

CATEGORY REPORT

NUTRIENT PROFILING MODELS FOR REPORTING PURPOSES (5%)



To enable stakeholders to hold companies to account for their impact on consumers' diets and to further motivate companies to make improvements in the healthiness of their portfolios, it is important that companies publicly disclose the proportion of their sales that meet a robust definition of 'healthier'.

To date, there is no single agreed-upon way to define and report on the healthiness of food and beverage products, which hampers stakeholders' efforts to interpret, understand, and compare companies' product portfolios.

However, a nutrient profiling model (NPM) – a tool used to classify or score food products according to their nutritional composition and impact on health – can be used to evaluate the nutritional quality of foods and highlight what food choices contribute to a healthy diet.

There are numerous internationally recognised/ government-endorsed NPMs⁴⁹ that can be used to define 'healthier' products.^{xxvi} These NPMs are based on independent, scientific evidence regarding healthy diets and food components' impact on public health; undergo thorough and extended peer-review processes; and include comprehensive documentation on the way they are governed, which is available in the public domain.

WHAT DOES GOOD PRACTICE LOOK LIKE?

The company uses an internationally recognised/ government-endorsed nutrient profiling model (NPM):

- **AS THE PRIMARY REPORTING METRIC** for disclosing its proportion of 'healthier' sales (i.e., published annually in its annual reporting and website).
- **TO COVER ALL APPLICABLE PRODUCTS IN ALL MARKETS**
- **IN PUBLISHING ITS SALES RESULTS BY PRODUCT CATEGORY AND BY REGION AND/OR COUNTRY, including the percentage of products classified as 'healthier' and 'less healthy'.**
- **THAT INCLUDES THE METHODOLOGY APPLIED, including details on:**
 - Which product categories (and any other relevant products) were included/excluded;
 - Which markets were included/excluded;
 - How products were categorised using the model's product classification system;
 - Whether scores are calculated 'as sold' or 'as prepared/consumed' (and, if so, how);
 - Whether the reporting/comparison is in terms of sales value, sales volumes, or other;
 - Any deviations from the NPM guidelines.



SECTOR ALIGNMENT ON NPM USE:

Sector alignment on NPM use: To spur greater alignment on the use of NPMs, ATNi conducted a three-round Delphi process in 2023 and 2024. Involving 86 experts from 14 countries, the aim was to bring increased understanding and harmonisation to the food and beverage sector on the NPMs used to define, measure, and report on healthy foods. Three NPMs were found to be most appropriate for public reporting on the healthiness of companies' product portfolios: the Health Star Rating (HSR), Nutri-Score, and the UK 'Traffic Light' NPM. Full details of this process can be found here. The Delphi process also identified a range of elements that should be part of a standardised reporting framework, most of which received high levels of agreement between industry actors, investors, and academia/civil society. These are outlined in the Proposed Reporting Guidelines.

While most government-endorsed NPMs include clear guidelines specifying how they should be applied, it is also important that companies reveal full details on how they apply them, including any deviations and/or assumptions made and other factors that can influence their reporting. This ensures that external stakeholders can understand precisely how the results were calculated and, in theory, replicate the company's approach and come to the same results.

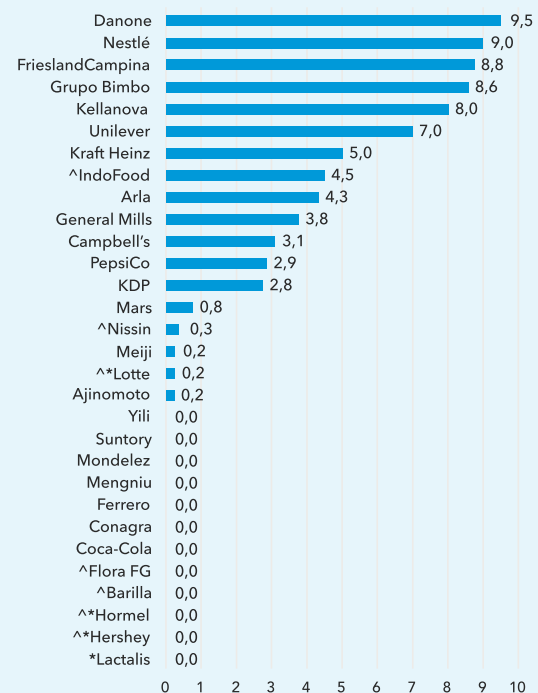
MAIN FINDINGS

Nine of the 30 companies assessed use government-endorsed NPMs to report on the healthiness of their portfolios in some way (Table B3.1.). Although there is variation between them in the quality, coverage, and transparency of reporting, along with significant scope to improve, this is a major development – as more companies are signalling a willingness to report on healthiness using international models.

A further nine companies report on the healthiness of their portfolios using their own models (three) or other ways of defining 'healthier' (six), although the value of reporting with such models is limited for external stakeholders, especially investors and policymakers.

However, 60% of the companies assessed now publicly report on the healthiness of their portfolios in some way, compared to only 44% in the 2021 Global Index, indicating that this practice has become more mainstream among food and beverage manufacturers. Yet, given the significant variability in reporting quality, there is a substantial need for a standardised framework for reporting on portfolio healthiness.

COMPANY SCORES ON PORTFOLIO IMPROVEMENT /10



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

Use of a government-endorsed NPM:

Six companies (Arla, Danone, Grupo Bimbo, Nestlé, FrieslandCampina, and Unilever) use a government-endorsed NPM to annually report on the relative percentage of their total (global) sales revenue derived from products defined as 'healthier' (Table B3.1.). All have adopted this practice since the 2021 Global

Index.

PepsiCo, Indofood, and Kellanova were also found to use a government-endorsed NPM for reporting purposes, respectively using Nutri-Score, the Indonesian government's 'Healthier Choice' criteria, and HSR (>4 star, rather than typically used >3.5 stars). However, their reporting was more limited, covering only certain geographies (PepsiCo and Indofood), portfolio scope (PepsiCo), and/or being published on a less than annual basis (Kellanova).

The reporting metrics were also not easily

comparable: PepsiCo reports in terms of the absolute value of retail sales, Kellanova reports in terms of the percentage of its product portfolio, and Indofood reports the absolute number of products.

Prominence of reporting: Six companies that report using a government-endorsed NPM - Arla, Danone, Grupo Bimbo, Indofood, Kellanova, and Nestlé - do so in their annual reports, prominently on their main 'Nutrition' webpages, and/or using it as the basis of their healthy sales targets, indicating that this is one of their primary metrics for reporting on portfolio

TABLE B3.1.
OVERVIEW OF COMPANIES' USE OF NPMS FOR REPORTING PURPOSES

	NPM used for reporting	Reporting metric	Scope (geographic/ portfolio)	Methodo-logical transparency
Arla	HSR	% sales volume	Global / complete	Limited
Danone	HSR, Nutri-Score	% sales volume	Global / complete	Full
Grupo Bimbo	HSR	% sales (not clear)	Global / complete	Medium
Nestlé	HSR	% sales value	Global / complete	Medium
FrieslandCampina	Own criteria (per 100g/ml)	% sales volume	10 markets / complete	Full
	HSR			
Unilever	Own criteria (per serving)	% sales volume & value	Global / complete	Limited
	HSR & 5 others ⁵⁰			
Kellanova	Own criteria (per 100g/ml)	% portfolio	Global / complete	Limited
	HSR			
PepsiCo	Nutri-Score	Sales value	EU markets / snacks	Medium
IndoFood	Healthier Choice (ID)	No. of products	Indonesia / complete	Limited
Campbell's	Own criteria (per 100g/ml)	% sales value	US & Canada / complete	Medium
Mars	Own criteria (per serving)	% sales volume	Global / 'Mars Food & Nutrition' (10% overall sales)	Medium
Kraft Heinz	Own criteria (per serving)	% sales volume	Global / complete	Full

healthiness.

Meanwhile PepsiCo's reporting using Nutri-Score is published on a third-party website, which can be accessed via the company's main 'Nutrition' webpage. FrieslandCampina and Unilever's sales reporting using the HSR is currently only found in separate 'benchmarking' reports, in which they compare the sales percentages of products that meet their own nutrition criteria against government-endorsed NPMs (a practice also conducted by Arla, Danone, Grupo Bimbo, Kellanova).

While this is useful for transparency and demonstrates a commitment to reporting on healthiness in a standardised way, it is important that companies publish the results more prominently in their overall

reporting to ensure accessibility for stakeholders.

Transparency in applying the model: Of the nine companies found to apply a government-endorsed NPM for reporting purposes, two (Danone and FrieslandCampina) clearly publish (or make available upon request) all the key methodological details needed to understand how the model was applied to their portfolios. This includes which product categories and markets were included, how products were categorised, whether calculations are as sold or as consumed, and the reporting units.

At least one key detail was missing in each of the other seven cases, and for Arla and Indofood, limited details were disclosed. This lack of key methodological information reduces the replicability, and therefore the

GRANULARITY OF REPORTING USING A GOVERNMENT-ENDORSED NPM:

The granularity of reporting was not specifically covered within ATNi's 2024 Global Index questioning and methodology. However, it is worth noting that many of the companies using government-endorsed models already offer additional layers of granularity in their reporting, in addition to publishing the overall result. These were identified in the NPM Alignment Proposed Reporting Guidelines:

Reporting against multiple different government-endorsed NPMs:

- **Danone: HSR and Nutri-Score**
- **Nestlé: 10 different models (only at market-level for the respective markets)**
- **Unilever: 6 different models**

Breakdown of results by market/product categories (using the same model):

- **Grupo Bimbo: all 12 regional/market subsidiaries; major product categories**
- **Unilever: top 16 markets**
- **Indofood: product categories (number of products)**

Distribution across the different healthiness ranges of a particular model:

- **Grupo Bimbo: HSR ≤ 2.5 , 3, ≥ 3.5**
- **Kellanova: HSR 0.5-1, 1.5, 2-2.5, 3-3.5, 4-5**
- **Nestlé: HSR ≤ 1.5 , 1.5-3.5, ≥ 3.5**
- **PepsiCo: Nutri-Score -A-B, and conversion of products classified E-D to C**

This demonstrates the feasibility of the Proposed Reporting Guidelines, since companies are already setting a precedent in using their own initiative, but also highlights the need for more standardised guidelines.

credibility, of the results.

Use of companies' own NPMs and other systems:

Six companies – Campbell's, Mars,⁵¹ and Kraft Heinz, as well as FrieslandCampina, Kellanova,⁵² and Unilever, as previously mentioned – use their own NPMs as the primary reporting metric for portfolio healthiness. These include (at minimum) maximum thresholds for each nutrient of concern (sodium, saturated fats, and sugar), which must all be met. Each of these companies report on the healthiness of their portfolios in terms of sales, with the exception of Kellanova, which reports on the percentage of products in its portfolio. Campbell's, FrieslandCampina, and Kellanova use 'per 100g/ml/kcal' as the reference value for each threshold, whereas the other companies use 'per serving' (a measure often set by the company, which requires product labelling data to understand) for at least one nutrient of concern.

A further six companies were found to report on portfolio healthiness using other definitions of 'healthier'. They either do not require products to meet maximum thresholds for each key nutrient of concern in order to qualify (General Mills, KDP, Meiji, and Nissin), or publish insufficient details about their definitions of 'healthier' (Ajinomoto and Lotte). Reporting using their own definitions of 'healthier' may have value for the company, acting as a key performance indicator (KPI) to track improvement over time. However, given the lack of comparability and external validation of such models or approaches (relative to using international models), this approach has lesser value for external stakeholders, especially investors and policymakers.

KEY RECOMMENDATIONS FOR THE SECTOR

The findings of this category indicate that companies' reporting on portfolio healthiness has become a more mainstream practice, and that there is a greater appetite among them for using government-endorsed models to do so. However, standardised reporting is needed to ensure transparency, offer a level playing field, allow for comparisons of portfolios and reformulation efforts, and provide clear directions for nutrition-focused reporting and investment.

Therefore, as per ATNi's Proposed Reporting Guidelines, companies are encouraged to:

1 Evaluate

- Adopt a government-endorsed NPM and measure the 'healthiness' of its full portfolio by each product category and country.

2 Transform

- Commit to annually reporting on the healthiness of their full global sales and portfolios using at least one government-endorsed model. In doing so, ensure that relevant systems are in place to capture all nutrient, micronutrient, and sales data, by product category and by country.
- Appoint external auditors to ensure the NPM is correctly applied to their portfolios, and that results are accurate.

60% OF THE COMPANIES ASSESSED NOW PUBLICLY REPORT ON THE HEALTHINESS OF THEIR PORTFOLIOS IN SOME WAY, COMPARED TO ONLY 44% IN 2021

3 Disclose

- Publicly report the sales value and volume results for all products eligible to be assessed according to the NPM, within their overall portfolios globally.
- Set an example by also disclosing results regarding the percentage of products classified as healthier and less healthy, by product category and by market. A distribution of results classifying healthiness should also be applied.
- Reveal all key details of how the NPM guidelines were applied, the data sources used, missing values, relevant inclusion/exclusion of products, and any deviations from the NPM guidelines.

NOTES AND REFERENCES

- ⁴⁹ World Internationally recognised/government-endorsed models are NPMs that have been developed or endorsed by governmental or intergovernmental organisations as part of their nutrition-related policies and regulations. Henceforth, where we use 'government endorsed NPM' in the text, we are referring to both internationally recognised and government-endorsed NPMs.
- ⁵⁰ Unilever annually benchmarks its Unilever Science-based Nutrition Criteria (USNC) against six government-endorsed models: the UK 'Traffic Light' NPM, Nutri-Score, HSR, Chile's 'Warning' logo, Choices International, and the Healthy Choice Symbol (HCS) used in Singapore.
- ⁵¹ Only its 'Mars Food and Nutrition' segment, which represents around 10% of the company's 'human food' sales, according to EMI estimates.
- ⁵² Kellanova's reporting against the Kellanova Global Nutrition Criteria (KGNC) was considered its primary metric, given that it reports using this annually (only using HSR for reporting in one report) and has set a healthy sales target using this model.