

## EdenTree SRI Expert Briefing – January 2016

### Access to Nutrition Index (ATNI)

*“One in three people in the world today is under-nourished or overweight. Food and beverage companies have a powerful role to play...in helping to tackle this crisis.”*

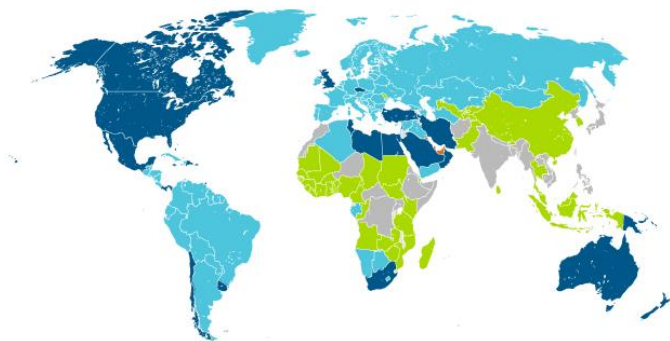


#### Q. What is the context for the ATNI?

A. ATNI recognises twin challenges; diet related obesity and chronic illness in the developed world, and acute hunger and malnourishment in large parts of the developing world. The World Food Programme reports a population of some 870m people who have insufficient food, greater than the combined populations of the US, Canada and the EU. The majority are in Asia and the Pacific, and a quarter in Sub-Saharan Africa. Poor nutrition causes nearly half (45%) of 3.1m deaths in children under five each year. Conversely, lifestyle choices linked in part to poor diet are responsible for a global obesity epidemic that could affect 1 billion people by 2025. In 2010, 11.5% of adults or 565m people were obese according to the World Obesity Federation (WOF); by 2014, this had risen to 670m people (13%). By 2025 without global action, it is estimated that up to 2.7bn people will be carrying excess weight – up from 2 billion in 2010. The causes and concomitant increase in chronic conditions such as diabetes and cardiovascular disease emanate in part from a shift in diet towards higher fat, sugar and salt content, coupled with lower activity and exercise levels.

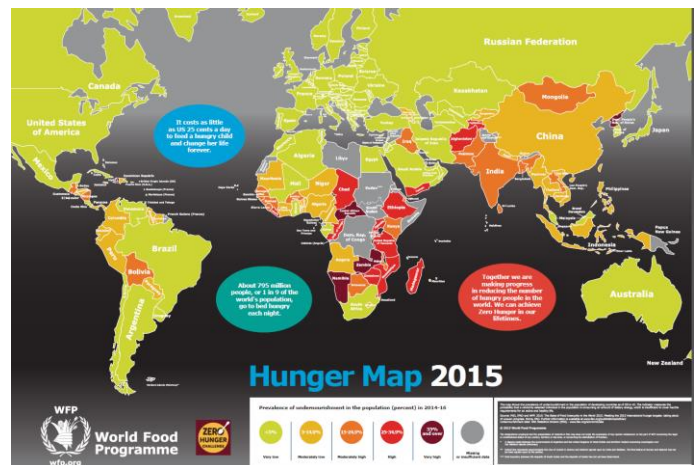
#### Adult obesity prevalence 2014

Obesity is BMI > 30kg/m<sup>2</sup>, percentage estimate  
5 to 10 | 15 to 20 | 25 to 30 | 35 to 40 | No data



Guardian graphic

Sources: World Obesity Federation, WHO



#### Q. How does the ATNI respond to these twin challenges?

A. ATNI ranks 22 of the world's largest food and beverage manufacturers on their nutrition related commitments, performance and disclosure. The Index is founded on the premise that these companies can make a significant contribution to addressing poor nutrition (including under-nutrition) and other diet related chronic conditions. The Index was founded to stimulate debate 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.

**Q. When was ATNI launched and on what basis are the companies benchmarked chosen?**

A. The first benchmark exercise was completed in 2013 and reports biennially. 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 22 largest global companies in the sector by sales.

**Q. How does the ATNI score and rank food and beverage companies?**

A. The methodology is complex and is organised by category, criteria and indicators. Companies are assessed against international guidelines, norms and evolving best practice. A panel of nutrition experts provided additional context where internationally accepted guidance is not available. Assessment is based on public disclosures and information made available by the companies assessed. Each company is rated on a scale of 0-10 based on their nutrition related commitments. The categories and weightings used in 2016 are set out left:

- **A Governance (12.5%)** - Corporate strategy, governance and management.
- **B Products (25%)** - Formulation of appropriate products.
- **C Accessibility (20%)** - Delivering 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 governments, policymakers and other stakeholders.

Since the last report in 2013/14, a quarter of all scored questions are new ones. Undernutrition was assigned a weighting of 25% in the category scores overall given the critical life-long implication of malnourishment.

The final survey results present an **overall ranking** (scored 0-10) of company performance across all categories in the context of undernutrition and chronic diet-related illness. The survey additionally presents three sub-rankings for **Nutrition General**, (healthy food choices and responsibly influencing consumer behaviour); **undernutrition** (specific initiatives aimed at undernutrition including fortified foods and micro-nutrients) and **Marketing of**

**Breast Milk Substitutes.** This latter category assesses companies on their compliance with the International Code on the Marketing of Breast Milk Substitutes.

**Q. What are the key findings from the 2016 Index survey?**

A. The Index continues to make the case that companies are well placed to influence and respond to the twin challenges of undernourishment and diet-related chronic illness. They are not the only actors of influence of course but alongside government and civil society, are well positioned to act. Overall, the survey finds progress to be slow, particularly as it concerns the responsible marketing of products to children. Taken together, the results suggest measurable gains since the last survey, but with a long way still to go if the twin challenges of undernourishment and diet-related illness are to be addressed. Overall, no company scored higher than 6.4 out of 10 (64%).

**Q In what areas have there been improvements since 2013?**

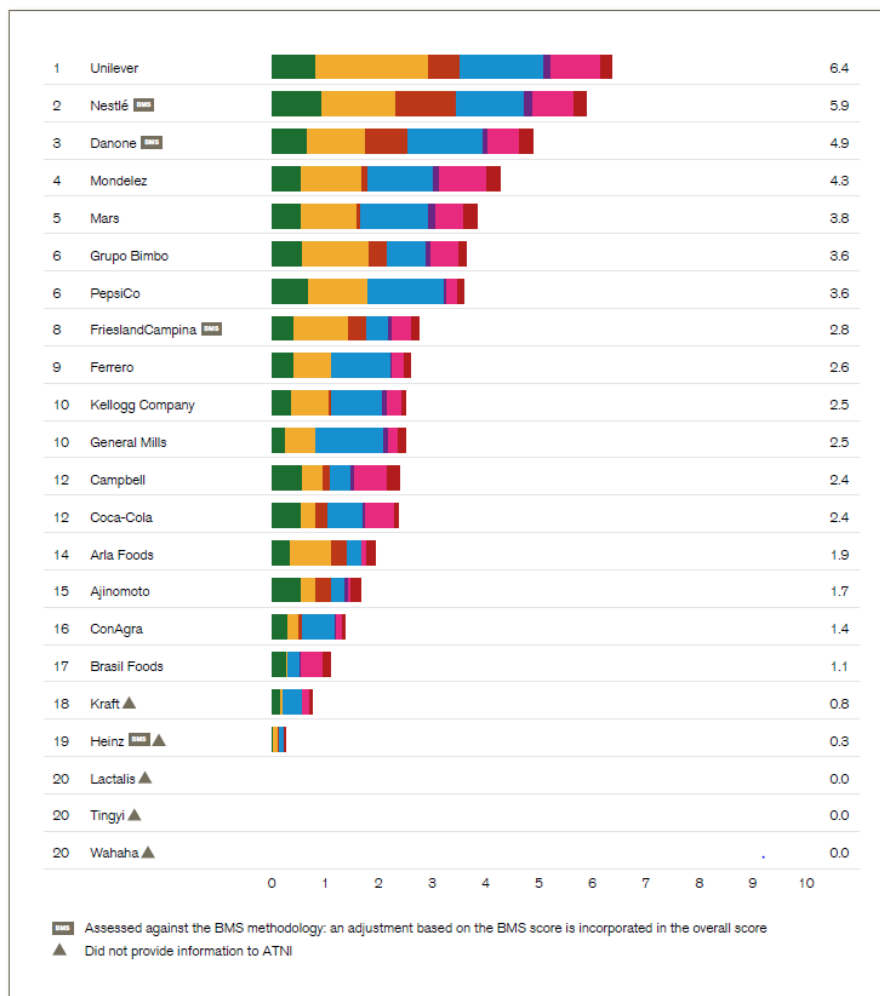
A. The most gratifying change is that companies appear to recognise the clear strategic focus they need to have on nutrition and wellness. This is being realised through demonstrative improvements in nutritional value and product quality. Whilst there has been less progress addressing undernourishment, improvements include explicit attention given to micro-nutrient deficiencies and fortifying products in 'high-risk' developing countries. There has been more focus too on reporting to stakeholders on how companies work with government to tackle undernourishment.

**Q. What were the most significant ranking outcomes compared to the first survey?**

A. The same three companies that led the Index in 2013 continue to do so. **Unilever** is ranked overall #1 (6.4), **Nestlé** #2 (5.9) and **Danone** #3 (4.9). Although a like-for-like comparison is not strictly possible (owing to a change in methodology), only Unilever has seen its score improve, marginally, from 6.1 to 6.4. In 2013, Danone led the Index, and Nestlé was ranked third. Eight companies improved their rankings whilst six have fallen and five remained the same. There were three new companies surveyed in 2016 (Mondelez, Tingyi and Wahaha).

Mars was the most improved company in the Index rising from 16<sup>th</sup> in 2013 to 5<sup>th</sup> in the 2016 Index. Mondelez, which was created out of Kraft, was not assessed in 2013, but achieved a commendable 4<sup>th</sup> place (4.3) in its first outing.

## Overall Ranking



### Q. What differentiates the leaders from the rest?

A. ATNI notes that although the leaders have a long-way to go, Unilever, Nestlé and Danone are ahead of the rest in firmly embedding global nutrition commitments throughout their businesses, have put these into practice via product refreshment and education, and are reporting on them publicly. Unilever and Nestlé are commended for their clear corporate nutrition strategies and in providing healthier products for consumers.

### Q Which companies lead the sub-rankings?

A. Nestlé leads both the Nutrition General and the Undernutrition indices, followed by Unilever and Danone respectively. Whilst Mondelez achieves a creditable 4<sup>th</sup> position for Nutrition General, it falls to 6<sup>th</sup> position for Undernutrition. It is notable that only two companies (Nestlé and Unilever) achieve more than 4 (out of 10) for commitments to undernutrition: Companies are performing more strongly in their approach to general nutrition, including diet related illness, compared to the generally poor or neglected response to undernourishment.

### Q. What about Breast Milk Substitutes (BMS) - do these form part of the Index methodology?

A. Yes. Four of the 22 companies ranked in the Index are manufacturers of BMS products and given a separate BMS assessment. Two further BMS manufacturers were also assessed, although these did not form part of the overall Index. To be included, companies have to generate at least 5% of total revenues from BMS products. The universe of companies was assessed against the 1981 International Code of Marketing of Breast Milk Substitutes, the

quality of management systems and disclosures. There was some additional 'in country' analysis that looked at marketing practices in the field. Nestlé was ranked the highest of the six companies assessed, but only achieved 36% overall. Danone achieved 31%, and the third company assessed, FrieslandCampina, 24%. Two scored less than 10%: Abbott and Mead Johnson.

### Q. How does EdenTree use the Index?

A We are signatories to the Access to Nutrition Investor Statement which has 50 investor supporters with AUM of over \$3 trillion. The Statement articulates the commitment of signatories to integrate issues around nutrition and well-being into House engagement strategy. Healthcare is one of EIM's nine core pillars of positive screening, and the ATNI falls naturally within our overall approach to supporting active health and well-being. We acknowledge that developed (and increasingly developing) economies face a 'health time-bomb' in which diet is a key contributing factor. Conversely, in the developing world hunger, malnutrition and wasting remain an ever present phenomenon claiming the lives of millions of children every year, and where 161m children under five are defined as 'stunted'. We therefore use the Index when screening potential investments in relevant industries and use it as an engagement tool for discussion with industry.

### The EdenTree SRI Team

We have a specialist in-house Socially Responsible Investment (SRI) team who carry out thematic and stock-specific research to identify ethically responsible investment ideas for our range of [Amity Funds](#). Headed up by Neville White, Head of SRI Policy & Research, and supported by Associate Fund Manager Ketan Patel and Responsible Investment Analyst Esmé van Herwijnen, 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 Amity Panel that meets three times a year, and comprises industry and business experts, appointed for their specialist knowledge.



### EdenTree – The Ethical Investment Specialist



Since launching the [Amity UK Fund](#) in 1988, EdenTree has taken a leadership role in managing ethical investments through our research, engagement and strong fund performance. Consequently, we were delighted to receive the Moneyfacts Award for Best Ethical Investment Provider 2015, the seventh consecutive year of winning this award. We were particularly pleased to win as it is voted for by the Adviser community. In 2013, the [Amity UK Fund](#) was rated 'Highly Commended' in the Investment Week Climate Change and Ethical Investment Awards. We were also awarded Money Observer Best Ethical-SRI Bond Fund for the [Amity Sterling Bond Fund](#); the [Amity UK Fund](#) won Best Equity Fund in the 2014 Money Observer Ethical/SRI category, and we were nominated for an award in the category of Best Thought Leadership Paper on Sustainable Investing, in the Investment Week Sustainable Investment Awards 2014. Today we offer six SRI funds under our Amity brand, four retail funds and two for charity investors, covering the major markets and investment classes.

### Further information

For further information on EdenTree's SRI range of Amity Funds please contact your EdenTree Business Development Manager, visit [www.edentreeim.com](http://www.edentreeim.com) or call our IFA support team on 0800 011 3821.

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