

# ConAgra Brands



CORPORATE PROFILE



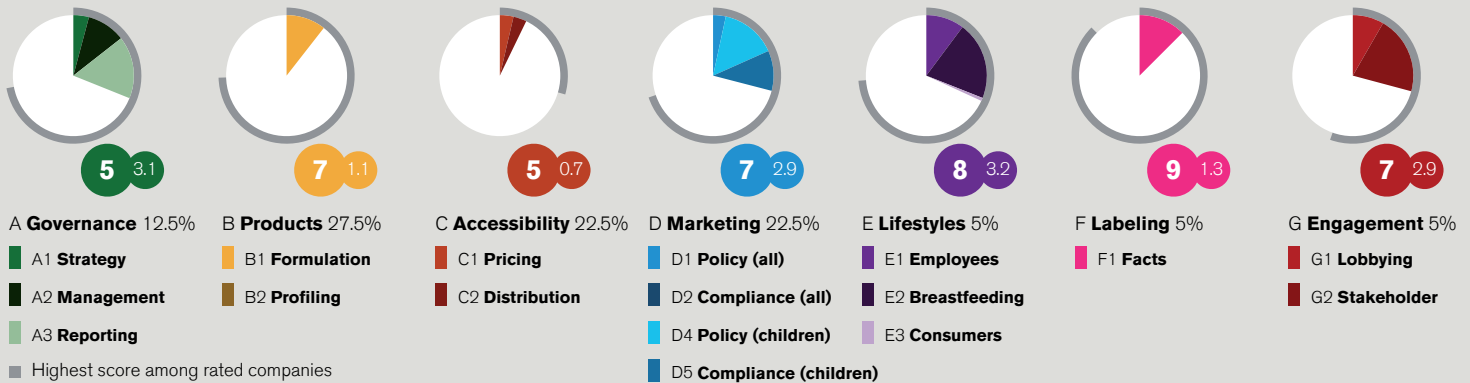
PRODUCT PROFILE

<b>Company type</b>	Publicly traded
<b>Headquarters</b>	U.S.
<b>No. of U.S. employees</b>	12,600
<b>U.S. revenue range*</b>	USD 5-10 billion

\* Source: Euromonitor International, 2017.

<b>Product Profile**</b>	<b>Revenue range</b>	<b>Mean HSR rating</b>
Dairy	10-20%	2.1
Processed Fruit and Vegetables	10-20%	4.1
Processed Meat and Seafood	10-20%	2.4
Ready Meals	40-50%	3.3
Savory Snacks	20-30%	2.1

## Corporate Profile



## Main areas of strength

- ConAgra ranks first on the U.S. Index Product Profile with a score of 5.8 out of 10. Although the performance of companies across the industry is disappointing, ConAgra outperforms its peers.
- ConAgra's approach to nutrition focuses on three areas - portion and calorie control, dietary variety and heart health. In Fiscal Year (FY) 2016, the company launched various new products in each focus area.
- ConAgra's non-commercial public health and nutrition approach is based on a comprehensive strategy. Both the company and its foundation support programs within five broad areas: Create awareness, build effective partnerships, engage people, support its communities and donate products. The company's reporting on its non-commercial work is comprehensive and is best practice among the companies assessed.
- ConAgra pledges to follow the two main sets of industry self-regulation commitments by being a Children's Food and Beverage Advertising Initiative (CFBAI) member and supporting the Children's Advertising Review Unit (CARU) Guidelines, administered by the U.S. Council of Better Business Bureaus (CBBB). ConAgra does not market to children under the age of six where children make up more than 35% of the audience.
- ConAgra labels its products according to the Grocery Manufacturers Association (GMA) Facts Up Front program and provides nutrition information online through the GMA SmartLabel system.

## Priority areas for improvement

- ConAgra ranks joint seventh on the U.S. Index Corporate Profile with a score of 1.9 out of 10.
- ConAgra was estimated in the Product Profile to generate 44% of 2016 sales from healthy products (having a Health Star Rating (HSR) of 3.5 or more) and 32% from products that meet World Health Organization (WHO) Euro criteria for marketing to children. Despite placing first in the Product Profile ranking, the company could step up its product reformulation, new product development and/or make acquisitions to improve the healthiness of its U.S. product portfolio.
- Because the company did not engage with ATNF, its score is based on publicly available information only. ConAgra is encouraged to engage with ATNF for the next Index to allow for a more complete assessment of its policies and practices.
- The company's approach to nutrition lacks measurable objectives on a broad range of nutrition-related topics. The company should clarify whether its focus on nutrition and health and the 'Good Food' pillar of its 'Citizenship Strategy' are integral parts of its commercial growth strategy.
- ConAgra should publish more information about its commercial approach, as it does for its non-commercial approach, on addressing obesity and diet-related diseases, particularly in relation to addressing priority populations in the United States. This should include an approach to improve the accessibility and affordability of its healthy products.
- The company does not appear to have a Nutrient Profiling System (NPS) to guide its product reformulation and its R&D and does not publish currently applicable product reformulation targets. ConAgra should adopt and disclose these.
- ConAgra should improve its responsible marketing to children policy by lowering its audience threshold to <25%. It should extend its commitments related to marketing activities in or near schools and other places popular with children. Further, to address concerns about 'copy-cat' products, ConAgra should ensure that all products sold under the Smart Snacks in School regulation meet the same nutrition standards everywhere, including those products that are sold through other channels with a similar 'look and feel'.

**i** ConAgra Brands did not actively participate in the U.S. Index 2018 research process; its assessment is therefore based on publicly available information. Scorecard version 2, 31 October 2018.

**\*\*** The mean HSR is calculated per category and multiplied by the percentage of 2016 sales per category. These figures are totalled and doubled to give a maximum Product Profile score of 10.



# ConAgra Brands

## Category analysis - Nutrition

### A Governance

- ConAgra Brand's 'Citizenship Strategy' includes 'Good Food' - safe, delicious, affordable and nutritious food – as one of three pillars of its strategy. The company recognizes it has a role to play in tackling the challenges in the United States of increasing levels of obesity and diet-related chronic diseases by focusing on three broad nutrition and health areas: Portion and calorie control, dietary variety and heart health. Although the company defined a focus on nutrition and health, this has not been translated into measurable objectives that are disclosed publicly. The company should adopt and disclose these.
- ConAgra makes a commitment to deliver more, healthy foods in the United States but does not make an explicit reference to reaching priority populations whose access to healthy food is constrained by low income or geographic factors. It could improve by including these populations explicitly in its strategic focus on nutrition and health, disclosing how it intends to reach these populations with healthy products and/or how it intends to address issues of food insecurity in the United States.
- The company could strengthen its nutrition strategy in various ways. It should embed its Health and Wellness strategy as an integral part of its core business to make clear its intention to grow through a focus on health. This should be demonstrated by considering nutrition and health in decisions about mergers and acquisitions in the United States, by assigning formal oversight of its approach to the Board of Directors or CEO and making clear day-to-day responsibility arrangements at the executive manager level. The company could also link the remuneration of its U.S. CEO to performance on its nutrition objectives.
- The strategy of the company and its foundation in relation to supporting non-commercial public health and nutrition programs, is clear, with five areas of focus: Create awareness, build effective partnerships, engage people, support its communities and donate products. The company is commended for its reporting in this area; it publishes a comprehensive commentary on its non-commercial activities to address food insecurity in the United States.
- Despite extensive reporting on its non-commercial public health and nutrition programs, ConAgra's reporting is limited in respect to its commercial strategy and company programs to improve its customers' diets and nutrition. ConAgra reports annually on its approach to tackling these issues, but these reports are not integrated into the company's financial reporting and do not provide a clear sense of the company's activities, nor how they relate to its business goals or future plans. ConAgra should report more specifically on its approach and progress to address the nutrition challenges in the United States, including coverage of its commercial programs. This reporting should be verified externally.

### B Products

- ConAgra discloses information about its investment in research to further the company's understanding of health and nutrition with an average R&D spending of about 0.6% of its U.S. revenues.
- The company does not disclose a commitment to align its approach to product innovation and reformulation to U.S. Dietary Guidelines, nor to apply a consistent set of nutrition standards to products sold under the Smart Snacks in School regulation and to equivalent products with a similar look and feel, sold through other channels, which it should do to address concerns about 'copy-cat' products.
- The company introduced several new products in 2016 which fall within its nutrition focus areas of portion (and calorie) control, dietary variety and heart health. To strengthen its reporting, ConAgra should provide consolidated information about its new healthy product introductions.
- The company reported that 65% of products in 2016 (67% in 2017) fell within one of its ConAgra health and nutrition focus areas, although the company does not provide a clear definition with nutritional criteria. In the Product Profile, 43% of 2016 sales in the United States were estimated to be derived from healthy products (which comprise 66% of the product portfolio)

based on an HSR of 3.5 or more. As a result, ConAgra ranks first in the Product Profile. Moreover, its estimate of the percentage of healthy products in its U.S. portfolio is close to that generated by the Product Profile. However, less than half of its estimated sales are derived from healthy products. ConAgra should improve the nutritional quality of its products in the United States and increase the sales of its healthy products.

- It is not clear how ConAgra defines healthy products. The company does not appear to have an NPS to guide its product reformulation and product development activities. It is important that the company adopts a well-verified NPS, which covers all products in all markets and encompasses both positive and negative nutrients, or if it already uses one to publish information about it. If it does not have an NPS, adopting one and disclosing details about it would allow the company to clearly define the nutritional criteria of its healthy products and how these relate to products that fall within its three designations of portion control, dietary variety and heart health.
- ConAgra defined a sodium reduction target in 2009 that it met in 2013, but it does not disclose information about currently applicable targets to reduce key 'negative nutrients', such as saturated fat, trans-fat and/or sugars, or to increase the levels of fruits, vegetables, nuts, legumes, whole grains and/or fiber in its products. To align with best practice, ConAgra should define and disclose a comprehensive set of targets and report regularly on its progress in the United States.

### C Accessibility

- ConAgra provides limited information about any commercial approach it may take to enhancing the accessibility or affordability of its healthy products through specific pricing and distribution initiatives in the United States. Further, it does not make a particular reference to priority populations, whose access to healthy food is constrained by low income or geographic factors. ConAgra has general commitments to improve the affordability of its healthy products but it is unclear how these translate into practice.
- Overall, the company could strengthen its performance in this area by defining a commercial commitment and specific objectives to improve the accessibility and affordability of its healthy products in the United States and by supporting these commitments with examples of its programs and initiatives. As indicated above, having a definition of healthy products, linked to a robust NPS, is also necessary to underpin activities designed to ensure their accessibility and affordability.
- The company's approach could include defining targets to, for example, narrow the price differential between healthy and less healthy products, achieve a particular price point for healthy products, or reach specific priority populations with healthy products through improved distribution in urban low income areas. These targets should be based on analysis on appropriate pricing and distribution methods of healthy products for priority populations in the United States.
- Through its philanthropic efforts, ConAgra supports food donation programs. For example, 'The Fresh Produce Initiative' aims to improve the quality, quantity and availability of fresh, healthy food for food insecure people, but only in Louisiana. The company could expand its involvement in these types of initiatives, supported by a formal commitment to donate a high percentage of healthy products to the programs it supports that address food insecurity.

### D Marketing

- ConAgra's Code of Conduct includes commitments to responsible marketing to all consumers, but it does not fully encompass the International Chamber of Commerce (ICC) Code of Advertising and Marketing Communication Practice, nor does it specify which media are covered. The company does not appear to audit (or commission audits) of its compliance with its policy. The company should increase its transparency about the advertising pledges and practices relating to all consumers, which would allow a more complete assessment of ConAgra's performance as well.

- The company did not provide evidence of an explicit commitment to developing and delivering marketing strategies for healthy products tailored to reaching priority populations in the United States. The company should make this commitment and take steps to understand and reach priority populations through targeted marketing of healthy products, e.g. by generating consumer and marketing insights related to priority populations.
- ConAgra pledges to follow the two main sets of industry self-regulation commitments by being a CFBAI member and supporting the CARU Guidelines. It does not advertise any products to children aged under six on the media covered by its commitment and using an audience threshold of 35%. It only markets products that meet the CFBAI nutrition criteria to children aged seven to 12 using the same audience threshold. ConAgra should expand the scope of media covered and strengthen its definition of a child audience, i.e. to when children make up more than 25% of a general audience. It could expand its commitments to prohibit marketing in and near elementary and middle or high schools or other places where children gather, specifying which types of marketing are covered, i.e. related to signs, scoreboards, school equipment, corporate incentive programs, fundraisers, school publications, etc. ConAgra should also clarify how the CFBAI nutrition criteria relate to its definition of healthy products and its NPS, once it has adopted one.
- In the United States, ConAgra's compliance with its commitments on marketing to children is annually audited by the CBBB. It could improve by commissioning an independent entity to undertake the audit. The company did not disclose its individual compliance level for TV and digital marketing and should disclose this information publicly on its website.
- The company could also improve its commitment to take corrective action in case of compliance issues regarding its responsible marketing policies.

## E Lifestyles

- ConAgra makes a commitment to support employee health and wellness and sets out expected health outcomes. Nevertheless, the programs offered are limited, and available to employees and their spouses. Contract employees, interns and employees working less than 30 hours per week are not eligible to participate. The company does not publish participation targets for these programs. ConAgra could improve its performance by setting out the business outcomes it intends these programs to deliver and by commissioning an independent evaluation of them. Although the company discloses the aggregate amount of weight lost by participants in its Choose to Lose program, it could improve its transparency by disclosing more quantitative results to demonstrate the health impact on participants. The program should also be extended to include all employees, without exception.
- ConAgra has a formal commitment to support breastfeeding mothers in the United States with appropriate working conditions and facilities at work, which includes paid maternity leave arrangements that go beyond legal requirements. The company could improve its performance by adopting and publishing a policy, to disclose what facilities it provides to store and express breastmilk, such as refrigerators in lactation rooms, and by providing paid maternity leave arrangements for all birth mothers that meet, at least, the minimum of 14-weeks of paid leave recommended by the International Labour Organization (ILO).
- ConAgra's educational activities are managed by its ConAgra Brands Foundation. However, commitments and/or guidelines related to what type of healthy eating, nutrition education, active lifestyle or food access or food donation programs it supports are not available publicly. The company should commit to align its healthy eating programs to the 2015-2020 Dietary Guidelines for Americans (DGA) and exclude brand-level sponsorship from all its programs. Further, its public health and nutrition programs should be underpinned by a sound evidence base, be designed with expert advice and draw on stakeholder inputs. This information should be available publicly. The company could also set out specific health outcomes participants in the program should benefit from for all its programs and commission independent evaluations in all cases. The company should publicly disclose information about the setup, design and evaluations of the programs it supports.

## F Labeling

- The company participates in the GMA Facts Up Front initiative in the United States, and provides levels of calories, sodium, saturated fat and sugars per serving on the front of its food packages. The company does not publish the percentage of its products that already carry this front-of-pack (FOP) labeling. ConAgra could improve by communicating the nutritional value of its products by using interpretive FOP labels that are easy to understand for all consumers by using graphics, symbols or colors.
- The company provides nutrition information through the GMA SmartLabel system. Consumers can also obtain nutrition information on brand websites, though it is unclear for what percentage of products nutrition information is available overall online. ConAgra should increase its transparency by providing online nutrition information for all products, in addition to committing to providing interpretive labels on FOP and reporting on its progress in rolling out those labels.
- ConAgra is already implementing the upcoming U.S. Food and Drug Administration (FDA) update of the Nutrition Facts Panel, which includes a requirement for labeling of added sugars and will go into effect on January 1, 2020. Although this aspect of the assessment is not scored and is provided for information purposes only, all companies are encouraged to implement the update to the Nutrition Facts Panel as soon as possible for all relevant products.

## G Engagement

- ConAgra discloses limited information about its lobbying activities and approach to influencing U.S. policymakers on nutrition issues activities, beyond legal requirements. The company does not make an explicit commitment not to lobby against laws and other public policy initiatives designed to improve public health. To strengthen its approach, the company could commit, as it relates to nutrition issues, to lobby only in support of public health initiatives in the United States.
- Beyond required disclosure of financial contributions to associations or other organizations that lobby on its behalf, ConAgra does not disclose potential governance conflicts of interest and board seats at influential organizations. The company should disclose this information and its positions used in lobbying, as these relate to nutrition. Further, it should provide a commentary on its lobbying activities in the United States to prevent and address obesity and diet-related chronic diseases.
- ConAgra demonstrates limited engagement with stakeholder groups on developing its nutrition policies and/or programs in relation to its commercial nutrition activities. The company engages with researchers and other professionals in the nutrition community through publications and presentations at scientific meetings. Evidence of engagement with stakeholders on its approach to addressing non-commercial public health and nutrition in the United States and disclosing specific examples of how stakeholder input has been used to adapt ConAgra's policies/programs, is not publicly.
- Overall, the company could improve its performance by disclosing more information about its stakeholder engagement and lobbying activities in the United States.

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## Product Profile\*

### Portfolio-level results

Average HSR score (sales-weighted; out of 5 maximum)	Healty products (HSR)				Products suitable to market to children (WHO Euro)				% total U.S. F&B sales included
	No. assessed	% sales generated from healthy	No. healthy	% of healthy products	No. assessed	% sales generated from suitable	No. suitable	% of suitable products	
2.9	949	44%	623	66%	1064	32%	411	39%	82%

▪ ConAgra's average sales-weighted HSR is 2.9 and 2.8 when not weighted by sales, generating a Product Profile score of 5.8 out of 10, thereby ranking first. The results are based on analysis of 82% of its 2016 sales from categories eligible for inclusion.

▪ 66% of the products assessed (623) were found to meet the healthy threshold of the HSR and were estimated to generate 44% of 2016 sales.  
 ▪ 39% of the products assessed (411) were found to be suitable for marketing to children according to the WHO model, which were estimated to generate 32% of 2016 sales.


### Category results

Category	Dairy	Processed Fruit and Vegetables	Processed Meat and Seafood	Ready Meals	Savory Snacks
Mean HSR	2.1	4.1	2.4	3.3	2.1
% products healthy	13%	98%	40%	70%	28%
% products suitable to market to children	31%	5%	38%	69%	0%

The category with the highest nutritional quality on average is processed fruit and vegetables (mean HSR of 4.1) – the only category to meet the threshold of healthy, followed by ready meals (3.3). The dairy and savory snacks categories both scored 2.1, the lowest mean of any of these five categories, while ConAgra's processed meat and seafood achieved a mean HSR of 2.4. As processed fruit and vegetables, and ready meals, together

account for more than half of the company's sales in the United States, they contribute substantially to ConAgra's high Product Profile score overall. In terms of marketing to children, while 69% of ready meals are considered suitable by the WHO model, only 5% of the processed fruit and vegetables category meets its threshold.

\* The mean HSR is calculated per category and multiplied by the percentage of 2016 sales per category. These figures are totalled and doubled to give a maximum Product Profile score of 10.

 Did not provide information to ATNF.

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## Relative nutritional quality of ConAgra’s products by category

Mean HSR	Dairy	Processed Fruit and Vegetables	Processed Meat and Seafood	Ready Meals	Savory Snacks
ConAgra	2.1	4.1	2.4	3.3	2.1
General Mills	3.4			2.4	
Kraft Heinz	2.4		3.9	2.1	4
Nestlé	1.2			3.1	
Unilever	2.8			2.1	
Dr Pepper Snapple		3.4			
Kellogg			3.9		2
Mars					0.5
PepsiCo					2.7

ConAgra has a diverse portfolio and competes with several companies across those categories. In the dairy category, its products fall slightly below the mid-range of nutritional quality with an HSR of 2.1, versus the highest rating of 3.4 achieved by General Mills’ products and the lowest of 1.2 by Nestlé’s products. The same is true for its savory snacks, which have a mean HSR of 2.1, with those of Kraft Heinz scoring 4. Its processed fruit and vegetables category has the highest mean HSR among its categories, at 4.1, considerably higher than that of Dr Pepper Snapple at 3.4. Its ready

meals score best among the five competitors in this category, with a mean HSR of 3.3 (just below the 3.5 threshold). Its processed meats and seafood, in contrast, score the lowest amongst the companies in this category, with a 2.4 versus an HSR of 3.9 for both Kellogg and Kraft Heinz.

### Conclusion

ConAgra reported that 65% of products in 2016 fell within one of its health and nutrition focus areas. In the Product Profile, 44% of 2016 U.S. sales were estimated to be derived from healthy products (which comprise 66% of the product portfolio), based on an HSR of 3.5 or more. Therefore, ConAgra’s estimate of the percentage of healthy products in its U.S. portfolio is close to that generated by the Product Profile. This implies that its approach to defining healthy products aligns closely to that used by the HSR.

not clear how ConAgra defines healthy products. It is important that the company adopts a well-verified NPS and applies it to all products, or discloses information about the one it uses, if it already does so. Further, while it is laudable that the company discloses the valuable information to investors, consumers and other stakeholders about the level of healthy products, there is scope for it to improve the nutritional quality of its portfolio further and to increase the sales of its healthy products. Its focus should be on its dairy, processed meat and seafood and savory snacks.

However, because the company has not published any information about how it sets its nutrition standards and does not appear to have an NPS, it is

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## Note

**The George Institute for Global Health (TGI)** is responsible for the data collection for the Product Profile assessment, using data from available databases that was supplemented with data provided by companies to ATNF. TGI is also responsible for the analysis of the data related to the Product Profile and the TGI Product Profile final report, the results of which have been incorporated by ATNF into the Global Access to Nutrition 2018 report and the U.S. Spotlight Index report.

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