



ACCESS TO
NUTRITION
INDEX™

ATNI overview and future plans

Cracking the Nutrition Puzzle

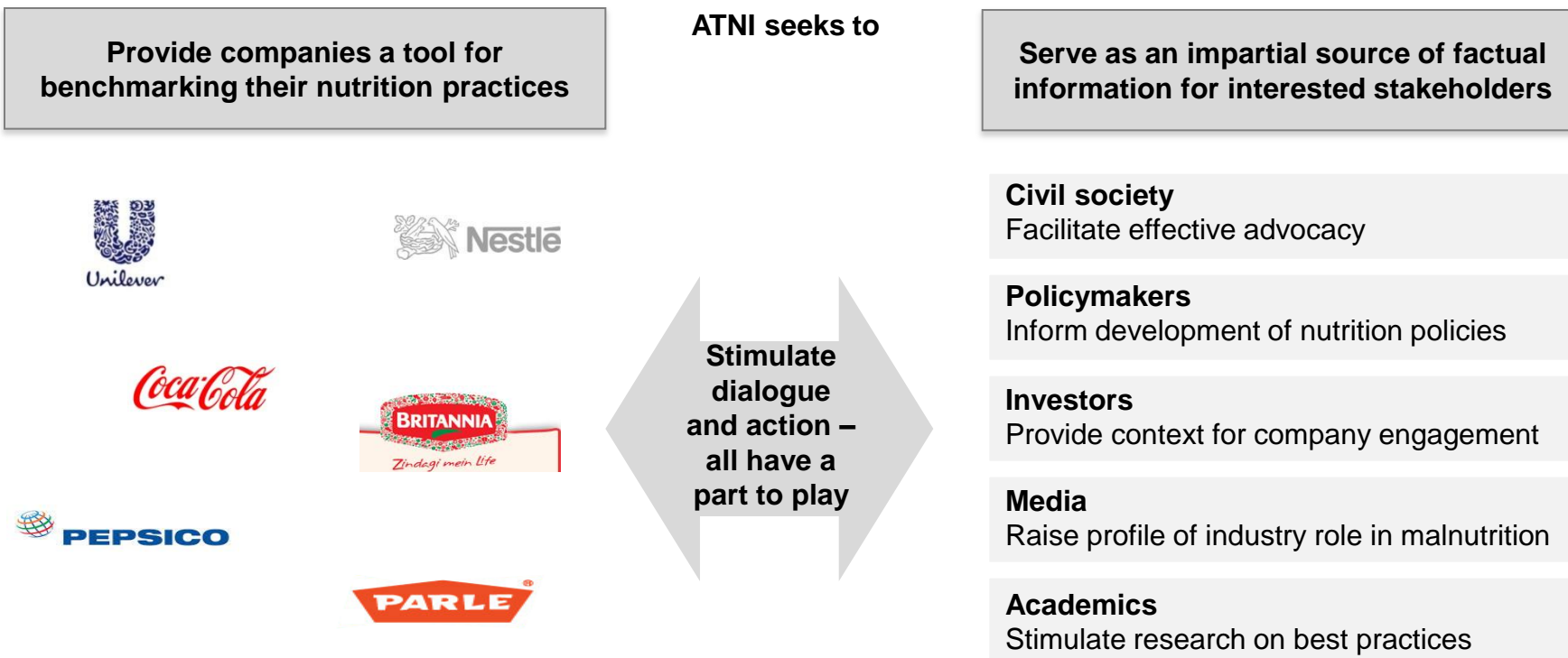
Coalition for Sustainable Nutrition Security in India

November 2013



Our agenda: encourage companies to do more to address undernutrition and obesity

Given their size and reach, companies can make a significant contribution to addressing obesity and undernutrition



ATNI aims to publish Global and Spotlight indexes

Global Index

25 of the world's largest food and beverage manufacturers



3 future Spotlight Indexes

10 of the largest companies by F&B revenue in each market

Modeled on best practices of more than 30 other indexes



Regional balance: 1 country per major region

'Double burden' of malnutrition

Large or growing F&B industry

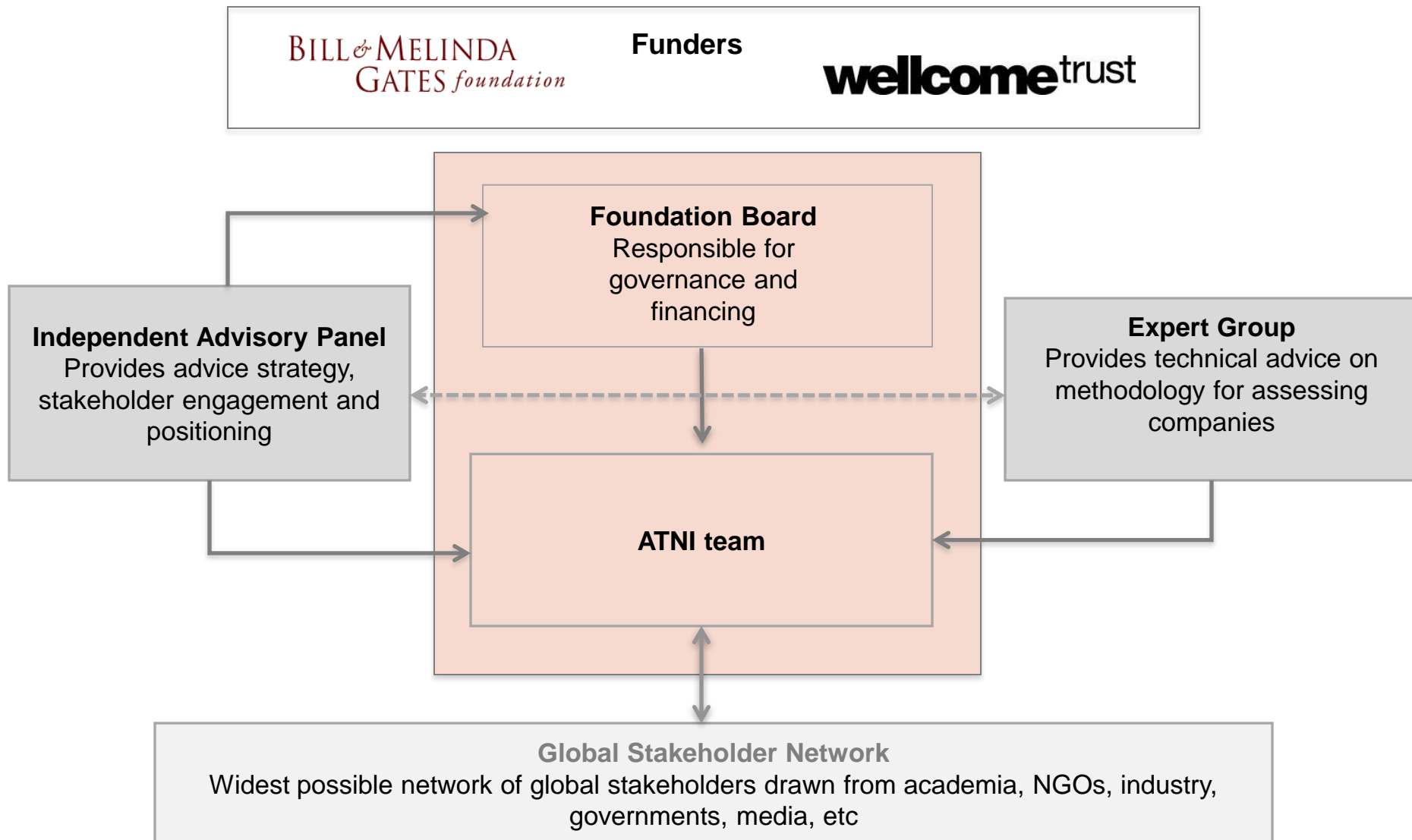
Purpose

- Understand local context and how that drives/affects companies' responses
- Recognize progress and stimulate further improvement among all companies
- Compare the performance of multinational companies between countries – how consistently do they implement their commitments in specific markets?
- Compare the performance of local vs multinational companies – is there a significant difference in how they tackle nutrition issues?

Expected outcomes

- Provide a tool for local stakeholders to monitor major F&B companies in their market
- Encourage action from both local and multinational players
- Identify opportunities for further research and collaboration with local organizations and experts
- Improved access to nutrition for all

ATNI is housed in ATNF: independent of industry, advised by global experts



Final Corporate Profile methodology and research process

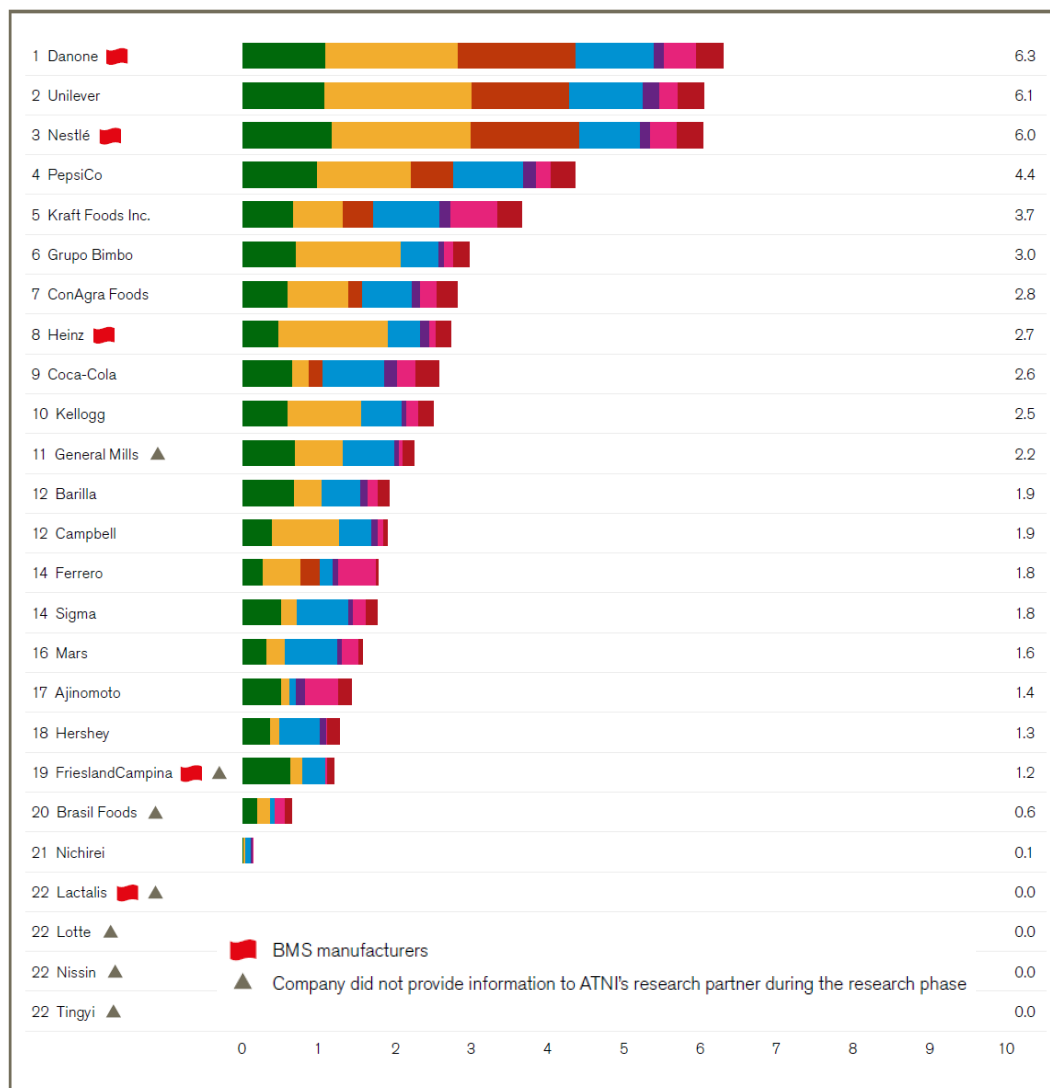
Over 170 Indicators in total

Category weights	Weights by Indicator type		
	Commitments 25%	Performance 50%	Disclosure 25%
12.5%	Category A Corporate strategy, governance and management		
25%	Category B Formulation of appropriate products		
20%	Category C Delivery of affordable, available products		
20%	Category D Responsible marketing policies, compliance and spending		
2.5%	Category E Support for healthy diets and active lifestyles		
15%	Category F Informative labeling and appropriate use of health and nutrition claims		
5%	Category G Engagement with policymakers and other stakeholders		

Research process

- Research was conducted by MSCI ESG Research, an independent expert research organisation
- Evaluation based on company's own publications, websites etc and interviews with companies
- 7 out of 25 companies did not participate in interviews with MSCI

Global Index 2013: scores and rankings



- **A Governance (12.5%)** Corporate strategy, governance and management
- **B Products (25%)** Formulation of appropriate products
- **C Accessibility (20%)** Delivery of affordable, available products
- **D Marketing (20%)** Responsible marketing policies, compliance and spending
- **E Lifestyles (2.5%)** Support for healthy diets and active lifestyles
- **F Labeling (15%)** Informative labeling and appropriate use of health and nutrition claims
- **G Engagement (5%)** Engagement with policymakers and other stakeholders

Report highlights areas of strength and weakness, highlights good practice. Also sets out areas where further research and activity is needed.

All companies provided with:

- A 3-page Scorecard, setting out how they could improve in each area
- Full ATNI methodology
- Document illustrating how to achieve 100% in all areas
- Opportunity to engage with ATNI to understand results and receive guidance on how to improve

- **An essential first step for companies to address the challenges of obesity and undernutrition is to integrate nutrition into their corporate strategies**
 - Companies should develop clear and measurable corporate objectives and targets on nutrition
 - They should also create robust incentive and accountability structures
- **Stronger mechanisms are needed to track companies' performance on their commitments and targets in order to improve consumers' access to nutrition, including:**
 - *External mechanisms*, such as independent audits, third-party evaluations, and incorporation of input from experts or other stakeholders
 - *Internal mechanisms*, such as Board and executive-level oversight of the company's performance against its nutrition commitments
- **Companies' priorities for improving their approach to nutrition should include:**
 - Ensuring product formulation, marketing and labeling efforts are in line with recommendations from norm-setting bodies such as the World Health Organization and the Food and Agriculture Organization of the United Nations
 - Setting product formulation targets for all relevant ingredients and across their entire product portfolios and articulating these targets in a format that allows for a clearer understanding of the scope of such efforts
 - Identifying and applying approaches to make products of high nutritional quality more affordable and widely available, especially to lower-income consumers
 - Implementing a strict and comprehensive policy on marketing to children that applies to all media channels and all countries in which a company operates
 - Increase efforts to address undernutrition and scale up those approaches that are the most successful
 - For companies that manufacture breast-milk substitutes, ensure compliance with the International Code of Marketing of Breast-milk Substitutes
- **Companies should increase public disclosure of their nutrition activities**

Post launch reaction to Global Index: What media are saying

“New nutrition index rates food with thought”

Nancy Hellmich
USA Today

“Nutrition index ranks US below European producers”

Andrew Jack
Financial Times

“Danone, Unilever and Nestlé ranked top for nutrition – but could do better”

Caroline Scott-Thomas
FoodNavigator

“Work to be done to address global nutrition challenges”

Eric Schroeder
Food Business News

“indexes such as the ATNI can be used to increase the buy-in of stakeholders and to monitor corporate behaviour by reinforcing companies with the best business practices and identifying those that fail to improve”

Op-Ed
The Lancet

Post launch reaction to Global Index: What companies are saying

“High ranking in ATNI index particularly around products, lifestyle & engagement with an action plan for improvement”

Unilever News
@Unilever

“#Nestle ranks highly in #ATNI: We commit to further action on malnutrition in new CSV report”

News from Nestle
@nestlemedia

“We welcome a continuous dialogue with ATNI (the index) that enables us to identify and address challenges collaboratively”

Coca-Cola

“On the next index in two years, we will perform better.”

FrieslandCampina

ATNI benefits from extensive global investor support

40 firms collectively managing over \$2.6 trillion in assets have signed the ATNI Investor Statement



Examples of impact:

- UBS incorporated ATNI rankings in F&B investment recommendations for its clients
- ICCR utilizing ATNI as framework for its engagement with F&B companies

Objective: Assess suitability of ATNI approach and build platform for ATNI India Index in 2015

Scope: Ten largest F&B manufacturers by revenue in 2011 in India

Corporate profile:

- Conducted initial assessment using ATNI methodology, amended to reflect Indian context
- No results are to be published, as was a pilot exercise and further engagement with the companies and refinement of the methodology is needed
- Overall findings to be shared with stakeholders via meetings

Product profile:

- Sample of products sold by ten largest F&B manufacturers profiled by team at Oxford University
- Methodology to be shared with stakeholders via meetings

November 2013 visit

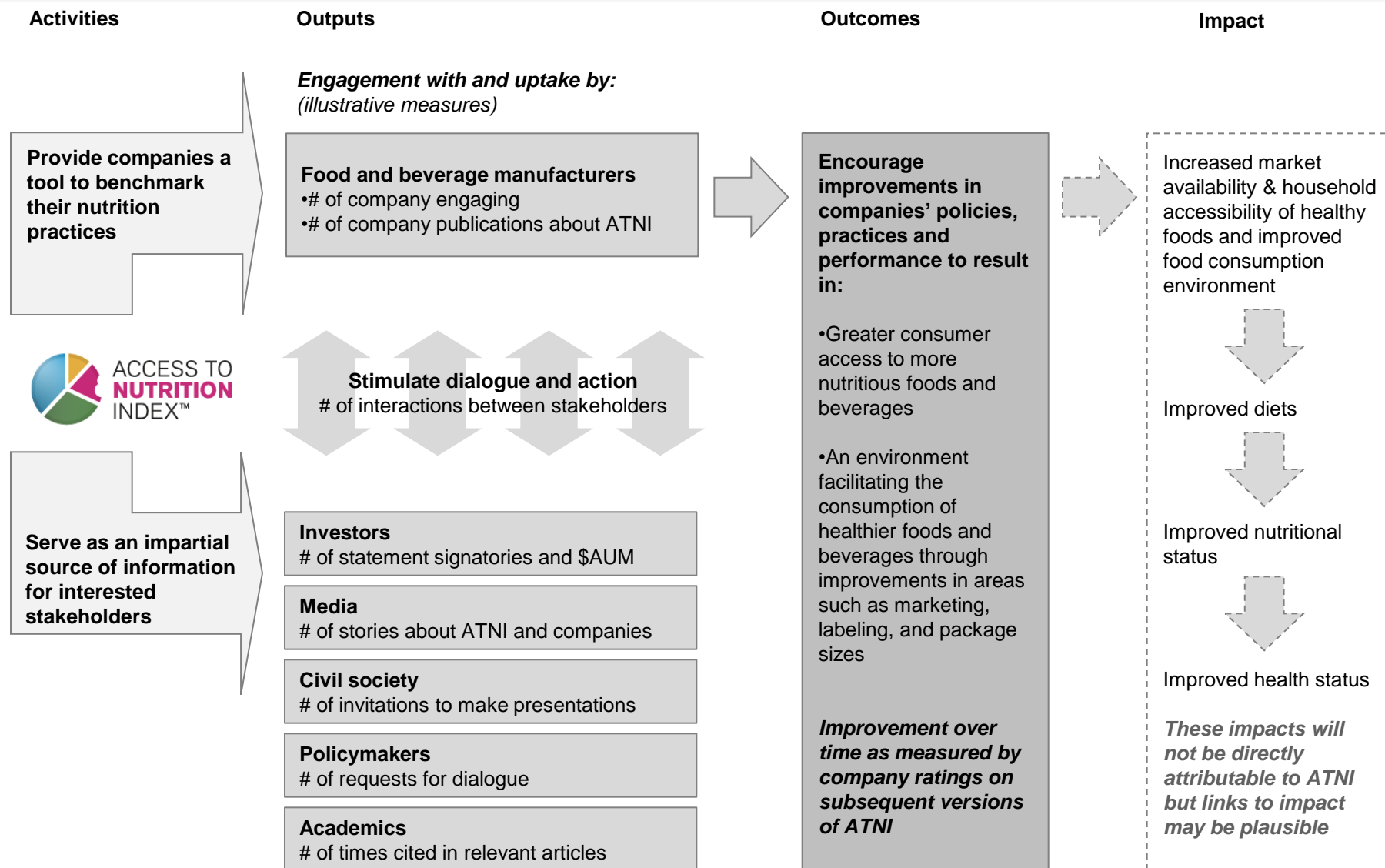
- Meetings with stakeholders and experts, including NGOs, government agencies, institutes and academics
- 1-1 meetings with ATNI companies

Key questions:

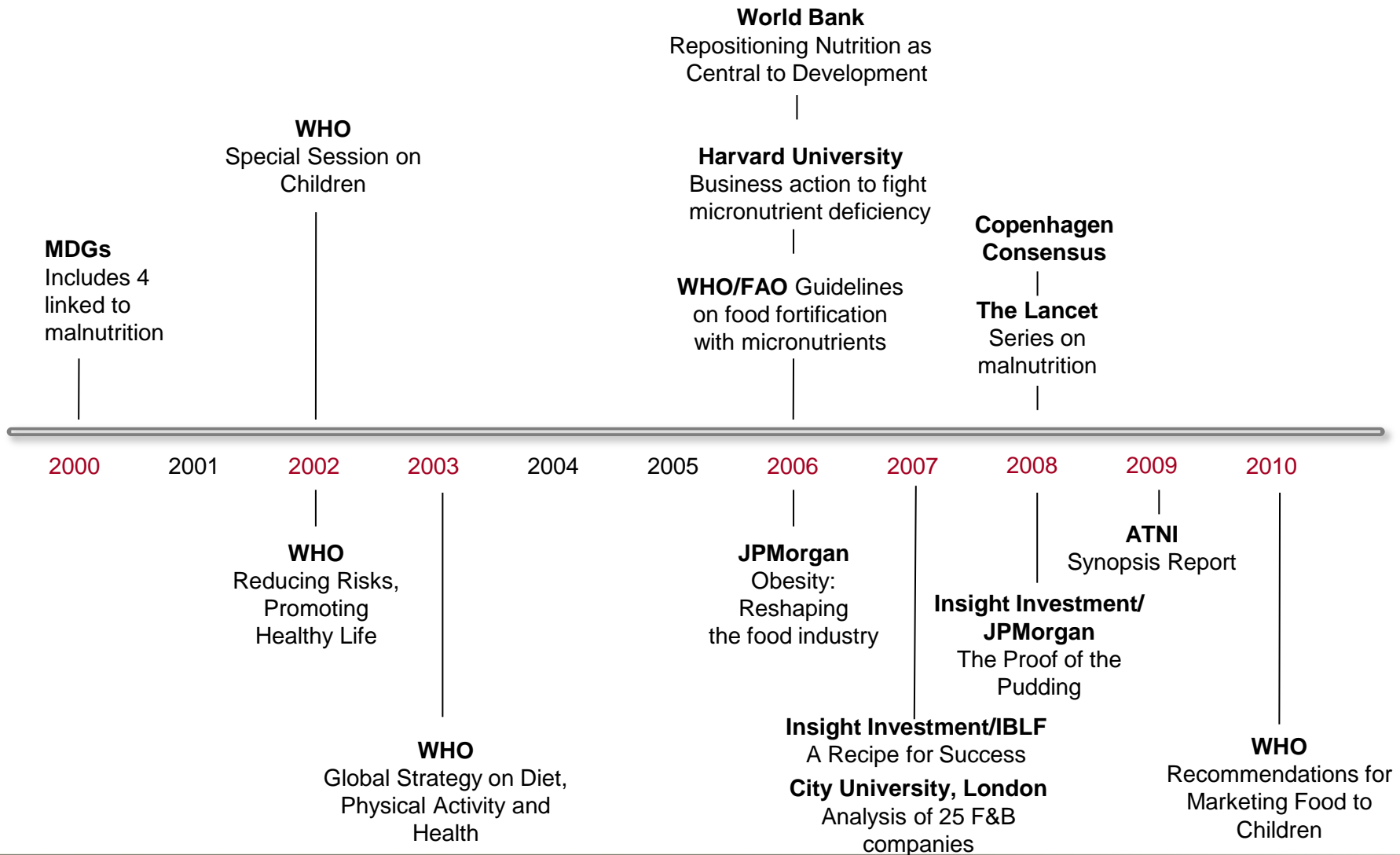
- What do you think of the ATNI approach?
- How might the ATNI Corporate Profile methodology overall be strengthened?
- How might it be further adapted to reflect the Indian context, particularly with respect to undernutrition and BMS?
- What improvements should be made to the Product Profile in India?
- What additional research would be valuable?

- Logic model
- International guidelines and corporate best practice
- Analysis of other indexes
- Breast-milk substitutes
- ATNI knowledge agenda
- Why India?
- Companies in Spotlight countries
- Product Profile

ATNI Logic Model



ATNI's Corporate Profile methodology is built on international guidelines and corporate best practice



ATNI is modeled on other successful indexes

To build a 'best in class' index, extensive research was conducted to learn lessons from other ratings and rankings

Approach

- Focused on 32 most relevant rankings, ratings and indexes; Access to Medicine Index provided guidance throughout ATNI's development
- Evaluated 60 elements
- Conducted interviews for more detailed review of 10 indexes
- Team members conducting research have significant experience in the development of indexes
- Sample of ratings and indexes assessed:



Lessons learned

• Governance

- Multi-stakeholder strategic advisory panel provides well-rounded perspective
- Expert input helps build credibility

• Methodology

- Transparency can be demonstrated through clear citation of reference documents and public consultation on draft methodology

• Stakeholder engagement

- Important to engage companies early and throughout process
- Collecting signatories on an investor statement is an important part of engaging the investment community and creating leverage with companies

• Communications

- A strategic multi-dimensional approach is necessary to maximize impact

Background

- ATNI supports the World Health Organization recommendation for exclusive breastfeeding up to 6 months of age, with continued breastfeeding along with appropriate complementary foods up to two years of age or beyond
- Five of the twenty-five companies assessed by ATNI manufacture breast-milk substitutes
- Proper evaluation of company compliance with the International Code of Marketing of Breast-milk substitutes must include field assessment of 'on the ground' practices (and not just an assessment of their policies)
- A robust, credible field assessment was deemed out of scope for first version of ATNI
- Reports from the International Baby Food Action Network are currently the only source of assessment of all five companies on their compliance with the International Code

Interim approach

- The following approach will be taken pending the development or availability of a more systematic and independently verified assessment approach for future versions of the Index
- An Indicator assessing companies on their compliance with the International Code was added to each of the Criteria below (which are within the scope of guidance of the Code, as indicated below):
 - **D1 – D3** Responsible marketing (*Article 5*)
 - **E2** Support for healthy diets and active lifestyles (*Article 4*)
 - **F1** Product labeling (*Article 9*)
 - **F2** Health and nutrition claims (*WHA Resolution 63.23*)
- These Indicators are worth 50% of the total points possible for each respective Criterion.
- If a company is assessed as not being in compliance with the International Code based on the most recent versions of IBFAN's assessments, it will receive zero points on all of these Indicators.¹

Taken together, these Indicators represent a total possible weighted value of slightly over 13% of all points available for breast-milk substitute manufacturers (i.e., 1.3 points out of the total possible score of 10 points),

¹ At this time it is not possible to differentiate among companies' levels of compliance, so a company either receives full credit or no credit on these Indicators.

Specific methodology improvements

- Rigorous, transparent and methodologically reliable on-the-ground assessment of breast-milk substitute manufacturers' marketing practices

Primary research

- Characterization of food purchasing patterns among consumers in markets with a significant burden of undernutrition, so as to better understand the role played by processed foods in their diets
- Characterization of how individual companies affect the food consumption environment (for instance, through their marketing activities or labeling practices), and development of metrics that capture these impacts
- How pricing affects low-income consumers' purchasing decisions of healthier products
- Role of fortification of packaged foods in the context of broader national fortification strategies

Stronger guidelines/consensus on appropriate company practices to facilitate assessment of:

- Responsible commercial sports sponsorship
- Appropriate and effective healthy diets and active lifestyles programs
- Responsible marketing to adolescents
- Scope and progress of companies' reformulation efforts, i.e. a standardized approach to presenting targets and reporting on them
- Greater clarity on what constitutes a robust nutrient profiling system and movement towards a consensus 'gold standard' for defining healthy products
- Appropriate role for companies in interventions other than fortification to address undernutrition
- Appropriate role for companies in encouraging food safety in the context of undernutrition
- Responsible marketing of foods, particularly for those being sold in markets with a burden of undernutrition where guidance is less well developed, including complementary foods

Why India? Because it suffers the 'double burden' of malnutrition

Undernutrition

- Both protein-energy deficiency and micronutrient deficiency are widespread
- India represents more than 40% of the global underweight burden
- High levels of malnutrition:
 - Stunting: 48%
 - Wasting: 19.2%
 - Underweight: 42.5%
- Micronutrient deficiency rate among children under 5: Iron: 70%; Zinc: 45%; Vitamin A: 65.3%
- 200 million people at risk of IDD
- Approx. 35% of population below poverty line; 54% of the population considered 'deprived'
- Limited dietary diversity and inability to meet energy requirements
- Exclusive breastfeeding rate: 54%; low compliance with IYCF recommendations



Excess weight and chronic disease

- Excess weight: 2008:¹
 - Overweight: 134.7 million
 - Obese: 23 million
- Percentage of population with raised cholesterol: 27%¹
- Deaths (%) attributable to:¹
 - Cardiovascular disease: 24%
 - Diabetes: 2%
- Each 10% increase in GDP is correlated with an increase in the prevalence of obesity of 5-6%.²
- The top 30% of the urban and rural populations by income consumes 134-5% of energy RDA
- Diet-related chronic disease are expected to cost the Indian economy US\$6 trillion in output losses between 2012 and 2030 (9x total health expenditure between 19993 and 2011).²

Source: GAIN research

Sources

1. WHO statistical database
2. AT Kearney/FICCI Feeding a Billion: Role of the Food Processing Industry, September 2013

Why India? Because it has a large and growing F&B industry

Established F & B industry with significant potential to grow

- World's tenth largest economy and the second most populous country representing a massive market.
- Food processing industry output: US\$180 billion in 2011; organised sector comprises c. 50 – 55%.¹
- Percentage of food processed fully in India: 6%, compared to 40% in China and 80% in Malaysia.²
- Expected sector growth rate: 13% p.a. reaching output of US\$ 530 – 500 billion by 2020.¹
- Household spending on food: 35% of US\$ 330 billion per year; expected to grow to US\$ 900 billion by 2020.²

Strong optimism and investment among international F&B companies that operate in India

- Between 2010 – 2012, Nestle has invested US\$500 million
- In Nov 2013, PepsiCo announced plans to invest US\$5.5 billion by 2020;
- Oct 2013: Unilever increased its stake in HUL to 67% by investing US\$ 2.5 billion
- Coca Cola and its bottling partners to invest US\$5 billion in India by 2020

Sources

1. AT Kearney/FICCI Feeding a Billion: Role of the Food Processing Industry, September 2013
2. BCG/FICCI: India Food Processing: Mission 2020: November 2011

Companies in Spotlight countries

INDIA	MEXICO	SOUTH AFRICA
Britannia Industries	Coca Cola	AVI
Coca Cola	Grupo Bimbo	Coca Cola
Gujarat Milk Marketing Federation (Amul)*	Grupo Herdez	Groupe Danone
ITC	Grupo Industrial Lala	Kraft Foods Inc (now Mondelez)
Kerala Milk Marketing Federation**	Kellogg Company	Parmalat (now owned by Lactalis)
Mother Dairy Fruit & Veg **	Kraft Foods Inc (now Mondelez)	Pioneer Food Group
Parle Products	Nestlé	PepsiCo
PepsiCo	PepsiCo	Nestlé
Nestlé	Sigma Alimentos (ALFA)	Tiger Brands
Unilever	Unilever	Unilever

* Cooperative

** Government-owned

Goal: To assess and compare the nutritional quality of the products of each of the ten companies

Method

1. Two nutrient profiling models were selected that met a series of stretching criteria
2. The population of relevant products was defined; several product types were excluded
3. A sampling frame was used to define a dataset of products, approximately 50% of those listed on the companies' websites. A total of 706 for India.
4. Nutritional information was collected for these products. If the companies did not provide that information online, supplemental information was used from either the Global Foods Monitoring Project or the UK Nutrient Databank
5. Products in the dataset were organised into categories using the Datamonitor system
6. Certain categories of products, and sub-categories were selected for further evaluation, based on number of products in each category, availability of nutritional information etc
7. The nutrient profiling models were applied to generate a score for each product between 0 (least healthy) and 100 (healthiest)
8. Outputs were generated and analysis conducted

Outputs: Tables and charts showing:

- Average nutritional profile of each company's product portfolio
- Number and percentage of the portfolio that meets each of the selected Nutrient Profiling Model's threshold for 'healthy'
- Average nutritional profile of selected product categories by company – i.e. which company's portfolio is healthiest overall.
- Number and percentage of selected categories by company that meets healthy threshold, i.e. which company offers the greatest number of 'healthy' products in each category

ATNI evaluation of Product Profile

- Product Profile exercise is groundbreaking
- Overall the method is robust and generates meaningful and interesting results
- Various aspects of the method could be improved
- Its limitations are mainly due to companies not publishing all products and full nutritional information
- Could give more comprehensive picture by including sales and pricing data