

# ACCESS TO NUTRITION INITIATIVE (ATNI) GLOBAL INDEX

Obesity, undernutrition and micronutrient deficiencies represent a heavy burden to economic development globally: their material cost is estimated at 5% of global income or US\$3.5 trillion per year<sup>1</sup>. Aiming to tackle these issues, ATNI publishes a Global Access to Nutrition Index rating the world's largest Food Manufacturers and their contribution to addressing these challenges. This RI Expert Briefing seeks to shed more light on the initiative and the index.

## WHAT IS THE CONTEXT FOR THE ATNI?



ATNI recognises three challenges for the malnutrition crisis; diet related obesity and chronic illness in the developed world, acute

hunger and malnourishment in large parts of the developing world, and micronutrient deficiencies. The United Nations Food and Agriculture Organisation (FAO) reported that in 2019, 690 million people, which represents nearly 9% of the global population, were undernourished, and 2 billion people were food insecure<sup>1</sup> – these numbers have been rising since 2014 and are projected to continue to do so, partially due to the COVID-19 pandemic.

Malnutrition in all its forms is the leading cause of death worldwide: in 2017, 11 million deaths and 255 million disability-adjusted life years were attributable to dietary risk factors. Additionally, poor nutrition causes nearly half (45%) of deaths in children under the age of five each year. Equally, once thought to be a high-income country issue, nowadays obesity affects most countries in the world, with over 70% of adults living with obesity found in low- or middle-income countries.<sup>2</sup> By 2050 without global action, it is estimated that 45% of the world population will be overweight and 16% will be obese. The causes and associated increase in chronic conditions such as diabetes and cardiovascular disease originate in part from a shift in diet towards higher fat, sugar and salt content, coupled with lower activity and exercise levels<sup>3</sup>.

## HOW DOES ATNI RESPOND TO THESE CHALLENGES

ATNI ranks 25 (previously 22) of the world's largest food and beverage manufacturers on their nutrition related commitments, performance and disclosure<sup>4</sup>. The Index is founded on the premise that these companies can make a significant contribution to addressing malnutrition. The Index was founded to stimulate dialogue and encourage improved corporate behaviour in respect of Access to Nutrition.

**In particular, the Index seeks to encourage companies to:**

- Increase consumer access to affordable, nutritious food through product refreshment, re-formulation, pricing and distribution
- Encourage responsible business practices around consumer choice, marketing, labelling and promoting healthy lifestyles and improved diet.

<sup>1</sup> <http://www.fao.org/3/ca9692en/CA9692EN.pdf>

<sup>2</sup> <https://accesstonutrition.org/index/global-index-2021/context/>

<sup>3</sup> <https://www.nature.com/articles/s41598-020-75213-3>

<sup>4</sup> <https://accesstonutrition.org/app/uploads/2021/06/Global-Index-2021-Executive-Summary.pdf>

## WHEN WAS ATNI LAUNCHED AND ON WHAT BASIS ARE THE COMPANIES CHOSEN?



The first benchmark exercise was completed in 2013 and reports every 2-3 years. The companies selected were chosen for inclusion based on their level of global retail sales derived from food and beverages. This includes publicly listed, private and co-operative entities representing the 25 largest global companies in the sector by sales.

## HOW DOES THE ATNI SCORE AND RANK FOOD AND BEVERAGE COMPANIES?

The methodology is organised by category, criteria and indicators. Companies are assessed against international guidelines, norms and developing best practice. When such guidance is not available, the assessment is based on the input of ATNI’s Expert Group. Assessment is based on public disclosures and information made available by the companies assessed. Each company is rated on a scale based on their nutrition related commitments. The maximum score for performance indicators is 20, but for commitment and disclosure indicators the maximum is 10. The categories and weightings used in 2021 to the right.

There are several changes compared to the previous Global Index. In 2018, undernutrition was presented in a separate section; now, policies and actions relating to undernutrition are woven in each category.

In 2021, the Product Profile assessment expanded to include 38,176 products (vs. 20,865 in 2018) across 25 different markets relevant for the companies (vs. 9 in 2018).

Furthermore, previous Global Indexes incorporated a sub-ranking that assessed the marketing policies and practices of the world’s largest makers of breast-milk substitutes (BMS). For the 2021 edition, ATNI has published this assessment as a stand-alone Index and extended it to include an evaluation of the marketing of complementary foods (CF). For further information please refer to our RI Expert Brief on BMS.

Category (weight in total score)	Description	Criteria
<b>Section 1: Nutrition governance and management</b>		
<b>A (12.5%)</b>	Corporate strategy, management and governance*	A1 Corporate nutrition strategy A2 Nutrition governance and management systems A3 Quality of reporting
<b>Section 2: Formulating and delivering appropriate, affordable, accessible products</b>		
<b>B (35%)</b>	Formulating appropriate products	B1 Product profile results (20%) B2 Product formulation (7.5%) B3 Defining healthy and appropriate products (7.5%)
<b>C (15%)</b>	Delivering affordable, accessible products	C1 Product pricing C2 Product distribution
<b>Section 3: Influencing consumer choice and behavior</b>		
<b>D (20%)</b>	Responsible marketing policies and auditing of compliance	D1 Marketing policy: general aspects of responsible marketing D2 Marketing policy: specific arrangements regarding responsible marketing to children and teens D3 Auditing and compliance with policy
<b>E (2.5%)</b>	Supporting healthy diets and active lifestyles	E1 Supporting employee health & wellness E2 Supporting breastfeeding mothers at work E3 Supporting community-supporting healthy eating and active lifestyle programs
<b>F (10%)</b>	Product labeling and use of health and nutrition claims	F1 Product labeling F2 Health and nutrition claims
<b>G (5%)</b>	Influencing governments and policymakers, and stakeholder engagement	G1 Lobbying and influencing governments and policymakers G2 Stakeholder engagement and partnerships

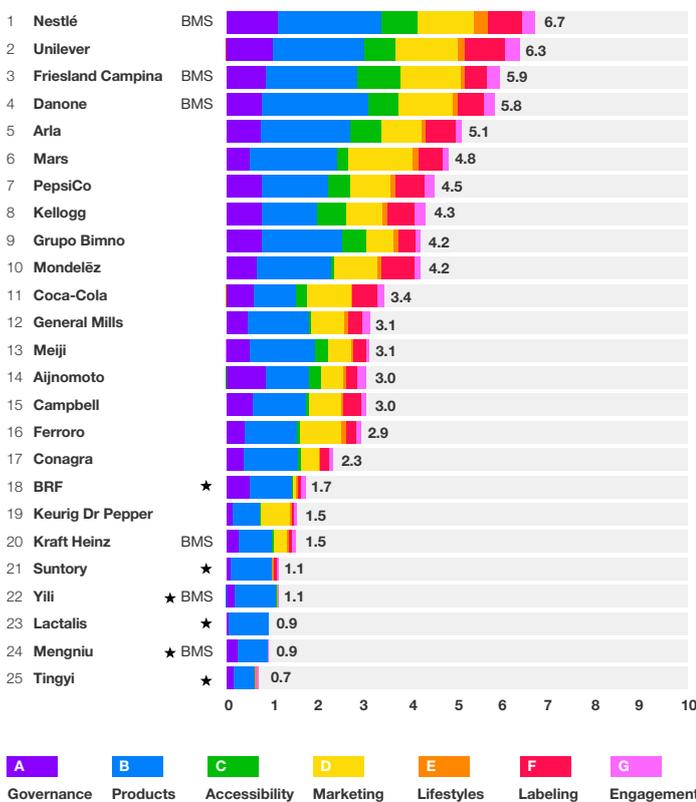
## WHAT ARE THE KEY FINDINGS FROM THE 2021 INDEX SURVEY?

The Index continues to make the case that companies are well placed to influence and respond to the malnutrition challenges.

The 2021 methodology gives more weight to the Products category, applies stricter evidence requirements, and has an increased focus on companies' commercial efforts to address malnutrition. With these changes, the average score across all the companies remains the same as in 2018 (3.3 out of 10).

When taking into consideration only the 22 companies assessed in both 2018 and 2021, the average score is 3.6. This indicates that these companies are performing slightly better compared with 2018.

### Companies' commercial efforts to address malnutrition in 2021



BMS Assessed in the BMS/CF Marketing Index 2021. An adjustment based on the BMS/CF Marketing Index score is incorporated into the overall Global Index 2021

★ Did not provide information to ATNI

## IN WHAT AREAS HAVE THERE BEEN IMPROVEMENTS SINCE 2018?

The Index found that 13 companies have improved their score in nutrition governance, indicating strengthened nutrition policies and management systems, and nine companies have improved their product portfolios. However, only five companies were found to have 50% or more of assessed products that meet the healthy threshold.

In 2021, nine companies committed to follow international guidance to ensure food fortification delivers clear health benefits, compared with four in 2018.

In 2018, none of the companies applied interpretive nutrition labelling front-of-pack, which provides consumers with relative knowledge of the nutrition quality of the product. However, by 2021, six companies had introduced it to some or all of their products globally.

The 2021 index shows that 12 companies disclose lobbying positions on important nutrition topics, compared with just two companies in 2018. Additionally, more companies have made commitments and/or provided examples of supporting governments in their efforts to prevent and address malnutrition.

## WHAT WERE THE MOST SIGNIFICANT RANKING OUTCOMES COMPARED TO THE FIRST SURVEY?

Similar to the 2018 Index, in 2021 the company leading the ranking is Nestlé, with an overall score of 6.7 out of 10, followed by Unilever in second place (6.3). Ranking third in 2021 was FrieslandCampina (5.9), improving from 2018 when it ranked 4th.

Despite the fact that a like-for-like comparison is not strictly possible (due to a change in methodology), out of the 10 leading companies, only Arla has improved its score, from 3.3 to 5.1. The remaining leading companies scored lower than in 2018, whilst most companies in the middle and lower rankings scored slightly higher.

## WHAT DIFFERENTIATES THE LEADERS FROM THE REST?

ATNI notes that although the leaders have a long-way to go, Nestlé, Unilever, FrieslandCampina and Danone are ahead of the rest in firmly embedding global nutrition commitments throughout their businesses. They have put these into practice via product refreshment and education, and are reporting on them publicly.

## WHICH COMPANIES LEAD THE SUB-RANKINGS?



Nestlé leads both the Governance and Engagement categories, followed by FrieslandCampina and Unilever respectively. Whilst Danone leads on Products, it falls to 5th position for Marketing and Labelling. Whereas FrieslandCampina leads on Marketing and Accessibility, it falls to 8th position for Lifestyles. It is notable that 12 companies have a strategic commercial approach for product reformulation to address obesity, however, only eight have an equivalent approach to address undernutrition challenges in priority populations.

## WHAT ABOUT BREAST MILK SUBSTITUTES (BMS) - DO THESE FORM PART OF THE INDEX METHODOLOGY?

In the last few years BMS marketing policies and practice formed a part of the ATNI's Global Index, assessing and ranking six of the world's largest makers of BMS. In 2021, ATNI extended the evaluation to include nine companies, and it is now a stand-alone index.

Six of the companies in the BMS/CF Marketing Index are constituents of the 2021 Global Index, and their score on the Global Index in parts depends on their 2021 score on the BMS/CF Marketing Index.

## HOW DOES EDENTREE USE THE INDEX?



We are signatories to the ATNI's Investor Expectations on Diets, Nutrition and Health, which has 70 investor supporters with AUM of over \$16.1 trillion. The Investor Expectations on Nutrition, Diets and Health articulates the commitment of signatories to integrate issues around nutrition and well-being into their House engagement strategy. Health & Wellbeing is one of our four thematic pillars, and the ATNI falls naturally within our overall approach to supporting active health and well-being. We acknowledge that global

economies are facing a 'health time-bomb' in which diet is a key contributing factor. We therefore use the Index when screening potential investments in relevant industries and use it as an engagement tool for discussion with industry.

Additionally, we are taking part in the 2021 collaborative engagement led by ATNI, where we will engage with companies in our portfolios to encourage them to address nutrition-related risks and opportunities, and improve transparency in their reports.

## THE RESPONSIBLE INVESTMENT TEAM

We have a specialist in-house Responsible Investment (RI) team who carry out thematic and stock-specific research to identify ethically responsible investment ideas for our range of screened Funds. Headed up by Neville White, Head of RI Policy & Research, and supported by Responsible Investment Analysts Carlota Esguevillas and Rita Wysheslesky, the team is also responsible for creating an on-going dialogue with companies, allowing us to engage on a wide variety of ethical and socially responsible investment concerns. For investors, it's an added layer of assurance that client money is being invested in companies that are operating in a responsible and sustainable way. Our ethical and responsible investment process is overseen by an independent Advisory Panel that meets three times a year, and comprises industry and business experts, appointed for their specialist knowledge.



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We hope you enjoy this RI Expert Brief and find it useful and informative.

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