in its commercial strategy and operations, and should clearly be conveyed to its shareholders (if applicable) and other stakeholders. This could also result in this issue being prioritized to a greater extent within the company.

Three companies – Hindustan Unilever, ITC, and Mondelēz – showed evidence of identifying a range (three or more) of relevant nutrition-related risks and reported on these risks these. Four additional companies – Agro Tech Foods, Heritage, Marico and Nestlé India, – identified one relevant risk. In all cases, companies identified changing consumer preferences as a risk – either in terms of changing buying habits towards healthier purchases, or loss of market share due to consumer concerns related to nutrition. Other risks identified by Hindustan Unilever, ITC, and Mondelēz include regulatory risks and reputational risk.

What governance arrangements do companies have in place for their nutrition strategies in India, and at what level is responsibility assigned?

Boards play a central role in aligning Environmental, Social, and Corporate Governance (ESG) initiatives with the strategic direction of the company, developing a plan to avoid fragmentation and duplication, and assessing the company's performance at a company-wide level,[65,66] and this is no different for nutrition. Regularly discussing and reviewing the nutrition strategy at Board-level is a clear indication that the company considers it a priority. As Table A2 shows, of the 16 companies with Boards in India, only two – Hindustan Unilever and ITC – indicate that the company's nutrition strategy is reviewed at this level. In addition, of the four companies without India-specific Boards (PepsiCo India, Coca-Cola India, Mondelēz India, and Lactalis India), PepsiCo India and Coca-Cola India provided evidence of its regional leadership teams reviewing their India-specific nutrition strategies (which was taken as functionally similar to 'Board-level' for the India market). Meanwhile, Mondelēz's global Board review its 'Mindful Snacking' strategy, which is implemented in India.

Assigning direct responsibility for the successful implementation of the nutrition strategy to the CEO or other senior executives not only further demonstrates the commitment to nutrition, but also increases the chance of sustained success of the strategy. This is because senior personnel have greater ability to prioritize the strategy, coordinate different business units, and allocate necessary resources for the strategy's success. To make accountability for the nutrition strategy more concrete, the responsible person's compensation should be linked to success of the nutrition strategy, meaning they are directly incentivized to act in the best interests of the nutrition strategy and prioritize its objectives.[67,68,69]

Three companies - Britannia, Hindustan Unilever, and ITC– showed evidence of assigning ultimate responsibility for the implementation and success of their nutrition strategies in India to the CEO, Director, or other Senior Executive (at India market-level), as shown in Table A2. ITC states on its website that, for the "annual review for ratings & remunerations" is linked to the "outcomes of the [Help India eat Better] strategy" for its Chief Operating Officer and Head of Nutrition of the ITC Foods Division.[70] Meanwhile, PepsiCo India provided evidence that a broad nutrition-related KPI is included in the remuneration arrangements of its leadership team.

Table A2: Governance arrangements for companies' nutrition strategies in India

Company	Board review (or equivalent) of nutrition strategy	Responsibility of nutrition strategy assigned to Executive	Remuneration linked to nutrition objectives
ITC	●	●	●
Hindustan Unilever	●	●	-
PepsiCo India	●	-	●
Coca-Cola India	●	-	-
Mondelēz India	●	-	-
Britannia Industries	-	●	-

● Yes
\- No/no information

Note: No relevant information was found for the companies not included in the table.

To what extent were companies' nutrition strategies in India informed and influenced by engagement with independent experts/stakeholders?

It is essential that companies - when designing, reviewing, and/or updating their nutrition strategies – engage with independent external stakeholders that have established expertise in public health and/or groups representing those particularly affected by the companies' products and practices (especially vulnerable groups). This not only enhances the company's accountability to such stakeholders, but stakeholders' insights can ensure that nutrition-related activities are sufficiently aligned with the public health interest and more effective in achieving stated goals.

Three – Hindustan Unilever, ITC, and Marico – of the 20 companies assessed showed evidence of engaging with such stakeholders in this way. In each case, specific information is not disclosed on the public domain, thereby preventing public scrutiny of these engagements.

Recommendations for companies

In order to more positively contribute to consumers' diets in India through their commercial operations and drive more sustained and systemic progress on this, companies are strongly encouraged to:

- Ensure they embed cohesive and multifaceted nutrition strategies into their commercial operations, which not only include improving the healthiness of their portfolios, but also consider how 'healthier' products reach consumers relative to less healthy products, for example through relative pricing strategies and/or increasing marketing investments. Ideally, this should also include specific attention to addressing the unmet needs of priority populations (identified according to government sources).
- Develop specific, measurable, and timebound targets to increase sales of 'healthier' products (defined according to formal nutrition criteria closely aligned with internationally recognized

standards) relative to overall sales. Targets for other parts of the companies' nutrition strategies should also be set.

- Report quantitatively on all elements of their approaches and against all targets that have been set, showing what has been achieved year-on-year across their portfolio or key product categories. Ideally reporting should relate to sales or other quantifiable outcomes (rather than only outputs), and progress documented systematically.
- Ensure that their India-specific nutrition strategies are subject to regular review at Board-level in India. This includes when new plans are developed, and also to review progress on implementation.
- Assign formal responsibility for the success of their nutrition strategy to the highest levels of seniority within the company in India, who shall take ownership of any high-level targets and/or KPIs by which success or failure can be measured. Linked this accountability to remuneration arrangements (or other performance incentives) would make this more concrete and further incentivize progress.

Companies are recommended to engage with independent experts and stakeholders, such as independent public health-oriented civil society organizations, academic institutions, and (inter-)national organizations to inform their nutrition strategy. These engagements, including the impact they had on the company's strategy, should ideally be disclosed on the public domain. The Accountability AA1000 Stakeholder Engagement Standard offers a best practice framework for assessing, designing, and implementing stakeholder engagement activities, as well as how to communicate this to the wider stakeholder community.

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[63] Dunford."
[64] Dunford, "Report on the Comparative Nutritional Profile of 1,901 Food and Beverage Products Marketed by 20 Large Global Companies Operating in India."Dunford.
[65] Julie Linn Teigland and Andrew Hobbs, "How Can Boards Strengthen Governance to Accelerate Their ESG Journeys?," *EY* (blog), February 17, 2022, https://www.ey.com/en_lu/attractiveness/22/how-can-boards-strengthen-governance-to-accelerate-their-esg-journeys.
[66] Kristen Sullivan, Maureen Bujno, and Jon Raphael, "The Role of the Board in Overseeing ESG," *Deloitte*, accessed November 19, 2023, https://www2.deloitte.com/content/dam/Deloitte/us/Documents/center-for-board-effectiveness/us-cbe-the-role-of-the-board-overseeing-esg.pdf.
[67] Teigland and Hobbs, "How Can Boards Strengthen Governance to Accelerate Their ESG Journeys?"
[68] Merel Spierings, "Linking Executive Compensation to ESG Performance," *Harvard Law School Forum on Corporate Governance* (blog), November 27, 2022, https://corpgov.law.harvard.edu/2022/11/27/linking-executive-compensation-to-esg-performance/.
[69] Phillippa O'Connor, Lawrence Harris, and Tom Gosling, "Linking Executive Pay to ESG Goals," *The Leadership Agenda, PwC* (blog), June 29, 2021, https://www.pwc.com/gx/en/issues/esg/exec-pay-and-esg.html.
[70] "Help India Eat Better," *ITC* (blog), accessed November 19, 2023, https://nutrition.itcportal.com/HelpIndiaEatBetter/index.html.