



Category G – Engagement

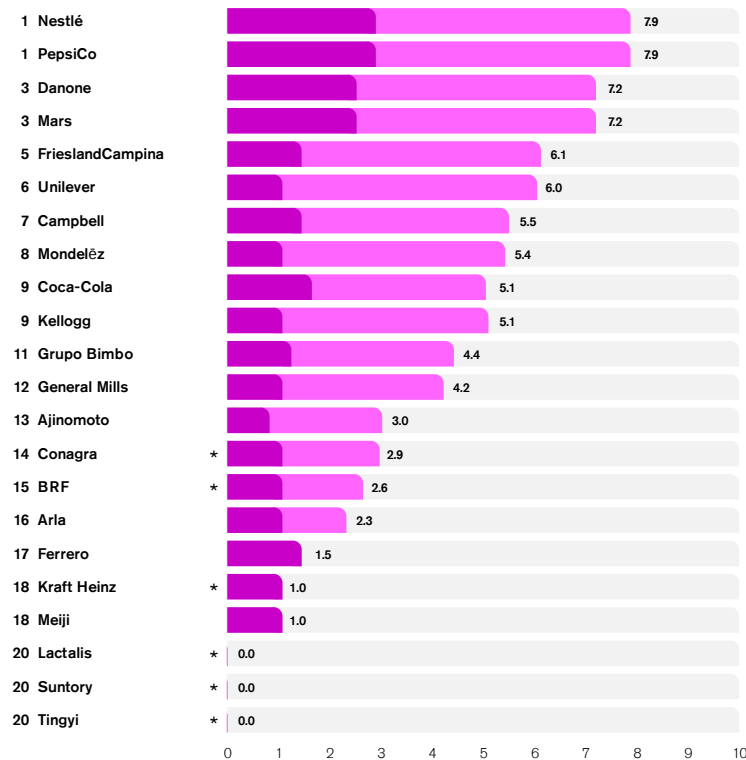
5% of the score

Category G consists of two criteria:

- G1 Lobbying and influencing governments and policymakers
- G2 Stakeholder engagement

To perform well in this category, companies should:

- Commit to lobbying on nutrition issues only in support of public health, or to not lobby at all. Also to publish a policy that covers lobbying, engagement with governments and policymakers and donations.
- Disclose all lobbying activities on nutrition issues, membership and financial support of industry associations or other lobbying organizations, and board seats on such bodies.
- Conduct comprehensive, well-structured stakeholder engagement focused on improving their business strategy and performance, and provide evidence and examples showing how stakeholder engagement has led to improvements of policies and practices.



1 Category G Nutrition ranking, based on equally-weighted Criteria G1 and G2 scores

G1 Lobbying
G2 Stakeholder

* Did not provide information to ATNI

What are the main changes in Category G compared to 2016?

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- The average score decreased to 3.9 from 4.0 in 2016 (as shown in Figure 2). Nestlé and PepsiCo lead the ranking, both with a score of 7.9 points.
- PepsiCo also showed the largest improvement in score, increasing more than three points, mainly due to disclosing more information regarding structured stakeholder engagement (related to criteria G2).
- While there is some improvement in companies' commitments and disclosure relating to their lobbying activities (in Criterion G1), overall performance is still very low.
- Performance related to stakeholder engagement (in Criterion G2) has improved, with the majority of companies providing relevant evidence of using stakeholder input to inform their nutrition policies and programs.
- The principles that were assessed in Category G remained the same, but the basis for calculating the scores for Criteria G1 and G2 changed compared to 2016. Low scores across companies on commitments regarding engagement with governments and policymakers in support of public health reduced scores in G1, as this aspect was now included in the scoring for the first time (it was an unscored indicator in 2016; see the ATNI methodology for details). The 2016 score is provided for reference rather than for direct comparison.

G1 Lobbying and influencing governments and policymakers

To what extent are companies transparent about their approach to lobbying and making political donations, and do they commit to lobbying on nutrition issues only in support of public health?

Three companies (two more than in 2016) – PepsiCo, Danone and Nestlé – express a commitment to engage with governments and policymakers with the intention to support measures to prevent and address obesity and diet-related chronic diseases. Strictly speaking, these companies do not make an unequivocal commitment to not lobby on anything else regarding nutrition issues, but their commitment, combined with a high level of public disclosure makes them leaders in this area. PepsiCo has the highest score for Criterion G1 with more than five points, followed by Danone, Mars and Nestlé. Although Mars does not make a commitment to lobby on nutrition issues only in support of public health, it achieved a high score because of good disclosure of its lobbying activities and other relevant information.

Danone and Nestlé have the most comprehensive commitments, linking to nutrition issues in its policy and explicitly covering all third-parties that work on the company's behalf. Danone's policy is most explicit: "This policy applies equally to Danone employees of all companies controlled by Danone's affiliates and subsidiaries and employees of all agencies working on behalf of Danone and its affiliates who are engaged in contact with authorities, organizations and policy makers worldwide – an activity often referred to as lobbying or advocacy."

Similar to 2016, the large majority of companies publish relevant policies, often referred to as a code of conduct, code of business ethics or an advocacy policy. However, of the 19 companies that do so, only the three companies mentioned earlier make an explicit link to nutrition, public health and diet-related chronic diseases. Political engagement, lobbying and/or donations are addressed in all of these documents, and many aspects of food safety (unrelated to nutritional quality or healthiness), environmental sustainability and other important societal issues are also addressed. Most companies do not address the highly important societal issues of obesity, undernutrition and/or diet-related chronic diseases. In fact, the word nutrition is not present in most of the policies examined.

Have companies increased their public disclosure of nutrition-related lobbying activities and positions?

In addition to the five companies that publicly disclosed information about their lobbying activities to prevent and address obesity and diet-related chronic diseases in 2016 – Coca-Cola, Ferrero, Grupo Bimbo, Mars, PepsiCo, two additional companies – Campbell's and Nestlé – disclosed relevant information in 2018. These seven companies provide concrete information about issues on which they have lobbied and authorities with whom they have engaged. For example, Nestlé provides press releases on its corporate website addressing its lobbying activities; PepsiCo does so in the 'Health and Wellness Approach and Engagement' section of its website; and Campbell's publishes relevant commentary in its CSR report.

Mars and PepsiCo provided full transparency on their lobbying positions related to health and nutrition claims, regulatory development, FOP labeling and fiscal instruments related to nutrition and marketing to children, showing leading practice by disclosing these comprehensively in one document. PepsiCo did not disclose this information in 2016, showing some progress in 2018 together with Campbell's, which discloses some information on its lobbying on FOP labeling. Several companies disclose position statements or other formal documents that reflect the company position; however, it is not clear whether these documents and positions are used in actual lobbying activities. For example, Unilever publishes a large number of company statements and positions in its 'Our position on' section of its corporate website.

To what extent do companies disclose membership and financial support of industry associations or other lobbying organizations, as well as board seats on such bodies?

Mars demonstrates best practice by disclosing its membership in and financial support of industry associations, lobbyists or other organizations that lobby on its behalf, any potential governance-related conflicts of interest and board seats at industry associations and on advisory bodies related to nutrition issues (see Box 2 for details).

FrieslandCampina and PepsiCo provide almost full disclosure related to the topics mentioned, and 14 additional companies disclose at least some information. Overall, the number of companies disclosing information remains the same as in 2016, but the top-performing companies have disclosed more relevant information.

G1 Recommendations for improvement

- Unequivocal commitments to lobbying on nutrition issues only in support of public health
- Providing a comprehensive overview of companies' lobbying and other direct or indirect ways to influence the public agenda

G2 Stakeholder engagement

Do companies commit to engage with stakeholders to develop their nutrition policies and programs?

Fourteen companies commit to engage with stakeholders, or show evidence of such engagement, in order to inform and improve their nutrition policies and programs. Twelve of these disclose this information publicly. Three of these companies – Nestlé, PepsiCo and Unilever – achieve the full score for Criterion G2 and lead the ranking. This is just ahead of Danone, FrieslandCampina and Mars, which all score over nine points each. Examples of clear commitments and the embedding of these in central corporate strategies are presented in Box 4.

To what extent are the companies' approaches to stakeholder engagement well-structured?

Nine companies provide evidence of a clear, well-structured approach to stakeholder engagement in 2018 (compared to ten in 2016), and seven show a more ad-hoc approach (compared to eight in 2016). This slightly lower performance across the industry is related to changes in companies' assessments, and some companies provided less evidence than before.

PepsiCo is a good example of having a structured approach. It states: "PepsiCo's Performance with Purpose agenda allows us to make valuable contributions to goals shared by the global community. The SDGs call for worldwide action among governments, business and civil society to end hunger, protect the planet and enrich the lives of people around the world."

To address these issues with stakeholders, including a focus on nutrition, PepsiCo uses the engagement expertise of Ceres, a non-governmental organization (NGO) that brings together investors, NGOs and businesses in support of sustainability. Ceres facilitates PepsiCo's engagement with certain stakeholders on critical issues such as climate change, water scarcity and public health.

Six companies do not provide information on stakeholder engagement with the aim to improve its nutrition policies and practices – Ferrero, Kraft Heinz, Lactalis, Meiji, Suntory and Tingyi.

What are the best examples of companies improving their nutrition policies based on stakeholder engagement?

Seven companies provided evidence of extensive engagement with stakeholders on an international level, and three did so on a local level. Furthermore, nine companies provided limited evidence of stakeholder engagement, and the six companies that did not provide information (mentioned above) logically did not provide either evidence or examples. Four companies – Coca-Cola, Nestlé, PepsiCo and Unilever – provided specific examples of how stakeholder interaction has informed their nutrition policies or strategy.

Nestlé discloses in its 2016 'Creating Shared Value' report how its annual stakeholder meeting has informed its business strategy in Africa: "The 2016 Creating Shared Value Global Forum was held in Abidjan, Côte d'Ivoire, on 21 June 2016. Under the theme of 'Investing in Sustainable Development in Africa', the forum brought together leaders from across business, civil society and government to discuss key topics affecting the continent."

PepsiCo describes an example of engagement with stakeholders informing the company strategy in 2016 when the company was developing its 'Performance with Purpose' 2025 goals. The company states: "Members of our management team met with a significant number of stakeholders throughout this process to reconfirm that those aspects and matters align with our corporate priorities, support our Performance with Purpose 2025 Agenda and reinforce the integration of sustainability throughout our business." Related to this process, the company expressed the intention to complete a formal materiality assessment with external and internal stakeholders by the end of 2017.

G2 Recommendations for improvement

- Low scoring companies should increase their focus on stakeholder engagement
- A structured approach to stakeholder engagement, linked to the corporate strategy

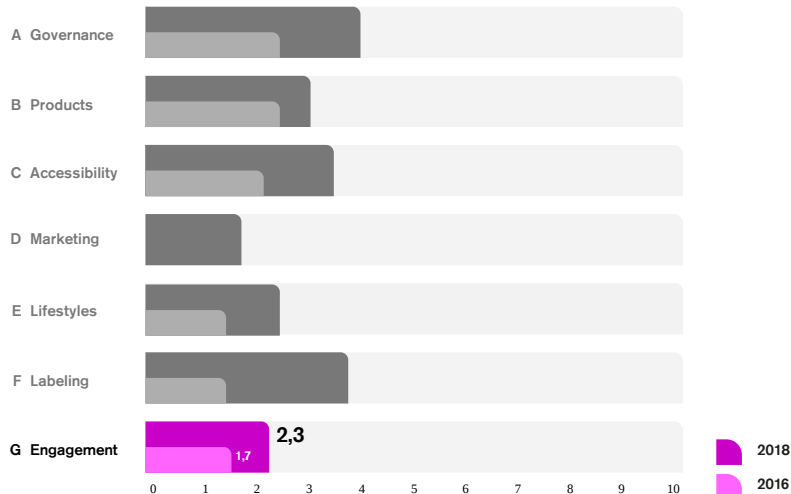


Category G - Undernutrition: Engagement

Engaging with stakeholders to address undernutrition / 5% of the total undernutrition score

To perform well on undernutrition in Category G, companies should:

- Commit to playing an active part in supporting the efforts of developing country governments to address undernutrition, and publicly disclose a narrative about such activities.
- Provide evidence of engagement with relevant organizations on undernutrition and publicly disclose a narrative on their engagement with stakeholders on undernutrition.



Is there evidence that companies play an active part in supporting developing country governments in addressing undernutrition?

Six companies commit to supporting governments in their efforts to address undernutrition: Ajinomoto, Danone, FrieslandCampina, Kellogg, Nestlé and PepsiCo. For several companies, this commitment is not limited to addressing undernutrition or to developing countries, but explicitly mentions supporting governments' efforts to address undernutrition. For example, Danone indicates that it does not separate undernutrition from (other) nutrition issues. In countries where undernutrition is a priority, the company commits to contact authorities to play a constructive role in combating the identified deficiencies. It provides evidence of doing so through its 'Nutripack' program in developing countries to support governments' efforts to address undernutrition.

Information about concrete examples of government support is limited. Ajinomoto, FrieslandCampina and Mondelez reported two relevant examples each of having engaged with governments in support of addressing undernutrition in developing countries. Danone, Kellogg and Unilever reported one relevant example each. Ajinomoto provides several examples, including an initiative in Brazil. The International Council on Amino Acid Science (ICAAS), a non-for-profit association of which Ajinomoto is a member, has been involved in establishing a framework for the nutritional use of essential amino acids. In addition, Ajinomoto has been interacting with the Vietnamese government to set up a national dietician system, in response to a study that demonstrated the country lacked crucial nutritional expertise. FrieslandCampina reports that its business entity in Nigeria co-funds and collaborates with the federal government's 'Home Grown School Feeding' program in public schools at the primary school level.

To what extent do companies engage systematically with all relevant stakeholders on undernutrition in developing countries? Is this changing over time?

Four companies provide evidence of one-on-one discussions with three or more key organizations working on undernutrition to solicit input on its commercial strategy/policy/approach to undernutrition: Including Danone, FrieslandCampina and Unilever. Of these, Unilever is the only company to provide a narrative related to its activities on its corporate website.

Five companies interact with one or two relevant organizations, and three companies in total provide a narrative related to it. With the same number of companies disclosing such narratives in 2016, and frequently mentioned organizations being industry associations such as GAIN, limited improvement has occurred relating to stakeholder engagement on undernutrition in developing countries.

Recommendations for improvement

- Structured government engagement in developing countries where companies are present

Although a number of companies report relevant engagement with governments to support addressing undernutrition, the initiatives appear to be ad-hoc rather than structured. It is recommended that companies define a structured approach to interact with governments of developing countries, individually or through industry associations, or organizations such as the SUN Business Network, to explore how government goals or initiatives to address undernutrition could be supported.

- More stakeholder engagement to solicit input on companies' commercial strategies

Companies should increase their efforts to engage with expert organizations to inform their undernutrition strategies and to improve them over time, and publicly disclose more information of their engagement with such stakeholders.