

Unilever



CORPORATE PROFILE



PRODUCT PROFILE

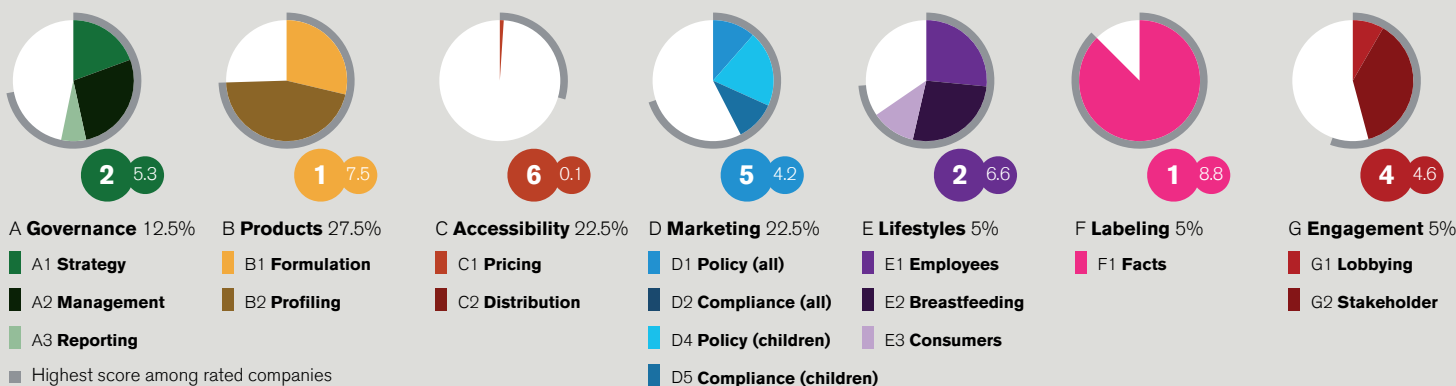
Company type	Publicly traded
Headquarters	U.K.
No. of U.S. employees	Not available
U.S. revenue range*	USD 5-10 billion

* Source: Euromonitor International, 2017.

Product Profile**

	Revenue range	Mean HSR rating
RTD Tea	20-30%	1.7
Dairy	0-10%	2.8
Ice Cream and Frozen Desserts	40-50%	2.2
Ready Meals	0-10%	2.1
Sauces, Dressings and Condiments	10-20%	0.8

Corporate Profile



Main areas of strength

- Unilever ranks second on the U.S. Index Corporate Profile with a score of 4.7 out of 10.
- The company has a strong focus on health and nutrition embedded in its commercial strategy. Unilever consistently applies its global Unilever Sustainable Living Plan (USLP) and commitments to the United States and provided extensive supporting evidence publicly and under a Non-Disclosure Agreement (NDA) to ATNF.
- Unilever leads in Category B - Products. It covers almost all of the relevant nutrients for reformulation across its main product categories in the United States, such as salt/sodium, added sugars and saturated fat. It also discloses performance against its high-level nutrition targets. Its Nutrient Profiling System (NPS) encompasses all of the main aspects that are assessed in the ATNI methodology and is published in full.
- Unilever has a strong policy on responsible marketing to children and 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. It makes a near-complete set of explicit commitments regarding marketing channels, techniques and messages to ensure responsible marketing practices in the United States.
- The company has an extensive Health and Wellness program that is accessible for all U.S. employees and extends the program to family members. It encompasses among others, health assessments, exercise and nutrition components and individual incentives to participate.
- Unilever employees in the United States are eligible for 16 weeks of paid maternity leave. The company provides dedicated and fully equipped rooms for breastfeeding mothers in all U.S. facilities.
- Unilever provides nutrition label information online through the Grocery Manufacturers Association (GMA) SmartLabel system for all products in the United States.

Priority areas for improvement

- Unilever ranks seventh on the U.S. Index Product Profile with a score of 3.9 out of 10. About 7% of sales was estimated to be derived from healthy products (defined as a Health Star Rating (HSR) of 3.5 or more) and 5% from products that meet World Health Organization (WHO) Euro criteria for marketing to children. However, Unilever reports that 29% of its sales volume meets its Highest Nutritional Standards, which it uses as its definition of healthy products. It should review this discrepancy and align its healthy definition to internationally recognized systems such as the HSR. Unilever should step up its efforts to reformulate products to make them healthier and to meet its goal of doubling the number of healthy products by 2020.
- Unilever does not always disclose details about how it implements its global commitments and programs in the United States. It should increase its public disclosure and start reporting formally and regularly on its approach and progress to tackling nutrition issues in the United States.
- Given the absence of a clear policy or strategy, Unilever should codify how it aims to improve the affordability and accessibility of its healthy products in the United States, focusing specifically on priority populations whose access to healthy food is constrained by low income or geographic factors.
- Unilever's responsible marketing to children commitments only apply in elementary schools. The company should extend these to older children, e.g. up to age 18, and to middle or high schools and other places popular with children. Further, it should improve its policy by lowering its audience threshold to <25%.
- Unilever runs many public health and nutrition programs but does not disclose information about the type of programs it funds and its involvement in their design, nor does it commit to refrain from brand-level sponsorship within these programs. Unilever should strengthen its commitments in these areas.
- Unilever does not make a commitment to only lobby in support of measures to support public health. The company should do so, or at least commit not to lobby against such measures.

** 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.



Unilever

Category analysis - Nutrition

A Governance

- Unilever demonstrates a strong strategic focus on health and nutrition through its USLP, which applies to both its U.S. and global business. Nutrition is a core component of this strategy that is firmly embedded in the company's commercial approach. Unilever commits to delivering more healthy foods in the United States, principally by increasing the proportion of its portfolio that meets its Highest Nutritional Standards. Unilever could improve its commitment by making a specific reference to priority populations in the United States, whose access to healthy food is constrained by low income or geographic factors.
- In line with its global strategy, Unilever factors nutrition into its U.S. business risk assessments and decisions about mergers and acquisitions (M&A). Unilever does not disclose this U.S.-specific information and could improve by disclosing how its global approach is applied concretely in the United States. This is relevant for its M&A decisions, but also applies more generally.
- Unilever's Nutrition Strategy and Nutrition Policy documents apply to the United States and describe the company's approach to product formulation, marketing, labeling, accessibility and affordability, healthy lifestyles and stakeholder engagement, summarized by the company as 'better products, better diets, better lives.' The company defines a comprehensive set of objectives for delivering its nutrition strategy for the United States, similar to all geographies it is active in. Although it does not disclose objectives unique to the United States, it provides reporting on its U.S. progress against the key USLP commitments. This demonstrates that the objectives are concrete for the U.S. market and are actively monitored.
- Unilever has a strategic approach to addressing food insecurity through donations and collaborations with various non-profit organizations.
- Unilever is transparent about its global accountability arrangements related to its nutrition strategy and USLP targets. The President of Unilever North America is accountable for the U.S. nutritional strategy, but Unilever could improve its disclosure of accountability and day-to-day responsibility arrangements.
- Consistent with how the company applies its global commitments to the U.S., its nutrition strategy in the United States is subject to standard internal audit and managerial review, which feeds into auditing and review at a global level.
- Unilever does not provide formal, regular reports on its approach to tackling nutrition issues in the United States, specifying how it adapts its global strategy to address obesity and diet-related chronic diseases in the U.S. context. Although some reporting was found related to U.S. progress against USLP targets and to non-commercial public health and nutrition programs, the company should step up to industry leading practice by formally, regularly and comprehensively reporting on its nutrition strategy, objectives and progress in the U.S. market.

B Products

- Unilever is the top performer in Category B. It commits to invest in R&D to make its U.S. products healthier, covered by its global commitment to double the percentage of products that meet the 'Highest Nutritional Standards' (HNS) by 2020. The company could improve by disclosing a U.S. specific target to increase its R&D effort or spending.
- Unilever discloses that 29% of its U.S. sales volume was derived from products meeting its HNS in 2016. However, according to the U.S. Product Profile, based on its five best-selling categories (excluding regular tea), only 6% of its products (7% of sales derived from these products) were estimated to be healthy, based on an HSR of 3.5 or more. This suggests that Unilever's criteria for healthy products are less strict than internationally recognized criteria of the HSR. The company should review and align to the standards, including by adding positive nutrients to the model. These results indicate that Unilever needs to step up its efforts to improve the nutritional quality of its products in the United States.
- Unilever states that its product reformulation approach is aligned with the Dietary Guidelines for Americans (DGA) and the U.S. Department of Agriculture

(USDA) MyPlate recommendations.

- Unilever is one of two companies that commits to formulate products under the Smart Snacks in School regulation in the same way for sales outside schools, using its HNS as its main guiding principle. Unilever's activities under the Smart Snacks regulation are limited and the company could improve by disclosing its commitment publicly to address concerns about 'copy-cat' products.
- In addition to its HNS commitment, Unilever commits to reduce salt across its food products (75% meeting 5g/d salt benchmarks by 2020), to reduce sugar in Ready-To-Drink tea beverages (by 25% by 2020) and to apply calorie restrictions to its ice cream products. Unilever reports its progress against these targets specifically for the United States on a portfolio level. Through this approach, Unilever defines product reformulation targets related to almost all relevant nutrients as defined in the ATNI methodology. The company should publish more details about its U.S. specific targets and progress, e.g. providing explicit salt target levels related to its 5g/day salt commitment and providing a breakdown of its progress related to the HNS commitment for its main product categories.
- At the core of Unilever's nutrition strategy is a NPS that is well-structured, in that its design includes most of the elements assessed by ATNF. It is applied across all U.S. products. However, it does not include 'positive nutrients.' Nevertheless, it achieves the maximum healthy multiplier applied across the ATNI methodology. Unilever is one of two companies that have published its NPS in a peer-reviewed journal, which is industry best practice.

C Accessibility

- Unilever makes a global broad commitment to ensure the accessibility and affordability of healthy foods as part of a three-point plan to feed ten billion people by 2050. However, the company did not provide evidence of a policy or commercial strategy to specifically address the accessibility and affordability of its healthy products in the United States, with a particular reference to priority populations whose access to healthy food is constrained by low income or geographic factors.
- The company should develop and publish a U.S.-specific strategy to address accessibility and affordability of its healthy products with particular reference to priority populations. This approach should include defining targets, e.g. narrowing down the price differential on healthy versus less healthy products, achieving a particular price point for healthy products, defining the number of priority populations to reach with healthy products through improved distribution in urban low-income areas. These targets should be based on analysis on appropriate pricing and distribution channels of healthy products for priority populations in the United States.
- Unilever donates food to programs such as Feeding America and Feed the Children. However, it does not commit to donating a high percentage of healthy products to food banks or other programs that address food insecurity. The company should make this commitment and track the percentage of healthy products donated.

D Marketing

- Unilever makes strong commitments to market its products responsibly and is transparent by publishing Unilever's Principles on Responsible Food and Beverage Marketing Including Marketing to Children, which applies globally and thus applies to the U.S.
- Regarding responsible marketing to all consumers, Unilever commits to follow the International Chamber of Commerce (ICC) Advertising and Marketing Communication Practice code, thereby covering all relevant media channels and commitments related to product representation. It demonstrates leading practice by committing to not using any models with a Body Mass Index (BMI) of under 18.5 and to presenting products in the context of a balanced diet, going beyond ICC commitments.
- Unilever 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. However, it does provide evidence of taking steps to understand and reach consumers in urban low-income areas. It is actively partnering with local governments and non-profit organizations in the Growing Roots program; however, this is considered to be an educational community program that was assessed in Category E. The company should extend its focus on priority populations in marketing programs.

- No evidence of a formal auditing process was found related to Unilever's responsible marketing to all consumers commitments in the United States, in contrast to auditing of its responsible marketing to children commitments. The company should set up a formal independent third-party auditing process covering its general responsible marketing commitments to all consumers
- Pledges to follow the two main sets of industry self-regulation commitments by being a CFBAI member and supporting the CARU Guidelines, administered by the U.S. Council of Better Business Bureaus (CBBB). It does not market any products to children under six on the media covered by its commitment and when they make up 35% or more of the audience. It markets only healthy products to children aged seven to 12, applying its own HNS as well as CFBAI nutritional criteria to determine marketing to children, whichever is strictest. Unilever could improve by applying an audience threshold of 25% or lower.
- Unilever commits to refraining from advertising in elementary schools, including a commitment to only offering educational materials when in agreements with schools and parents. The company could improve its policy by extending its commitments to marketing in or near elementary, middle and high schools and other places popular with children. It should also specify which types of marketing i.e. signs, scoreboards, school equipment, are included in the company's commitments relating to schools.
- In the United States, Unilever's compliance with its commitments on marketing to children is audited annually through the CBBB as part of the CFBAI commitments. In contrast to Unilever's global auditing results, the company does not publish its individual compliance level of the CFBAI audit in the United States. The company should provide this level of transparency.

E Lifestyles

- Unilever has a codified commitment to support staff health and wellness in the Fairness in the Workplace pillar of its Sustainable Living Plan, with a program focused on physical and mental health, nutrition and wellbeing.
- Unilever's Lamplighter employee health and wellbeing program is available to all employees in the United States and extends to family members that are covered under its medical plan. The program encompasses health assessments, exercise, nutrition, mental resilience and individual incentives to participate. The company articulates expectations in terms of health and business benefits and commissions independent evaluations to evaluate the impact of its program in addition to conducting its own assessments. The company is commended for its comprehensive program but should disclose more information about the program, the evaluations and the outcomes publicly.
- Covered under Unilever's 'Global Maternal Well-being Standard,' U.S. employees are eligible for 16 weeks of paid leave following the birth of a child. Unilever provides dedicated fully equipped rooms for breastfeeding mothers in all U.S. facilities and offers flexible working conditions to support breastfeeding within the workplace. The company is public about its ambition to be the employer of choice for working women. To align to leading practice, the company should publish its policy on supporting breastfeeding mothers for full transparency.
- Unilever is involved in a large number of public health and nutrition programs in the United States, centered around its global USLP targets, aligned with the DGA and USDA MyPlate recommendations and with a focus on heart health, obesity and food insecurity. The company works with a variety of non-profit organizations such as the American Heart Association, Wagner/Fund for Public Health, Whole Kids Foundation, Feeding America and Feed the Children.
- The company does not exclude brand-level sponsorship in the healthy eating/nutrition education programs, active lifestyle programs and food insecurity programs it runs. Furthermore, Unilever does not disclose clear commitments regarding the types of programs it funds, the way these were set up or regarding the specific health outcomes the programs intends to deliver to

participants. Unilever should describe the principles it works by as well as details regarding the individual projects it runs. In addition, it should ensure its programs' impact are evaluated independently.

- Several programs that Unilever runs in the United States focus on urban farming, access to fresh foods and nutrition education. For example, its Growing Roots project that started in New York City in 2015 to address the issue of poor diets and lack of access to fresh foods in low-income urban areas or 'urban food deserts.' In collaboration with local government, an urban farming project combined with community cooking classes was set up. In the spring of 2018, Unilever announced it would scale up this program to other cities in the United States and launch an associated organic, plant-based food brand.

F Labeling

- Unilever leads the ranking on Category F, placing first together with General Mills and Nestlé.
- In the United States, Unilever's Front-Of-Pack (FOP) labeling provides numeric information on the levels of key nutrients and the percentage intake based on recommended daily values. The company applies the GMA Facts-Up-Front labeling system. More than 95% of its products apply this FOP labeling. The company 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.
- Unilever provides full nutrition panel information online for over 90% of its products through the GMA SmartLabel tool.
- The company indicated it is actively implementing product labels in advance of the 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 provided for information purposes only, all companies are recommended to implement the update to the Nutrition Facts Panel as soon as possible for all relevant products.

G Engagement

- Unilever publishes a global Code of Business Principles and Code Policies that applies to the United States and complies with the Lobbying Disclosure Act (LDA). The company does not commit, in relation to nutrition issues, to only lobby in support of measures to prevent and address obesity and diet-related chronic diseases in the United States but should do so.
- Beyond required disclosure of financial contributions to associations or other organizations that lobby on its behalf, Unilever does not disclose potential governance conflicts of interest and board seats at influential organizations on its website. The company should do so, for optimal transparency and for making information easy to find.
- The company discloses a list of global position statements and policies but does not provide commentary or other disclosure about its U.S. lobbying activities related to nutrition and health beyond legal requirements under the LDA. In addition to the mandatory disclosure of lobbying expenses and topics, the company should improve its transparency by disclosing lobbying reports directly on its website, combined with a commentary on the positions used in lobbying.
- Unilever makes a global commitment to engage with stakeholders in developing nutrition policies and programs. Relevance of this commitment in the United States is demonstrated by working with specific partners in the country to develop new approaches to healthier foods, including the American Heart Association, local governments and other non-profit organizations.
- The evidence the company provides on its U.S. stakeholder engagement, focused on informing its nutrition and business strategy, is limited. The company discloses more examples of stakeholder engagement to collaborate on an external agenda. Although this is welcome, the company should disclose more U.S.-specific examples of how its stakeholder engagement informs its internal business strategy as well as the setup of its non-commercial programs.

Unilever

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	
1.9	479	7%	31	6%	494	5%	11	2%	91%

▪ Unilever's average sales-weighted HSR is 1.9, generating a Product Profile score of 3.9 out of 10, and a rank of seventh. The results are based on analysis of 91% of its 2016 sales from categories eligible for inclusion. Its sales-weighted score is also 1.9.

▪ 6% of the products assessed (31) were found to meet the healthy threshold and were estimated to generate 7% of 2016 sales.
 ▪ 2% of the products assessed (11) were found to be suitable for marketing to children, which were estimated to generate 5% of 2016 sales.

Category results

Category	RTD Tea	Dairy	Ice Cream and Frozen Desserts	Ready Meals	Sauces, Dressings and Condiments
Mean HSR	1.7	2.8	2.2	2.1	0.8
% products healthy	0%	48%	6%	0%	0%
% products suitable to market to children	14%	18%	0%	0%	0%

Unilever's highest-scoring category on average is dairy (mean HSR of 2.8), followed by ice cream and frozen desserts (2.2) followed by ready meals (2.1). Ready-to-drink (RTD) tea (1.7) and sauces, dressings and condiments (0.8) have the lowest mean HSRs. In terms of the proportions of healthy products and those suitable for marketing to children, 48% of products in the dairy category meet the healthy threshold of a HSR of 3.5 or

above, with 18% of them suitable for marketing to children. With respect to RTD tea, none of the products are considered healthy, yet 14% of them are suitable for marketing to children, due to differences in how the HSR and WHO systems rate products. No products in the ice cream and frozen desserts, ready meals or sauces, dressings and condiments categories meet the healthy threshold, nor are suitable for marketing to children.

* 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.

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Relative nutritional quality of Unilever's products by category

Mean HSR	RTD Tea	Dairy	Ice Cream and Frozen Desserts	Ready Meals	Sauces, Dressings and Condiments
Unilever	1.7	2.8	2.2	2.1	0.8
Coca-Cola	1.8				
Dr Pepper Snapple	1.6				
ConAgra		2.1		3.3	
General Mills		3.4		2.4	
Kraft Heinz		2.4		2.1	2.4
Nestlé		1.2	2.3	3.1	
Mars			1.5		

Unilever has a diverse portfolio and competes with several other companies in each of the assessed categories. In the dairy category, its products are neither of the highest or lowest nutritional quality, with a HSR of 2.8 versus the highest rating of 3.4 achieved by General Mills' products and the lowest rating of 1.2 for Nestlé's products. The same is true for its ice creams and

frozen desserts; this category has a mean HSR of 2.2, while Nestlé scores slightly better (2.3). Its ready meals (2.1) and sauces, dressings and condiments (0.8) are rated the lowest among the relevant companies. Finally, its RTD tea rates similarly to that of competitors, with a low mean HSR of 1.7, and the nutritional quality of this category is poor overall.

Conclusion

Unilever achieved the highest score of any company on Category B, which assesses its approach to developing new products and reformulating existing products, as well as the key characteristics of its NPS. However, while Unilever reports that 29% of its sales volume meets its definition of healthy, ATNF estimated that only 7% of its 2016 sales were derived from healthy products and 5% were from products that meet WHO Euro criteria for marketing to children. The company should review this discrepancy and align its healthy definition to internationally recognized systems such as the HSR.

Further, none of the five categories assessed achieved a mean HSR of 3.5, the healthy threshold. The company should step up its efforts to reformulate products to make them healthier in order to meet its goal of doubling the number of healthy products by 2020. The company should also disclose more information about how it implements its global commitments and programs in the United States related to product improvement.

Unilever

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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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