

Scope of the Global Index 2018

The food value chain is complex and varied, encompassing farmers large and small, life sciences, agriculture and agri-processing companies through to manufacturers, retailers, restaurants and food service companies. However, given their particularly direct and influential role in our diets, and their growing role in many emerging markets, the third Global Index focuses on the role that F&B manufacturers play in making healthy food more affordable and accessible to all consumers globally. It assesses their policies, practices and disclosure related to promoting good nutrition for all, i.e. preventing and tackling obesity and a range of diet-related chronic diseases, as well as preventing and addressing undernutrition and associated micronutrient deficiencies.

Corporate Profile

Companies are assessed using the Global Index Corporate Profile methodology. All categories include indicators to assess companies' action on nutrition. Where relevant, they also include undernutrition indicators to assess what companies do to prevent and address undernutrition in developing countries.

Only companies with more than 5% or more of their sales from non-OECD countries are assessed on the undernutrition part of the Corporate Profile methodology. The Corporate Profile methodology is based on international standards, guidelines and frameworks developed by organizations such as the WHO, FAO and others.

Breast-milk Substitutes (BMS) Marketing

Breastfeeding gives babies the best start in life, combined with the timely introduction of safe, appropriate complementary foods from six months of age onwards. Inappropriate marketing of breast-milk substitutes can undermine breastfeeding. The Index therefore assesses baby food manufacturers' marketing of breast-milk substitutes (BMS). The outcomes of this BMS Marketing assessment are set out in the BMS Marketing sub-ranking, which in turn feeds into baby food manufacturers' scores in the Global Index.

Product Profile

To measure the healthiness of companies' products, ATNI commissioned The George Institute for (TGI) to analyze the nutritional quality of the products made by the companies rated on the Index in nine markets around the world: Australia, China, Hong Kong, India, Mexico, New Zealand, South Africa, the United Kingdom and the United States.

This research is called the Product Profile. The results are based on scores generated by applying the Health Star Rating (HSR) nutrient profiling system, which analyzes the level of several positive nutrients (e.g. fruits and vegetables and fiber) and several negative nutrients (e.g. salt, sugar and saturated fat) in products. The Product Profile also assesses whether products are suitable to be marketed to children.

The BMS Marketing methodology is based on international standards, guidelines and frameworks, such as the WHO International Code of Marketing of Breast-milk Substitutes and Codex. international standards, guidelines and frameworks, such as the WHO International Code of Marketing of Breast-milk Substitutes and Codex.

In Scope

The following principles have guided the development of the ATNI and the methodology used to assess F&B manufacturers.

1. Base the assessment methodologies on international norms and established best practices where possible
2. Ensure relevance and applicability to a range of company types
3. Identify, reward and spread good practice
4. Encourage transparency as well as good practice
5. Utilize an inclusive approach, incorporating multi-stakeholder input
6. Recognize current state of knowledge and continually evolve

Out of Scope

ATNI led the research process and collaborated with Sustainalytics, a leading provider of sustainability research & analysis, to gather company information, calculate the scores and rankings, and draft company scorecards for the Global Index 2018.

1. Products that are intended to address acute undernutrition or other special nutrition needs
2. Products that are a part of a formal weight management program
3. Other issues

Other issues that are not nutrition-related per se, but related to the social and environmental impact of F&B companies are outside the scope of ATNI's assessment. Some of these issues are addressed by other assessment or rating systems.

They include:

- Food safety.
- Water management practices.
- Environmental sustainability, including sourcing of ingredients.
- Impact on climate change.
- Fair treatment of workers and communities.
- Crop breeding (e.g. hybridization and genetic modification).

Companies included in the 2018 Global Index

The 2018 Global Index ranks 22 of the world's largest food and non-alcoholic beverage manufacturers, including companies that are publicly listed, privately owned or cooperatives. These companies are the 20 largest F&B manufacturers by total global FY2016 revenues, plus two companies that were included in earlier Global Indexes and ranked between the top 20 and 25 largest F&B manufacturers in 2016 (Tingyi and Campbell's). These companies were included to continue to track and encourage them to tackle global nutrition challenges. There are three new companies in the third edition of the Global Index: two Japanese companies Meiji and Suntory, and Kraft Heinz (which were assessed as two separate companies, Kraft and Heinz, in the 2016 Index). The Chinese company Wahaha dropped out of the top 25 and therefore is no longer assessed.

Of the 22 manufacturers assessed in the 2018 Global Index, most sell a range of F&B products. Three are primarily dairy and/or baby food producers (FrieslandCampina, Lactalis and Arla); three are predominantly confectionery companies (Ferrero, Mars, Mondelez); and two produce mostly beverages (Coca-Cola, Suntory).

The companies also differ in ownership type and include publicly traded companies, privately held companies (Ferrero, Lactalis and Mars) and cooperatives (Arla and FrieslandCampina). The combined F&B sales of the companies assessed was estimated to be \$500 billion (FY2016).

Most of the Index companies sell their products globally, though ConAgra sells very little outside its U.S. home market. Most are headquartered in the U.S. and Europe. Three are headquartered in emerging markets (Grupo Bimbo, BRF and Tingyi), and three are Japanese (Ajinomoto, Meiji and Suntory).

Four companies that generate 95% or more of their sales from OECD countries – Campbell's, ConAgra, General Mills, Meiji – are not assessed on the undernutrition element of the Global Index. One company – Ferrero – is only assessed on non-commercial undernutrition indicators, as it does not manufacture any products that are suitable for fortification.

Companies included in the BMS Marketing assessment

As with the 2016 Index, the 2018 Global Index assesses the BMS marketing policies and practices of any companies included in the Index that derive more than 5% of their total revenues from baby food and are among the top ten largest global baby-food manufacturers.

Six such companies have been assessed: Abbott, Danone, FrieslandCampina, Kraft Heinz, Nestlé and RB/MJN. PepsiCo, Lactalis, Arla, Campbell's and Meiji were not assessed because their revenues from baby food do not reach the required threshold.

Approach to scoring and ranking

Overall Corporate Profile score

A company's overall score is generated by calculating a weighted average of its Corporate Profile category scores (see Table 1). Within each category, the nutrition score is weighted 75%, and its undernutrition score is weighted 25%. The scores of companies that generate less than 5% sales from non-OECD countries are based solely on their performance on nutrition (i.e. not on undernutrition).

Separate company rankings and scores on nutrition and undernutrition are also presented. The sub-ranking for nutrition reflects companies' efforts to deliver healthy food choices to all consumers and to responsibly influence consumer choice and behavior.

The sub-ranking for undernutrition reflects additional actions that companies take to address undernutrition, including fortifying their products with micronutrients otherwise deficient in the diet. The nutrition and undernutrition scores and rankings are calculated using the same approach as described above for companies' overall scores but using only the indicators applicable to each ranking.

BMS Marketing adjustment to the Corporate Profile score

Similar to the 2016 Index, for the four BMS manufacturers included within the overall 2018 Index, an adjustment is made to their score based on their results in the BMS Marketing sub-ranking.

The adjustment depends on the level of compliance each company demonstrates with the BMS methodology. The maximum possible adjustment (i.e. reduction) is -1.5 out of the 10 total points available in the Global Index. This proportion of the total score (15%) was selected with the advice of the ATNI Expert Group to reflect the importance of the issue.

If a company is fully compliant with the BMS methodology, demonstrating that it markets all of its BMS products in line with the recommendations of The International Code of Marketing of Breast-milk Substitutes (The Code), no adjustment is made to its Global Index score. If it achieves less than full compliance, an adjustment is made on a sliding scale. This approach was taken because if BMS companies were to be given an extra score for their performance in this area, they would have been privileged compared to non-BMS companies.

Product Profile score

For the 2018 Index, the largest five product categories of 21 of the 22 companies in the Global Index were assessed in nine countries.⁵ Data held in pre-existing nutrition content databases, supplemented with information submitted by the companies, was used to do the analysis.

A company's Product Profile score is calculated by multiplying its sales-weighted HSR score (which has a maximum range of 5) by two (to arrive at a score out of ten), so that it can be compared more easily to the Corporate Profile score. The Product Profile methodology explains how the sales-weighted HSR score is derived. Product Profile scores are not integrated in the overall 2018 Global Index scoring and ranking.

Key methodology innovations since 2016

Corporate Profile

The 2018 Global Index Corporate Profile methodology has been updated based on stakeholder consultations and taking into account the latest versions of various standards and guidelines. In addition, some indicators are more strictly assessed than previously. Some indicators that were not scored in 2016 are now scored.

A key change has been made in the way that ATNF assesses companies' product formulation activities in Category B. Product formulation and reformulation targets have been analyzed separately for up to five major product categories in the 2018 Index (if a smaller number of product categories covered 85% or more and the remaining product categories each covered less than 5% of company F&B sales, the analysis was limited to less than five product categories).

The number of products within those categories that meet the target or threshold were also assessed. In the 2016 Index, product formulation and reformulation targets were assessed on the overall portfolio level. Because the relevant 'positive' and 'negative nutrient' targets vary by product category, we believe the current approach provides greater insight into companies' reformulation activities.

Furthermore, for companies offering confectionery, savory snacks, ice cream, carbonated drinks, juices, sports and energy drinks, and Asian specialty drinks, where reducing serving sizes can be particularly important in reducing the intake of calories, information regarding the percentages of products, in any of these products categories, offered in smaller serving sizes (in terms of calories) were analyzed but not scored.

BMS Marketing assessment

The methodology to assess BMS marketing for the 2018 ATNI Global Index retains the same structure as that for the 2016 Global Index. It assesses whether BMS manufacturers take a responsible approach to marketing their products using two separate tools:

- **BMS 1 Corporate Profile**
The BMS 1 Corporate Profile methodology is designed to measure the extent to which BMS companies' marketing policies align with The Code whether companies have comprehensive, effective procedures and management systems to implement their policies, and their level of transparency.
- **BMS 2 In-country assessments**
In-country assessments are designed to measure companies' compliance with The Code and/or national regulations, whichever is stricter. These assessments cover all forms of marketing, as set out in The Code, by interviewing mothers and healthcare workers, visiting retail stores, monitoring online retailers, as well as monitoring traditional and digital media. For the 2018 Global Index, two such studies were undertaken for ATNF by Westat, working with the International Health Policy Program Foundation and iSentia in Thailand and Oxford Policy Management Group Nigeria, based on the 2015 NetCode Protocol.

Limitations

Corporate Profile

The field of nutrition is complex and evolving rapidly, as is the F&B industry. Therefore, the universe of companies included in the Index has changed to some extent. Other limitations in the Corporate Profile are related to the setup of the methodology and the dependence on company-reported data.

Product Profile

The limitations of the Product Profile are set out more fully in the TGI report.

Research considerations

In addition to the methodological limitations, similar research considerations apply as in the 2016 Global Index:

Confidential disclosures

Much of the data provided by the companies was confidentially disclosed and therefore cannot be referenced explicitly in the report, although it is incorporated into companies' scores.

Limited or no disclosure

Some companies disclose very limited or no information at all. Scores for these companies, therefore, are much lower than for those that disclose a lot of information. As such, they may not be representative of what the companies actually do.

Different financial years and time periods assessed

Because companies often have different financial years and publishing timetables for their corporate reports, some relevant data was not published in time to be included in the research.

Language barriers

Some companies reported that they lack the internal resources required to enter data via the online platform in English.

Time constraints

Completing the Corporate Profile assessment survey requires significant time from the companies. Companies dedicate different levels of resources to engaging with ATNF during the research process