

CATEGORY REPORT

NUTRITION

GOVERNANCE (15%)



This category assesses the maturity of companies' nutrition strategies and their governance, and the degrees to which companies are transparent about their intentions and progress, especially with regards to sales of healthier products.

Investors, policymakers, and consumers are increasingly recognising the role that food and beverage manufacturers play in shaping consumers' diets and the potential consequences for public health. Companies need to consider all the aspects of their business that impact public health, and develop a strategic plan to improve the public health impact of their commercial business model (i.e., a 'nutrition strategy'), particularly by increasing sales of healthier products.

These nutrition strategies must be underpinned by robust key performance indicators (KPIs) and strong internal governance and accountability mechanisms, to drive progress and ensure prioritisation within the company. Transparency, in terms of both intentions and progress, enables stakeholders – such as investors, policymakers, and consumer organisations – to scrutinise the companies, hold them accountable, and reward those moving in the right direction.

WHAT DOES GOOD PRACTICE IN NUTRITION GOVERNANCE LOOK LIKE?

The company, covering its entire portfolio and markets:

- **STRATEGY AND KPIS:** Publishes a formal, multi-faceted nutrition strategy encompassing portfolio healthiness, core responsibilities, reach of healthier products to consumers, and KPIs for each measurable element.
- **HEALTHIER SALES TARGET AND REPORTING:** Reports on the percentage of sales revenue derived from products defined as 'healthier' according to an internationally recognised/government-endorsed nutrient profiling model (NPM), and sets a specific and timebound target to increase the proportion of revenues derived from such products.
- **RISKS:** Ensures that a wide range of nutrition-related risks are identified and published through its Enterprise Risk Management (ERM) system, and that nutrition is a material issue raised in the context of earnings calls and discussions with analysts.
- **BOARD OVERSIGHT AND EXECUTIVE ACCOUNTABILITY:** Ensures that its nutrition strategy and related progress is systematically reviewed by its board of directors on an annual basis, assigns formal accountability to the CEO for the success of the strategy, and formally incentivizes progress by linking executive remuneration to KPIs.



MAIN FINDINGS

Since 2021, progress has been made on each of the key nutrition governance topics assessed in this index, with 25 out of the 30 companies demonstrating improvement on at least one. The majority of companies have developed a formal nutrition strategy, and an increasing number report against it with quantitative metrics; although the quality and comprehensiveness of these strategies and reporting varies significantly.

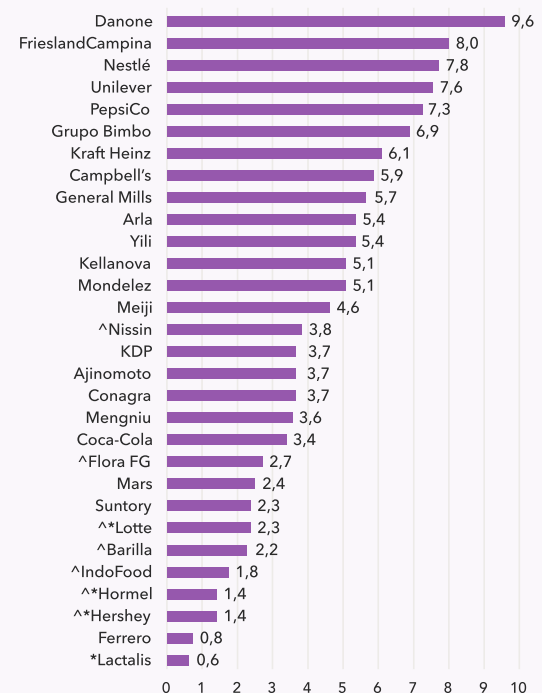
Importantly, a greater number of companies have set targets for and/or report on sales derived from 'healthier' products in some form, indicating that this is becoming a more mainstream practice. Six companies now use an internationally recognised NPM to report on their global sales, while four have set sales targets using such a model (although only one of these targets is in terms of relative sales). However, there remains substantial scope for improvement from the majority of companies in this area.

Most companies shared evidence that their boards review nutrition strategy progress in some way, and that direct oversight of the strategy is assigned to an executive function - with an increasing number of companies formalising this by linking executive remuneration to nutrition-specific KPIs.

Nutrition strategy: 24 of the 30 companies assessed were found to have some form of 'nutrition strategy' in place, cohesively setting out multifaceted approaches in their portfolio and commercial operations through which they intend to improve their impact on consumers' diets. Companies' strategies tended to focus primarily on improving the healthiness of their portfolios, while also committing to responsible marketing and labelling practices. However, as the overall and category-specific results of this index show, there is considerable variation in the comprehensiveness and robustness of companies' approaches.

Ten companies were found to go further, additionally addressing how to ensure their healthier products reach consumers at a proportionately greater rate; for example, through relative and/or affordable pricing approaches (explored in greater detail in the chapter on Affordable Nutrition) and increasing their marketing expenditures for healthier products.

NUTRITION GOVERNANCE SCORES PER COMPANY (/10)



* Did not provide information to ATNI
 ^ Not assessed in 2021

Three companies (Grupo Bimbo, Kellanova, and Nestlé) refer to the latter, although did not provide clear evidence to this effect.

Since 2021, five companies (Campbell's, KDP, Mengniu, Suntory, and Yili) were found to have published nutrition strategies for the first time, and a further eight were found to have improved theirs.

Strategy reporting: 17 of these 24 companies report on their relative progress against their nutrition strategies, using quantitative metrics/KPIs covering multiple key elements of their nutrition strategies; with all but one doing so on a global basis. This represents a marked trend towards more quantitative and systematic nutrition reporting, with 13 companies having improved their quantitative reporting practices since 2021.

Other companies also report on their progress, but less systematically and with greater focus on illustrative, product-specific examples.

While seven companies were found to report quantitatively on each measurable element of their nutrition strategies, the remaining 10 companies were less comprehensive. This was particularly the case for topics such as affordability and marketing expenditures, meaning a holistic overview of progress against their formal strategic commitments is not provided.

Healthy sales reporting: To more transparently convey their overall contributions to consumers' diets, it is essential that companies publish the percentage of their total sales revenues derived from products defined as 'healthier'. This definition should be according to an internationally recognised/ government-endorsed NPM, given their greater acceptance in the wider public health community, to facilitate greater comparability – as explored in ATNI's [NPM Alignment Project](#). Since 2021, six companies (Arla, Danone, FrieslandCampina, Grupo Bimbo, Nestlé, and Unilever) have begun reporting on portfolio healthiness in this way on an annual basis. While each uses the Health Star Rating (HSR), a government-endorsed model, there are differences in their approaches to applying the HSR guidelines and how transparent they are in doing so. This is explored in greater detail in the chapter on NPMs for Reporting Purposes.

SECTOR ALIGNMENT ON THE USE OF NPMs:

In September 2024 ATNI concluded a project to identify which of many existing NPMs would be best fit for more standardized reporting by companies on portfolio healthiness. After conducting a Delphi Process, HSR, Nutri-Score, and the UK NPM emerged as the models most participating companies, investors, academics and CSOs could rally behind.

Four additional companies report on the percentage of their sales that meet their own nutrition criteria. However, nutrition criteria developed by companies tend to be less strict than internationally recognised/ government-endorsed NPMs and, since they are specific to each company, do not allow for like-for-like comparisons across companies.

That said, companies have expressed interest in the development of standardised guidelines for reporting on 'healthier' sales, for which a proposal has been drafted by ATNI as part of its NPM Alignment Project.

TABLE A.1
OVERVIEW OF COMPANIES' HEALTHY SALES TARGETS THAT USE AN INTERNATIONALLY RECOGNIZED NPM

	Unit	Relative to overall sales?	Total portfolio?	Global?	Notes on target specificity
Arla	Tonnes		•	•	Also includes products meeting own criteria (as strict as HSR)
Danone	Volumes	•	•	•	-
Grupo Bimbo	100%	•	45-55% ('Everyday products')	•	Not clear what proportion of total portfolio this covers
Nestlé	Value		•	•	Includes Specialized Nutrition and Plain coffee, to which HSR does not apply

Healthier sales targets: Since 2021, four companies have set timebound targets to increase sales of their products that are defined as 'healthier', according to an internationally recognised/government-endorsed NPM; with all using HSR 3.5 as a basis.¹ While this is a move in the right direction, all but one target is either not specific in some way or aims to increase sales by an absolute amount, rather than relative - which the company can meet regardless of how much its sales of unhealthy products grow over the same period (see Table A.1.). Only Danone's target is relative to overall sales for its entire portfolio.

An additional eight companies (FrieslandCampina, Kellanova, Kraft Heinz, Mars, Mondelez, Nissin, Unilever, and Yili) have also set some form of healthier sales target using their own definitions of 'healthier', each being relative to overall sales (with the exception of Mars and Nissin). Of these, FrieslandCampina, Mondelez, Nissin, and Yili have introduced theirs since 2021; the latter three are not disclosed publicly.

Nutrition-related risk identification: 23 companies were found to have identified (through their ERM processes, or equivalent) at least one risk relating to nutrition, and all but four (FrieslandCampina, Grupo Bimbo, Unilever, and Yili) published these explicitly in their Annual Reports. Most companies (21) identified the potential loss of market share or revenues due to consumers' nutrition-related concerns, while 13 companies identified the risk of new or increasing regulations relating to marketing and labelling, and seven identified nutrition-related fiscal policy measures. In addition, for the first time, two companies (Nestlé and Mondelez) identified changing perceptions regarding degrees of 'processing' as risks for the company.

Board oversight: 23 companies either reported or shared evidence that their board of directors (or a committee) has some degree of oversight over their nutrition strategies, with at least four companies (Campbell's, FrieslandCampina, KDP, and Yili) first sharing evidence of this practice since 2021.

Of these, nine shared evidence that their board directly reviews progress against strategies or KPIs at least once annually. For the remaining 14 companies, the extent and regularity of their board reviews is less clear. They often only state that their board reviews their whole ESG strategy (or equivalent), of which nutrition is part, or only reviews specific elements of their nutrition strategies on a more ad hoc basis. 15 companies in total have delegated oversight over ESG-related matters (including nutrition) to a committee of the board, of which six companies have introduced this practice since 2021.

Executive accountability and remuneration: 19 companies were found to assign formal ownership of their nutrition strategies to a named executive or executive committee, of which four (Danone, General Mills, and PepsiCo) demonstrated that the CEO has direct responsibility and/or regular oversight.

Eight companies were found to have linked executive remuneration with nutrition-specific KPIs, often through medium- or long-term compensation plans; three companies (Danone, Meiji, and Yili) have introduced this practice since 2021. This action represents a significant development in the industry over the last eight years, given that the 2016 Index found no companies did this.

¹ PepsiCo has also introduced a target to increase sales of products meeting Nutri-Score A/B, but this applies only to its Snacks portfolio in the European Union.



KEY RECOMMENDATIONS FOR THE SECTOR

It is encouraging that companies have made improvements to their commercial nutrition strategies, reporting, and governance in the last three years. However, the majority can substantially improve further by incorporating a focus on proportionately increasing sales of products defined as 'healthier' into their nutrition strategies.

To facilitate this, companies are recommended to:

1 Evaluate

- Identify all potential material risks relating to nutrition that may occur throughout their global operations, and ensure that these are captured in their Enterprise Risk Management (ERM) systems (or equivalent).
- Assess all aspects of their commercial activities that can impact on public health, identifying opportunities to improve this impact, and develop a formal plan to address these. A clear step in this process would be to adopt an internationally recognized/government-endorsed NPM to measure the 'healthiness' of its portfolio.

2 Transform

- Set out clear, multifaceted strategies by which their companies plan to improve their impact (or contributions to) healthy diets across their global commercial operations, and set clear metrics/KPIs with which to track progress.
- Set specific, measurable, and timebound targets to increase the proportion of overall sales from 'healthier' products, using an internationally recognized model.
- Assign formal accountability for achieving the healthier sales targets to executives within their companies, with the target's success linked to their remuneration.
- Ensure that their boards of directors review and discuss progress on the nutrition strategy on at least an annual basis.

FOUR COMPANIES HAVE SET GLOBAL HEALTHY SALES TARGETS USING HEALTH STAR RATING 3.5

3 Disclose

- Report publicly on the implementation of their nutrition strategies, using quantitative metrics, covering all key elements.
- Publicly report on the proportion of their overall sales derived from 'healthier' products on an annual basis, covering all relevant product categories and all markets.
- Publish all key details of the governance accountability arrangements for their nutrition strategies.