

THE FOOD INDUSTRY, DIET, PHYSICAL ACTIVITY AND
HEALTH: A REVIEW OF REPORTED COMMITMENTS
AND PRACTICE OF 25 OF THE WORLD'S LARGEST
FOOD COMPANIES

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Executive Summary

Background

For many years, evidence has built up about the health impact of dietary and food cultural change. A series of national, regional and international reports have called for policy responses to this considerable public health burden. The World Health Report 2002 indicated that mortality, morbidity and disability attributed to the major non-communicable diseases (NCDs) currently account for about 60% of all deaths and 47% of the global burden of disease.¹

This study has been conducted by a team at the Centre for Food Policy, City University, London (Lang, Rayner & Kaelin), advised by Rachel Crossley (HBOS's Insight Investment) and Peter Backman (Horizons FS).

The purpose was to review the health-related reporting of some of the world's largest food and drink companies in the light of concerns raised by the World Health Organisation's Global Strategy on Diet, Physical Activity and Health (DPAS).²

In 2004, the DPAS called for the reversal of these trends through a programme of action by member states and international agencies alongside the private sector, civil society and non-governmental organisations.

Approach

- The study reported here analysed Company reports, accounts and websites up to autumn 2005.
- The purpose was to see what the largest food companies in three key sectors – manufacturing, retail and foodservice – report that they are or are not doing in relation to health.
- Company self-reported activity was reviewed against a 'template' of issues derived from the WHO Global Strategy on Diet, Physical Activity and Health (see list of WHO requests of the food industry given below on page 11). More detail on the scope, methodology and limitations of this report is given on pages 15-21.

The companies studied

- The study reports on the top 10 food manufacturers, top 10 food retailers and top five foodservice companies of the world, by sales.
- Headquarters of these companies are in the USA (11), UK (4), Germany (4), France (3), the Netherlands (2), Switzerland (1) and Japan (1).
- The food manufacturers (with the parent HQ country) are: Cadbury Schweppes (UK), Coca-Cola (USA), ConAgra (USA), Danone (F),

¹ World Health Organisation (2002). World Health Report 2002. Geneva: WHO

² World Health Organisation (2004). Global Strategy on Diet, Physical Activity and Health endorsed by the 57th World Health Assembly resolution WHA 55.23. Geneva: WHO, May

Kraft (USA), Masterfoods/Mars (USA), Nestlé (CH), PepsiCo (USA), Tyson (USA), Unilever (NL/UK)

- The food retailers are: Ahold (NL), Aldi (G), Carrefour (F), Ito-Yokado (J), Kroger (USA), Metro (G), Rewe (G), Schwarz (G), Tesco (UK), Wal-Mart (USA)
- The Foodservice companies are: Burger King (USA), Compass (UK), McDonald's (USA), Sodexo (F), Yum! (USA)
- The range of turnover in the companies studied is from \$11 billion in the case of Burger King to \$256 billion in the case of Wal-Mart.
- The smallest turnover reported on here is five times larger than the entire biennial budget of the World Health Organisation.
- Companies spread of sales goes from being in just one country (Kroger in the USA) to nearly every country in the world (Coca-Cola and PepsiCo report being in over 200).
- Food manufacturers and foodservice tend to be highly spread internationally, with retailers more geographically spread but fast globalising.

Findings

R&D and Mergers & Acquisitions

- Despite the high level of product innovation within the food sector, most companies provided little or no information on the amount of investment made in R&D.
- Only six companies out of 25 provide any figures on R&D spending: Cadbury Schweppes, Danone, Kraft, Nestlé, Unilever and Yum!.
- Five of these six companies are in food manufacturing.
- R&D spending as a percentage of turnover varied: Unilever spent 2.6%, Cadbury Schweppes 0.9%, Kraft 1.2%, Nestlé 1.6%, Yum! 0.3%.
- Unilever spends the biggest proportion of its turnover on R&D but this includes investment in non-food products.
- In the period 2004-05, the companies reported very little acquisition and disposal behaviour as yet appearing to be influenced by / led by the health agenda.
- Cadbury Schweppes put its European Beverages division up for sale in September 2005 but announced that the proceeds were to reduce debt and for investment in its US brands. Cadbury Schweppes also purchased Green & Black the organic chocolate company, to move into fair-trade and ethical, sustainable production.

Spending on marketing, advertising and sponsorship

- Thirteen companies gave no information on their spending on marketing, advertising, promotion and sponsorship. They include: ConAgra, Mars/Masterfood, Nestlé, Aldi, Carrefour, ItoYokado, Metro, Rewe, Schwarz (Lidl), Tesco, Compass, Sodexo. That Nestlé, the biggest food manufacturer in the world, did not specify its spend in this area is noteworthy.

- The 12 companies provided spending figures, enabling calculation of what proportion this was in their turnover. These were: Cadbury Schweppes (1.1%), Coca-Cola (10.5%), Danone (5.3%), Kraft (5.1%), PepsiCo (5.8%), Tyson (1.8%), Unilever (13.6%), Ahold (0.7%), Kroger (1%), Wal-Mart (0.4%), McDonald's (3.8%).
- The range of spend as a proportion of turnover was from Wal-Mart (0.4%) and Ahold (0.7%) to Coca-Cola (10.5%) and 13.6% (Unilever but this includes non-food).
- Even the smallest proportionate spending, by Wal-Mart, was still a very large sum, \$966 m; this presumably will include marketing of non-food goods.
- Only one company - McDonald's – provided any disaggregated information in this general area.
- Breakdown of marketing expenditure by country and region is not given by any company. Unilever acknowledged this when it stated “the ingredients we use, the formulations and the way we advertise and market our brands can potentially make a big impact on health”.

Company stance on corporate responsibility

- Only two out of 25 companies did not have stated Corporate Social Responsibility reports and /or general statements of purpose and values related to non-financial company goals.
- Despite this, companies as a whole did not appear to be taking health as a core consideration.
- 11 of the 25 companies make a reference to health in these CSR / values statements: Danone, Kraft, PepsiCo, Unilever, Ahold, Carrefour, Kroger, Tesco, Compass, McDonald's, Yum!.
- Only four of the 10 manufacturers and three of the 10 retailers but three of the five foodservice companies referred to health in their statements of purpose and values or CSRs.
- What companies mean by or refer to as 'health' in their statements ranges from the very broad, vague and self-promotional to more specific and measurable.
- Aldi and Schwarz / Lidl, both privately held retailers, are the only companies studied here not giving a CSR report or statement of values.

Stance on diet, nutrition and physical activity

- 17 out of 25 companies have made a statement or statements of some kind on diet, physical activity and health.
- Eight out of 10 manufacturers, four out of 10 retailers, and all five foodservice made such statements.
- Only four companies reported key performance indicators: Kraft, Unilever, Tesco and Sodexo.
- The low number of KPIs suggests that companies are making general statements without much commitment.
- Six out of 25 companies report that they have a Board member or senior personnel responsible for health-related matters: Cadbury Schweppes, Kraft, Nestlé, Ahold, McDonald's and Yum!.

- Kraft is the sole company which scores positively on all three issues reported here.
- Eight companies gave no reports of actions across all three areas. These were: Masterfoods, Tyson, Aldi, Ito-Yokado, Kroger, Metro, Schwarz and Wal-Mart.
- Companies vary considerably with regard to having a Board member with health responsibilities.

Policy commitments on physical activity, obesity, children and 'healthy' product ranges

- 11 out of 25 companies make policy or reported commitments on physical activity.
- Food manufacturers are more engaged with the physical activity issues (seven out of 10) than any other sector; they were Cadbury Schweppes, Coca-Cola, Danone, Kraft, Nestlé, PepsiCo, Unilever. Among retailers only Tesco makes a statement on physical activity, but Metro reported its sponsorship of sports in its home town. Among foodservice only McDonald's and Yum! reported policy and action.
- 11 out of 25 companies have policy statements on obesity, half the manufacturers, three out of 10 retailers, and three out of five foodservice.
- 11 out of 25 companies made policy statements on children's food: six manufacturers, two retailers and three foodservice.
- 11 out of 25 companies indicated a policy commitment to having a 'healthier' range of products.
- These included six out of 10 manufacturers (ConAgra, Danone, Kraft, Nestlé, PepsiCo and Unilever), only one retailer (Tesco) and four foodservice.
- Only Burger King of the foodservice companies did not report a policy commitment to a health food range within its offer.

Policies on marketing, advertising, promotion and sponsorship

- Only four out of 25 companies had any policies on advertising, all of them manufacturers: Cadbury Schweppes, Danone, Nestlé and Unilever.
- Only six companies had policies specifically on children (despite the existence of ready-made Children's guidelines, see below in the discussion of Unilever and Nestlé). These companies were: Cadbury Schweppes, Coca-Cola, Kraft, Nestlé, Unilever, Tesco.
- Only four companies gave stated support to voluntary codes. It may be that some additional companies support and apply such guidelines, but they provided no evidence that they do so. Companies which did were: Cadbury Schweppes, Nestlé, Unilever and McDonald's.
- Only Cadbury Schweppes was rated as active in all four areas; but Nestlé and Unilever were active in three.
- Both retailers and foodservice score very poorly across the board on marketing and advertising and vending.

- Only five companies had policies on vending machines and health, three manufacturers – Cadbury Schweppes, Coca-Cola, Kraft – and two foodservice – Compass and Sodexo.

Position on product formulation and sizing

- Only 10 out of 25 companies reported that they were acting on salt: Cadbury Schweppes, ConAgra, Kraft, Nestlé, PepsiCo, Unilever, Ahold, Carrefour, Tesco and Compass.
- Only five reported action on sugar. Four were manufacturers: ConAgra, Kraft, PepsiCo, Unilever, plus only one retailer: Ahold.
- Only four reported action on fat. These were Kraft, PepsiCo, Compass and Yum!.
- Eight reported action on transfats: Cadbury Schweppes, ConAgra, Danone, Kraft, Nestlé, PepsiCo, Unilever and Ahold
- Only two reported action on portion size: Kraft and McDonald's.
- Food manufacturers (six out of ten) tended to be more pro-active on salt and on sugar (four out of ten) than other sectors.
- Kraft acted on all five, the only company to do so. PepsiCo acted on four (not on portion size).
- Retailers performed particularly poorly but Ahold was acting on three issues (salt, sugar and transfats).
- Among foodservice, performance was generally weak but Compass led with actions on salt and total fat.
- McDonald's which has been high profile in the diet and health debate reported no commitments other than on portion size.

Labelling, production information and nutrition claims

- 11 of 25 companies reported positions on on-product labelling: Cadbury Schweppes, Coca-Cola, Kraft, Nestlé, PepsiCo, Unilever, Ahold, Carrefour, Ito-Yokado, Metro and Tesco.
- No foodservice company reported a policy on on-product labelling although one is reported externally as being about to do so.
- 11 of 25 companies provided other sources of information. The five manufacturers were: Cadbury Schweppes, ConAgra, Danone, Nestlé and Unilever. The three retailers were Ahold, Ito-Yokado and Kroger. The three foodservice were all fast food companies: Burger King, McDonald's and Yum!.
- Only four companies – Danone, Kraft, Unilever and McDonald's – provide information about nutrition claims.

Stakeholder engagement

- 11 out of 25 companies reported that they engaged with industry associations. The seven manufacturers were Cadbury Schweppes, Coca-Cola, ConAgra, Kraft, PepsiCo, Tyson and Unilever. The two retailers were Carrefour and Metro. The two foodservice companies were McDonald's and Sodexo.
- Only nine out of 25 report engagement with Government or political parties. The six manufacturers were: Cadbury Schweppes, Coca-

Cola, Danone, Kraft, Nestlé and Unilever. The two retailers were Ahold and Metro. The one foodservice company reported engagement with government was McDonald's.

- 12 out of 25 report engagement with civil society. The seven manufacturers were Cadbury Schweppes, Coca-Cola, ConAgra, Danone, Kraft, Nestlé and Unilever. The four retailers were Ahold, Metro, Rewe and Tesco. The sole foodservice company was McDonald's.
- 10 out of 25 report that they engage with consumers. Of these, the five manufacturers were Cadbury Schweppes, Danone, Kraft, Nestlé and Unilever. The three retailers were Ahold, Ito-Yokado and Tesco. The two foodservice were McDonald's and Sodexo.
- Cadbury Schweppes, Kraft, Unilever and McDonald's were the only companies to report engagement on all four fronts.

Company promotion to its own staff and community on healthy lifestyles and physical activity

- 10 out of 25 companies reported that they have staff health programmes. The five manufacturers were Cadbury Schweppes, Coca-Cola, ConAgra, Kraft and Nestlé. The two retailers were Metro and Rewe. The three foodservice companies were Compass and McDonald's and Sodexo.
- 19 out of 25 reported community programmes. The companies not reporting activity were: Masterfoods, Ahold, Aldi, Ito-Yokado, Schwarz and Burger King.
- Of the 19 companies reporting contributions to or support for community programme work, 11 were active in hunger programmes which are often about giving surplus foods to particular social groups. In the USA, this action is tax-deductible. Companies include: ConAgra, Kraft, Nestlé, Tyson, Carrefour, Kroger, Metro, Rewe, Compass, Sodexo and Yum!
- 16 companies reported activity in nutrition education. The ones who did not were: Cadbury Schweppes, Masterfoods, Aldi, Ito-Yokado, Metro, Schwarz, Wal-Mart, Burger King and Yum!.
- Five companies report no action at all in the areas measured here: Masterfoods, Aldi, Ito-Yokado, Schwarz and Burger King.
- Companies rated as active in all three areas include: Coca-Cola, ConAgra, Kraft, Nestlé, Rewe, Compass, McDonald's and Sodexo.

Conclusions

Since 2004, the WHO's Global Strategy on Diet, Physical Activity and Health (DPAS) has placed new demands on food companies to play their part in improving public health.

This opens up new and broader categories of non-financial demands on companies. This includes the need to introduce and report upon system-wide performance, ranging from the promotion of healthy diets to changing the nutritional qualities of their products to enhance health, provide better information, practice responsible marketing, and provide information on food composition to responsible authorities.

Given that the DPAS was only agreed in May 2004, it would be unrealistic to expect that the transformations needed in diet, physical activity and health could happen overnight, worldwide. Nonetheless, the long-term effort needed by companies must begin, and be reported.

The findings of this report suggest that the world's food companies are not yet fully engaged with the seriousness and urgency of this transformation. There are some honourable exceptions, which are highlighted in each section of this report.

Companies should be wary about doing the minimum or presenting a few hurried initiatives in self-promotional terms. A luke-warm response from food companies to the enormity of the public health evidence amassed by the WHO and researchers risks engendering some cynicism. Company actions must move from being purely defensive or centred on obviating threats to their reputations.

Strategy and Business Development

The principal finding of this report is that only a small minority of companies are engaging with the DPAS agenda, and rethinking their business strategy accordingly.

Most companies studied here report some action on some fronts, but there was a noticeable spread in how engaged companies appear to be.

In the main, food manufacturers appear to be more fully engaged, with foodservice less so and retailers trailing far behind.

The pressures appear to be different in different countries, suggesting that national settings are a key factor in this spread of response. For instance, the threat of litigation over obesity in the USA has encouraged companies at risk, while threats to reputation might have been more of a driver in Europe.

Listed and privately owned companies also differ in their degree of openness and reporting.

Governance and Corporate Responsibility

The structures in place to report on company exposure on diet, physical activity and health are weak.

Policies are rare and reporting is limited.

In comparison to other fields of corporate governance, the situation with regard to diet, physical activity and health is reminiscent of the level of reporting years ago, if not decades ago, by companies on environment and other social issues.

Companies lack leadership from Board level. Those companies with some high level presence differed in their reported performance from those which did not.

Most companies appear not to have changed their internal system of governance to embrace the DPAS agenda. If they have done so, this has not been reported.

Product marketing and information

Food companies are major promoters, marketers and advertisers. By implication, they are a major force in shaping food culture, world-wide.

So far, too few companies give evidence of serious commitment to play a responsible role in determining food culture.

If companies do not even address voluntary, industry-led codes of conduct, they are not properly positioned to engage with the serious debate now emerging within society, not just the public health world, about the role of advertising.

The food products

Some companies are reviewing their product ranges in the light of the new health agenda, which is welcome. The majority are not.

The re-formulation of products without endangering market share is a real difficulty but should not be an excuse for inaction.

Companies do not just respond to public taste; they also help shape it through marketing and product formulation. In failing fully to respond to the new health challenges, companies appear to be distancing themselves from their responsibility for unhealthy consumer choices.

The challenge is how to turn what could be a vicious cycle into a virtuous one and how to support market leaders in delivering health diets.

Many food companies are engaged in promoting physical activity. A danger is that they use such support and exhortation for physical activity as their contribution to improving public health. This should not be a substitution for altering their food 'offer'.

Our Recommendations

The WHO should consider:

- how to encourage the building of capacity and skills in the health auditing of company policies, performance and practice on diet, physical activity and health.
- inviting member states where major food companies are headquartered to engage more actively and responsibly with the WHO's diet, physical activity and health agenda.
- establishing guidelines for companies to undertake DPAS-relevant audits of their products, following the lead undertaken in other such policy domains by UN bodies, such as in the multi-stakeholder Global Reporting Initiative and the Global Compact or in initiatives on environment and social issues by the World Bank.

National governments should consider how to:

- improve the monitoring of food companies based in their jurisdictions.
- collaborate with others and with WHO to pool best and worst practice in the auditing of company impact on diet, physical activity and health.

The food industry should consider how to:

- give higher priority to improving the profile of diet, physical activity and health issues in corporate and sectoral business strategies.
- set a lead at Board level in creating new strategies, setting objectives and targets to engender a pro-health culture throughout the company.
- improve company reporting systems for their impact on diet, physical activity and health.
- strengthen existing marketing codes such as the Children's Advertising Research Unit of the US Council of Better Business Bureaus, Inc., and consider applying them.

Investment bodies should consider how to:

- engender better corporate responsibility for diet, physical activity and health, using the WHO's analysis and recommendations as a benchmark.
- develop independent auditing of food companies' impact on diet, physical activity and health.
- highlight good and bad practice, improving standards over time.

Civil society organisations should consider how to:

- broaden public involvement in the auditing of corporate responsibility for diet, physical activity and health.
- conduct their own monitoring of food companies, using the WHO's Global Strategy goals.
- give priority to supporting civil society oversight of company products and practices throughout the world, in particular in countries with less developed systems of food governance and without independent consumer voices.

Researchers, analysts and academics should consider how to:

- develop capacity in monitoring food governance, and how best to refine and build on existing methodologies for health auditing food companies.
- test company statements and commitments against actual performance and practice.

Introduction

Background

This study set out to review the health-related reporting of some of the world's largest food and drink companies in the light of concerns raised by the World Health Organisation's Global Strategy on Diet, Physical Activity and Health (DPAS), as approved at the fifty-seventh World Health Assembly on 22 May 2004.³

The DPAS drew attention to the World Health Report 2002⁴ which indicates that mortality, morbidity and disability attributed to the major non-communicable diseases (NCDs) currently account for about 60% of all deaths and 47% of the global burden of disease. These figures were expected to rise to 73% and 60%, respectively, by 2020. It called for the reversal of these trends through a programme of action by member states and international agencies alongside the private sector, civil society and non-governmental organisations.

The food and drink industry, an important stakeholder in the formation of the DPAS,⁵ was asked to undertake the following:

- promote healthy diets and physical activity in accordance with national guidelines and international standards and the overall aims of the global strategy.
- limit the levels of saturated fats, trans-fatty acids, free sugars and salt in existing products.
- continue to develop and provide affordable, healthy and nutritious choices to consumers.
- consider introducing new products with better nutritional value.
- provide consumers with adequate and understandable product and nutrition information.
- practise responsible marketing that supports the strategy, particularly with regard to the promotion and marketing of foods high in saturated fats, trans-fatty acids, free sugars, or salt, especially to children.
- issue simple, clear and consistent food labels and evidence-based health claims that will help consumers to make informed and healthy choices with respect to the nutritional value of foods.
- provide information on food composition to national authorities.

³ World Health Assembly (2004). Resolution WHA55.23 Geneva: World Health Organisation

⁴ World Health Organisation, The World Health Report 2002 – Reducing Risk, Promoting Health Life, Geneva,WHO, 2002

⁵ Throughout this report, the phrase 'food companies' refers to food and beverage and includes soft drinks.

- assist in developing and implementing physical activity programmes.

The Global Food Sector

The DPAS identifies food as a major factor explaining the rise in NCDs. World-wide, traditional diets are giving way to new food choices. Some of these choices enhance the diet, while others are high in fats, sugar and salt, are more highly processed, and contain higher levels of protein sourced from animal products. They are also heavily advertised, thereby contributing to changing the culture of expectations and potentially displacing healthier foods.⁶

This 'Diet and Nutrition Transition' may be partly explained by changing choices facing the consumer,⁷ but it is also a reflection of the economic realignment of the food chain from production to consumption. A snapshot of this process reveals that in the decade 1988-1997 foreign direct investment (FDI) in the food industry increased from US\$743 million to more than US\$2.1 billion in Asia and from US\$222 million to US\$3.3 billion in Latin America, far outstripping investments in agriculture.⁸

Dietary transition is more evident in the young, in part because young people are naturally more exploratory in their food choices and because global food and drink brands are more likely to be targeted at them. Food products designed to have special appeal to young people include branded sugary drinks, confectionaries, meat-based and other fast foods types, and salty snacks. The future growth in advertising expenditure worldwide (exceeding \$400 billion in total although only a proportion composed of food advertising), is expected to take place in developing nations, especially Russia, India and China, as well as Saudi/Pan Arab region.⁹

This report documents the fact that two of the 25 companies reviewed, Coca Cola and PepsiCo, spent respectively \$US 2.2 billion and \$US 1.7 billion on advertising in 2004, a combined level of spending exceeding the WHO biennial budget.¹⁰

Food manufacturers, retailers and foodservice companies vary in the international scope of their operations both by sector and by company. The McDonald's Corporation, a highly globalised foodservice company, doubled in size in the last decade to around 30,000 restaurants worldwide, with much of this growth occurring outside its home market. In the case of supermarkets, in contrast, such companies are less internationally spread, although their supply chain undoubtedly is. Wal-Mart, the world's largest food retailer, may dominate its domestic market (USA) but its geographical presence remains limited to nine countries in

⁶ Rayner G, Hawkes C, Lang T, Bello W (2006). Trade liberalisation and the diet and nutrition transition: a public health response, *Health Promotion International*, forthcoming.

⁷ Popkin BM (2002). An overview on the nutrition transition and its health implications: the Bellagio meeting, *Public Health Nutrition*, 5(1A), 93-103

⁸ Food and Agriculture Organisation (2004). Globalization of Food Systems in developing Countries: Impact on Food Security and Nutrition. Rome, Food and Agriculture Organisation

⁹ ZenithOptimedia (2005). Ad growth sustained by emerging markets, Press Release, 24 October

¹⁰ WHO (2004). WHO Program Budget 2002-2003: Performance Assessment Report. November 2004. Geneva: WHO. Pg. 12

total. On the other hand the presence of supermarkets world-wide is increasing. The US has the highest concentration of supermarkets, but growth rates in some regions, such as Latin America and China, are expanding rapidly.¹¹

All the companies reviewed here are very large and powerful. Companies like Wal-Mart, by capitalisation the largest company reviewed here, are now recognising the responsibilities that come with such size and market power. Lee Scott, CEO of Wal-Mart, has commented:

“You know, we are in uncharted territory as a business. You won’t find any case studies at the Harvard Business School highlighting answers for companies of our size and scope. If we were a country, we would be the 20th largest in the world. If Wal-Mart were a city, we would be the fifth largest in America. People expect a lot of us, and they have a right to. Due to our size and scope, we are uniquely positioned to have great success and impact in the world, perhaps like no company before us.”¹²

Corporate Social Responsibility

Size and profitability alone do not guarantee long term business success. Ultimately even private companies have to show that they serve the public good. Such questions about the role and purposes of companies have in recent years come under the heading of Corporate Responsibility (CR) or Corporate Social Responsibility (CSR). In some cases, including some of the food companies highlighted in this report, social responsibility principles have been built into the company foundations. In most cases such concerns are more recent. Nor are they particularly focused on health (except to note that all companies must achieve compliance with food safety standards). The challenge of the DPAS for companies is that it significantly enlarges upon the potential range of issues which may not, until quite recently, have achieved more than limited consideration in business strategies.

In order to judge how well companies are addressing issues or recommendations found within the DPAS, this study builds upon the work within the investment community which monitors the financial and non-financial aspects of company performance. Over recent years, reporting by public companies of their non-financial performance has grown considerably. This trend has occurred almost irrespective of the legal differences between countries due to a variety of factors, such as international competition, greater attention to the role of large corporations by civil society and NGOs, and the growing presence of the institutional investor.¹³ The latter mentioned group has considerable potential for drawing health or other matters to the attention of company management. The reason is financial. The current value of assets managed by institutional investors is estimated at over US\$42 trillion.

¹¹ Reardon, T., P. C. Timmer, et al (2005). Supermarket Expansion in Latin America and Asia Implications for Food Marketing Systems. New Directions in Global Food Markets. A. Regmi and M. Gehlhar. Washington, DC, Economic Research Service/USDA

¹² Scott L (2005). ‘Twenty First Century Leadership’, Speech to Associates, Wal-Mart, 24 October

¹³ UK Department of Trade and Industry (1998). Modern Company Law for a Competitive Economy, An International Survey of Companies Law in the Commonwealth, North America, Asia and Europe. London: DTI, August

Pension fund investments in the US and the UK alone total around US\$7.4 trillion, while assets under management in the global mutual fund industry stood at \$14 trillion at the end of 2003.¹⁴

Until recently it was assumed that in order to maximise the value of their investments, the investment industry was compelled to focus on relatively short term objectives. This view can no longer be sustained, in part because of institutional investor and in part because of the coordination of such interests through the United Nations Global Compact. This voluntary initiative, launched in 2000, is the mechanism by which the UN seeks to engage corporations to observe a set of minimum standards in the fields of worker protection, human rights, anti-corruption and environmental protection. In June 2004 a group of 20 financial institutions with combined assets under management of over US\$6 trillion, endorsed a report facilitated by the Global Compact, which recommended the integration of Environmental, Social and Governance (ESG) value drivers into financial market research, analysis and investment. Far from preventing the integration of wider non-financial considerations, recent evidence has suggested that the law permits and, in certain circumstances requires, that this be done.¹⁵

The investment industry is only one of the groups of stakeholders calling for more socially responsible investment. Employers, consumers, civil society organisations, NGOs and others now seek greater information and corporate accountability. In the case of environmental NGOs or civil society groups, advocacy activities may directly affect the reputation of companies, which may be reflected in share price or affect investor confidence.

Concerns about the damage done to public health by smoking and asbestos have had enormous financial consequences for tobacco and insurance companies. Furthermore, climate change looks set to be becoming another such significant feature of future investment decisions.

A number of UN bodies have encouraged companies to be more socially responsible in specific areas. For example, companies in the parts of the world more afflicted by HIV/Aids, TB, or Malaria, have been encouraged to participate in UNAIDS and the WHO's Roll Back Malaria and Stop TB partnerships, although there is some evidence of diminishing interest.¹⁶

The United Nations Environment Programme (UNEP) Finance Initiative (UNEPFI) is a working group of investment managers in partnership with UNEP trying to harness each others' skills and knowledge to focus attention on investing decisions delivering environmental gain. The Business Alliance for Food Fortification (BAFF) is a jointly funded initiative of the Global Alliance for Improved Nutrition and the World Bank Institute to bring together global food companies committed to furthering food fortification around the world.¹⁷

A growing number of companies produce detailed Annual Reports and Accounts, and some issue separate corporate social responsibility

¹⁴ UNEP Finance Initiative (2005). A Legal Framework for the Integration of Environmental, Social and Governance Issues into the Framework of Institutional Investment, UNEP/ Freshfields Bruckhaus Deringer, London, October

¹⁵ UNEP (2005). UNEP Finance Initiative 2005 Global Roundtable, 25-26 October 2005, UN Headquarters, New York, USA, Press conference and press release

¹⁶ World Economic Forum (2005). Business and HIV/AIDS: Commitment and Action? Geneva: World Economic Forum, January

¹⁷<http://web.worldbank.org/WBSITE/EXTERNAL/WBI/WBIPROGRAMS/CGCSRLP/0,,cont entMDK:20649737~pagePK:64156158~piPK:64152884~theSitePK:460861,00.html>

reports, encompassing for example environmental reporting, community contributions, health (not just HIV, TB, or Malaria as already mentioned, but also occupational health and employee welfare), diversity, customers, employee living standards, contractor compliance standards, human rights, and social campaigning. It has been suggested that companies engage in such initiatives because they increase shareholder value or market share or that they are indirectly linked to business growth because they increase opportunities for innovation or reduce reputational or other forms of risk.¹⁸ Whatever the reason, in some cases, companies have moved from a position of being heavily criticized for poor environmental or welfare standards by NGOs only to be seen as exemplars in their field after putting in place a programme of effective CSR. One example often cited is that of Nike, the sport goods and clothing manufacturer.¹⁹

In practice the quality of such programmes and the reporting on them varies considerably. In Japan and the UK 80% and 71% respectively of large companies issue CR reports, but proportion doing so elsewhere is lower. Even so 68% of the top 250 companies of the Fortune 500 issue CR reports, either as part of the company annual reports or issued separately. CR documents, while welcome, are frequently criticized for being over-concerned with company self promotion, short on detail and lacking measurability or independent audit. According to one CR review, “[s]ome are so detailed as to make it virtually impossible to see the ‘big picture’; others are so short as to beg serious questions”.²⁰

Evidence for similar criticisms can be found in this report. For some companies CR appears to be embedded within company strategy but more often details are sparse or no more than a part of product marketing. In the case of the food in general and the DPAS in particular, a more positive view might be that a start has been made, but as this report also concludes, the results so far are patchy and progress in the sector overall limited.

Scope of present study

This study reviews and assesses what companies report they are and are not doing in relation to the public health agenda, as encapsulated in the WHO's Global Strategy (DPAS).

Ideally, a comprehensive audit of companies' health-related performance would combine analysis of both self-reporting and product portfolio.²¹ Such a study would be an intensive and expensive exercise and would need to be done in every national market in which a company's products and/or services were present. It would have to cover for variations in

¹⁸ KPMG (2005). International Survey of Corporate Responsibility Reporting 2005, KPMG / Universiteit van Amsterdam

¹⁹ Simon Zadek (2004). The Path to Corporate Responsibility, *Harvard Business Review*, Vol. 82, No. 12, December

²⁰ Environmental Resource Services (2005). Corporate Social Responsibility Benchmark Study: Report Summary, May, page 5

²¹ An example of self-reporting only is the annual 'World's Most Respected Companies' review. This is conducted by the auditors PwC for the Financial Times. The methodology is essentially one in which top Chief Executives rate each other in large-scale self-audit. See: Financial Times (2005) 'The FT World's Most Respected Companies' *Financial Times*, special report, November 18.

products and 'offer' across nations and subsidiaries. This would be complex and exceedingly costly.

The study reported here takes a different route. It does not question the accuracy of statements made by companies. They are taken at face value. When reading this report, the gap between what is said to be done and what is actually done by the companies should be borne in mind. That gap may or may not be considerable. Ideally, this study should be followed by interviews with companies concerned, to be able to verify and potentially amplify the statements they make publicly. Ideally, too, this study should be accompanied by observations of actual foods and meals sold by the companies studied here in every country where they are present. Consumer groups are already beginning to play an important role in such scrutiny.²²

A significant lead has been taken by the UK National Consumer Council, a government founded and largely funded body, which in 2004 reported on how the top British supermarkets compared on food, nutrition and health matters. This study was repeated in 2005.²³ The NCC looked at one store for each company in the UK's top retailers. It then reviewed in-store products, style, promotions and how these and other issues frame consumer behaviour, choice and spending in a healthy or not-so-healthy direction. Although the NCC found some improvements between 2004 and 2005, no retailer scored well across all measures, and none of the big four UK retailers, one of which (Tesco) features in this report too, made it to the top UK three for health.

Methodology

The starting point for the present research is, as was reported above, the World Health Assembly May 2004 resolution to monitor the response of companies to the Global Strategy on Diet, Health and Physical Activity strategy (DPAS).

In developing this study it was recognised from the outset that very few organisations – governmental or non-governmental – have experience of auditing food company performance in relation to public health goals, as opposed to other financial and non-financial performance issues. Considerable effort is made by companies in relation to food safety standards, but until recently almost all companies appear to have given far less attention to their role in contributing to or tackling non-communicable diseases.

Two studies from UBS and J.P.Morgan began to consider such matters from 2002, as concerns about the obesity pandemic emerged in mainstream media worldwide (particularly in the USA).^{24 25} In these

²² See the report by Which?, the UK consumer research group, on products including salads from the companies studied here: Yum! (KFC, Pizza Hut), McDonalds and Burger King. This found high fat levels and faulty nutrition information. See: Which? (2005). Fast food – the real story, Which? December 1. London.
<http://www.which.co.uk/news/foodanddrink/05/dec/fast-food.html>

²³ Dibb S (2005). Healthy Competition: how supermarkets can affect your chances of a healthy diet. London: National Consumer Council.
<http://www.ncc.org.uk/food/healthycompetition.pdf>

²⁴ Streets J, Levy C, Erskine A, Hudson J (2002). Global Risk: Absolute Risk of Obesity. Geneva & London: UBSWarburg Global Equity Research. 27 November

studies, financial analysts from the investment banking sector assessed the extent to which food manufacturing companies were exposed to health-related market, regulatory and litigation risks. A key element of these studies was an assessment of whether the companies, through their product mix, faced significant reputational and other risks related to the consumer health and obesity debate.

That work has been expanded and further refined by two studies published in early 2006 (since the present work was completed). These have confirmed the reputational and financial exposure of company products and range.^{26 27}

The methodology for this current study takes a different stance to the above work, looking at corporate policy rather than financial risk or in-store behaviour signals. The present report examines the largest companies in three key food sectors and reviews them on a variety of issues, taking the WHO's DPAS as its reference point.

The present report, therefore, should be viewed as taking a broader scope and definition of the public health interest, and developing a methodology which is different to the previous reports – not least because it reviews leading food companies from not just manufacturing but also retail and foodservice sectors.

The research team

This research was conducted by City University, London (Prof Tim Lang and Dr Geof Rayner) together with an advisory team with experience in ethical and environmental auditing (Rachel Crossley, Insight Investment) and a specialist in foodservice analysis (Peter Backman, Horizons FS). One research assistant (Elizabeth Kaelin) was employed for this project for five months.

City University wishes to acknowledge the generous support and time provided by Insight Investment, Horizons and the backing of the School of Allied Health Sciences in contributing unpaid staff time.

Choice of food sectors

Previous monitoring studies of food company performance in relation to dietary health have focussed on the food manufacturing sector. This study includes the retail and foodservice sectors, with foodservice being taken to cover both out-of-home eating and contract catering sub-sectors. Given funding constraints, it was judged feasible only to study the top ten largest companies for food manufacturing and retail respectively and the top five for foodservice. Of the latter, three were quick service restaurants and two contract caterers.

²⁵ Langlois A, Adam V, Powell A (2003). Food Manufacturing: obesity the big issue. London: J. P. Morgan European Equity Research. 16 April

²⁶ Langlois A, Zuanic PE, Faucher J, Pannuti C, Shannon J (2006). Obesity: Re-Shaping the Food Industry. London: J.P.Morgan Securities Global Equity Research, 24 January

²⁷ EIRIS (2006). Obesity concerns in the food and beverage industry. SEE Risk Briefing. London: EIRIS (Ethical Investment Research Services), February

Selecting the companies to study

The total number of companies studied was 25. The top 10 food manufacturers, the top 10 food retailers, and the top five foodservice companies were chosen. Within foodservice, a sector which itself is fragmented, it was decided to take the top three fast food and eating out companies and the top two contract caterers. The companies are given in Section 1 below and in all subsequent sections.

Of the companies chosen, 20 are publicly-listed, four are privately owned, and one is a privately-owned co-operative. Each of these companies is a market leader and pace-setter within the food supply chain generally and its food sector specifically. Some of the companies reviewed operate in the non-food sectors. It was decided to choose companies exclusively on the basis of their food-related sales.

Data used for selecting manufacturers and retailers was initially drawn from company data and checked against other sources such as banking information (Insight Investment, JPMorgan, UBS Warburg), public information (Financial Times, FTSE), analysts such as Euromonitor and Planet Retail,²⁸ and the internet source Motley Fool.^{29 30}

For foodservice, information was derived from company data and Horizons,³¹ the market research company.

Choice of information

With one exception, the food companies chosen for the study operate internationally. Companies were assessed on the basis of their published statements on policy, practice and performance that govern their operations worldwide. The documents and sources chosen were those understood to be the main reporting tools of the companies, such as Annual Reports, or Corporate Responsibility Reports. Most of these were accessed through company internet sites.

In many cases companies operate internet sites in different countries of operation. The study limited itself to the country of company registration. No review was undertaken of company products.

A template against which companies could be assessed was drawn up following a review of the WHO Global Strategy documentation.^{32 33 34} The template is attached (Appendix 1 on page 78).

The template sought information on key issues of relevance to diet, physical activity and health. It includes general information on each

²⁸ <http://www.planetretail.net/>

²⁹ www.euromonitor.com

³⁰ www.motleyfool.com

³¹ www.horizonsforsuccess.com

³² WHO (2002) World Health Report 2002: Reducing risks, promoting healthy life. Geneva: World Health Organisation.

³³ WHO/FAO (2003) Diet, nutrition and the prevention of chronic diseases. Report of the joint WHO/FAO expert consultation. WHO Technical Report Series, No. 916 (TRS 916). Geneva: World Health Organisation & Food and Agriculture Organisation.

³⁴ WHO (2004) Fifty-seventh World Health Assembly 17-22 May 2004, WHA57.17 Global strategy on diet, physical activity and health, Geneva: WHO.

companies products, sales and market presence (Sections 1-5), and information on R&D, marketing spending, general policies, commitments, performance, products, and public outreach (Sections 6-14).

This template was piloted with two companies to ensure that it generated useful and relevant information. Modifications to the profile template were made and it was re-tested until the research and advisory team was satisfied that pertinent data were being generated.

How the information was gathered

The template was used to gather information on companies' policy, performance and practice in the agreed format.

Profiles were produced for each company using data from annual reports, corporate responsibility reports and other material available through central, corporate websites. Private companies' reporting tended to be limited, so other sources were sought. And some companies had websites dedicated to DPAS-related issues, in which case these were included. Other than these external sources, no information from external sources was used in generating the company profiles. Thus sources such as generalised market analyses and websearches, etc. were not used. Nor was any contact made with the companies to seek additional material.

Company profiles were created using the template to give a comparative structure across all 25 profiles.

The principle for the choice of the sources used is that they are the primary public sources of information and points of contact for investors, consumers and other stakeholders.

Each company profile, as it was generated, was reviewed by the in-house team and checked for internal consistency. Midpoint in the profile generation process (late August 2005), a researcher not already attached to the project was asked to produce a profile on an existing company using the template in order to test for reproducibility and consistency, thereby helping produce a more objective overview.

With data collected on all 25 companies, tables were then generated across the question groups. The intention was, where possible, to establish cross-company comparison for each of the template's core public health concerns. The tables presented are derived from this process.

The data collated was from the latest company accounts of the time for data-gathering (July-September 2005), where available. The date of access was recorded in each company profile.

Analysis

Having generated a profile for each company, these were used to compare companies' self-reporting of policies, performance and practice.

Tables were created for each area of interest. These are given throughout this report, together with a discussion of the findings presented in each table for each area.

A number of options for creating tables were explored. The ideal would be to grade companies, for example, from 0 to 10. Such scoring would allow gradations to be made, which would allow for more sensitive

comparisons between companies. It would also be more expensive and lengthy to conduct.

It was decided not to create tables using scoring but instead to use another 'flatter' option, used effectively by organisations like the General Accounting Office, the auditing arm of the US Congress.³⁵

The tables presented in this report therefore use a simple designator of 'Y' - for yes – if the company was acting in a particular area, or a 'N' – for no - if the company was reporting no definable action in the area.

Having generated the tables, each area of interest was reviewed and considered for what emerged in relation to the DPAS areas of interest.

Each of the 14 sections given in this report highlights overall findings for each area. It also provides snapshots of how the different companies act or report they act. This enables some comparison of variations in company performance. Patterns are highlighted as to differences within and between the three food sectors - food manufacturers, food retailers, and foodservice.

Setting a threshold for judging company performance

In creating the tables given in this report, we deliberately set the threshold for inclusion low. Inevitably, some judgment was needed in deciding whether a company should be rated as warranting a 'Y' or a 'N'. Setting a low threshold allowed companies to be scored for reporting even in a minor way. Companies might be scored with a 'Y' for relatively little health-enhancing action.

It was decided, in short, to err on the side of generosity. For each table in this report, the rationale for setting that threshold is given.

In making this decision to set thresholds low, the research team was acutely aware of limitations to this approach. Public health proponents could rightly argue that the ideal for public health is to raise standards rather than to accept them as low. Nevertheless, it was judged appropriate to set thresholds low for this first study in measuring companies' self-reported activity on diet, physical activity and health. In so doing, the chance of companies at least registering some performance in a health-positive direction would be maximised.

Summary of the research stages

In summary, the methodology reported here has the following stages:

- *Stage 1:* Agreement of diet and physical activity issues to be studied; creation of the template with 14 headings.
- *Stage 2:* Choice of food sectors, companies and inclusion criteria.
- *Stage 3:* Data collection in the 14 headings, using companies' own sources to generate company profiles for each of the 25 companies measured.
- *Stage 4:* Analysis of data and creation of summative tables for each of the 14 headings.

³⁵ United States Congress, General Accounting Office, <http://www.gao.gov/>

- *Stage 5:* Discussion and evaluation of findings, and writing of report.

Limitations of this methodology

This study is the first of its kind in the food sector, and in that respect is exploratory. The section above (Scope of Present Study) has already stated one limitation- the reliance upon self-reporting. The study also is limited by a reliance on English language sources, although most of the companies employed English on their corporate websites. A desirable feature of any future study would be a verification stage, submitting the findings to the companies to seek their responses. For reasons already identified this was unfeasible for the current study.

Another limitation related to the lack of information available from the four wholly privately owned food companies (Aldi, Burger King, Masterfoods/Mars, and Schwarz Group) which are not required to publish financial reports in the way that publicly-listed companies are. Rewe is an exception to this rule, in that it is a co-operatively owned private company. From the point of view of consumers, it matters little whether a product is bought from a public or private company; they both have potential impact on individual health.

The study also excluded other essential elements of the food sector, including traders, advertisers and marketers, logistics and distribution companies and primary producers. As regards the latter group, it might be noted that levels of market concentration in agriculture are far below those in the sectors were studied.

Although the 25 companies chosen are of undoubted market significance and with high market capitalisation and sales, their impact on actual consumer intake might vary immensely between and within countries.

No accurate source of data exists at a global level for the proportion of foods that consumers buy from large companies as opposed to food intake from fresh foods, even though it may be possible to make calculations this for certain countries.

This study also does not allow for regional and national factors or market share differences within regions. Neither was it in a position to dissect intra-global differences, which might be of significance for the DPAS. Furthermore, information given at corporate headquarters level might not accurately reflect what happens at national or local level or adequately represent company policy on the ground.

1. Basic company information

TABLE 1. Company market capitalisation in US \$, 2004 (as of 28/09/05 using www.motleyfool.com conversion)	Market capitalisation, billions
Food Manufacturers	
CADBURY SCHWEPPE	\$21.179
COCA-COLA	\$101.027
CONAGRA	\$12.104
DANONE	\$29.634
KRAFT	\$51.19
MASTERFOODS / MARS	N/A (private)
NESTLÉ	\$117.256
PEPSICO	\$92.024
TYSON	\$5.96
UNILEVER	\$126.045 (sum of market cap for Unilever NV and PLC)
Food Retailers	
AHOLD	\$7.088
ALDI	N/A (private)
CARREFOUR	\$31.65
ITO-YOKADO	\$15.038
KROGER	\$14.802
METRO	\$16.007
REWE	N/A (owned by co-operative)
SCHWARZ	N/A (private)
TESCO	\$43.452
WAL-MART	\$179.412
Foodservice	
BURGER KING	N/A (private)
COMPASS	\$8.858
McDONALD'S	\$41.264
SODEXHO	\$5.908
YUM!	\$13.731

What this section is about, its relevance and measurement

Table 1 gives the market capitalisation of all the companies chosen for study. All the 25 companies reported on here are, in any terms, very large operations indeed.

Several companies have market capitalisation greater than many developing countries. Wal-Mart, although the greatest by capitalisation, has limited geographical spread (see section 3 below).³⁶ Companies such as Yum! or Coca-Cola are present in many more countries.

The companies' headquarters are located in the USA, UK, Germany, France, Switzerland, the Netherlands and Japan.

Wal-Mart, for example, did not designate someone as responsible for health, but there is someone not surprisingly responsible for food.

Companies without any designated health contact include Coca-Cola, Danone, ConAgra, and most of the retailers.

Companies with a designated health contact include: Ahold, Yum!, Cadbury Schweppes, Kraft, Tesco, Metro, Kraft, Nestlé and McDonald's.

³⁶ Capitalisation is what investors consider the company to be worth. It is the share price multiplied by the number of shares. Turnover refers to sales.

2. Company's business objective(s) and strategy

All companies set key financial objectives, notably to grow and/or to increase or maintain profitability. Statements of business objectives and strategy are an opportunity for a company to articulate its broader commitments as a corporate citizen. As this report shows below, the companies reviewed generally give other objectives in their annual reports and corporate websites. Listed companies tend to be more forthcoming and spell out what these objectives are.

Most company objectives include enhancement of shareholder value, increasing market share, and to enhance the products' performance and reputation, such as strengthening brand profile. For instance, Yum! – owners of fast food companies such as KFC, Pizza Hut and Taco Bell - states that one of its key business strategies is “driving profitable international expansion”. It states that, in particular, it intends to build “the dominant restaurant brands in China”.

The four privately owned companies – Aldi, Mars/Masterfood, Schwarz, Burger King – studied here tended to be very restricted in their stated business objectives, and as the Tables 6-14 below show, are limited in what they report with regard to health matters.

Nestlé is unusual in that it now states within its business objectives that the way forward is to “develop nutrition and wellness as a value-added dimension in our mainstream food and beverage business”.

Conversely, Tyson – a meat processor – has a vision of being “the world's first choice for protein solution while maximizing shareholder value”.

In the financial year reported here, Coca-Cola “believe[s] we should invest in marketing our family of brands more aggressively than in the past few years....accordingly, we plan to increase our marketing and innovation spending by approximately \$400 million in 2005”.

Unilever's business strategy, its Path to Growth five year strategic plan, is to “add vitality to life”.

Cadbury Schweppes adds another health-relevant issue to business strategy, the issue of reputation. It states that a priority business goal until 2007 is “to reinforce reputation with employees and society” and among its 2004 priorities was to “continue CSR standards” (Corporate Social Responsibility).

3. Company operations

TABLE 3.1. Company presence	Headquarter location	Geographical spread	No of countries present
Food Manufacturers			
CADBURY SCHWEPPE	London, UK	Worldwide	Not given
COCA-COLA	Atlanta, USA	Worldwide	Over 200
CONAGRA	Omaha, USA	Americas, China, Europe, Australia	11
DANONE	Paris, France	Worldwide	120
KRAFT	Northfield, Illinois, USA	Worldwide	Over 155
MASTERFOODS / MARS	McLean, Virginia, USA	Worldwide	Over 100
NESTLÉ	Vevey, Switzerland	Worldwide	Not given
PEPSICO	Purchase, New York, USA	Worldwide	Over 200
TYSON	Springdale Arkansas, USA	Worldwide	Over 80
UNILEVER	London, UK & Rotterdam, NL	Worldwide	Over 150
Food Retailers			
AHOLD	Zaandam, NL	USA, Europe	6
ALDI	Essen, Germany	Not given	Not given
CARREFOUR	Paris, France	Europe, Asia, Middle East, S America, Africa, Caribbean	32
ITO-YOKADO	Tokyo, Japan	Japan, China, USA + others unspecified	18
KROGER	Cincinnati, USA	USA	1
METRO	Düsseldorf, Germany	Europe, China, India, Japan, Africa, Vietnam	30
REWE	Köln, Germany	Europe	14
SCHWARZ	Neckarsulm, Germany	Not given	Not given
TESCO	Cheshunt, UK	UK, Ireland, Central Europe, Far East	13
WAL-MART	Bentonville, Arkansas, USA	USA, Far East, Canada, S America, UK, Germany	9

Foodservice			
BURGER KING	Miami, USA	Worldwide	60
COMPASS	Chertsey, UK	Worldwide	Over 90
McDONALD'S	Oak Brook, Illinois, USA	Worldwide	119
SODEXHO	Montigny-le-Betonnexus, France	Worldwide	Over 76
YUM!	Louisville, Kentucky, USA	Worldwide	Over 100

TABLE 3.2. Company main activities and products	Activity/products
Food Manufacturers	
CADBURY SCHWEPPEES	Confectionery, beverages (juices, water)
COCA-COLA	Beverages (carbonated soft drinks, juices, water)
CONAGRA	Packaged foods, food ingredients and foodservice products
DANONE	Dairy products, biscuits, water
KRAFT	Snacks, beverages, dairy, grocery, convenient meals
MASTERFOODS / MARS	Confectionery, petfoods, snacks, rice
NESTLÉ	Beverages, dairy, prepared dishes, cooking aids, confectioners, biscuits, clinical nutrition, baby foods
PEPSICO	Carbonated beverage, juice, salty snacks, breakfast cereal, sports drinks, water
TYSON	Chicken, beef & pork products, prepared foods (pizza)
UNILEVER	Savoury & dressings, spreads, cooking products, beverages, ice cream, frozen foods
Food Retailers	
AHOLD	General food retailer – total range
ALDI	Discount food retailer
CARREFOUR	General food retailer – total range
ITO-YOKADO	General food retailer – total range
KROGER	Food retailer – total range
METRO	Discount food retailer
REWE	Food retailer – total range
SCHWARZ	Discount food retailer
TESCO	Food retailer – total range
WAL-MART	Discount food retailer – total range

Foodservice	
BURGER KING	Hamburgers, chicken products, breakfasts, soft drinks
COMPASS	Contract catering
McDONALD'S	Hamburgers, chicken products, salads, soft drinks
SODEXHO	Contract catering
YUM!	Pizza, chicken, seafood, Mexican style food, hamburgers

What this section is about, its relevance and measurement

This section gives basic information on where the companies are based, located and what their products and activities are.

Table 3.1 gives where the companies' headquarters are, their range of geographical spread and how many countries they are present in, if known.

Table 3.2 gives the prime activities of each company.

Findings

- 11 out of 25 are headquartered in the USA: Coca-Cola, ConAgra, Kraft, Masterfoods, PepsiCo, Tyson, Kroger, Wal-Mart, Burger King, McDonald's and Yum!.
- Four companies are based in the UK: Cadbury Schweppes, Unilever (jointly with the Netherlands), Tesco and Compass
- Four companies are based in Germany: Aldi, Metro, Rewe and Schwarz.
- Three companies are French: Danone, Carrefour, Sodexho
- Two companies are Dutch: Ahold and Unilever (jointly with the UK)
- One is Swiss: Nestlé
- One is Japanese: Ito-Yokado

There is a wide range of geographical penetration among companies reported here.

- The largest presence is Coca-Cola and PepsiCo with "over 200" countries.
- Neither Nestlé nor Cadbury Schweppes specifies any number but claim to be present in almost every country of the world.
- The smallest range among manufacturers is ConAgra, present in 11 countries.
- Among food retailers, Ahold is present in 6 countries and Kroger in just one, its headquarters domestic market, the USA.
- The world's largest food company, Wal-Mart, is active in just 9 countries.

Food manufacturers, with the exception of ConAgra, have a worldwide geographical spread, as do **foodservice**.

Retailers are less globally spread, although Western food retailers are currently expanding fast in the Far East and South America.

In recent decades, retailers have also hugely expanded sales and promotion of their own-label products. These are mostly outsourced to other processors but with the retailer setting the specifications for the food products. In that sense, retailers are becoming akin to food manufacturers.^{37 38}

³⁷ Changing faces of Supply-Chain Model in global food market. Research and Consultancy Outsourcing Services, May 2005 www.researchandmarkets.com

³⁸ Maxwell S, Slater R, eds (2004) Food Policy: Old and New. Oxford: Blackwell

4. Sales and market share data

TABLE 4.1. Company turnover, 2004, in home market currency	Turnover (home market currency)
Food Manufacturers	
CADBURY SCHWEPPEES	£6.7 bn
COCA-COLA	\$21 bn
CONAGRA	\$14.5 bn
DANONE	\$18 bn
KRAFT	\$32 bn
MASTERFOODS / MARS	\$18 bn
NESTLÉ	CHF86 bn
PEPSICO	\$29.3 bn
TYSON	\$26.4 bn
UNILEVER	€42 bn (food €23.5 bn)
Food Retailers	
AHOLD	€52 bn
ALDI	\$37 bn
CARREFOUR	€9.6 bn
ITO-YOKADO	\$32 bn
KROGER	\$51.1 bn
METRO	\$56.4 bn
REWE	€40 bn
SCHWARZ	\$49.1 bn
TESCO	£30 bn
WAL-MART	\$256 bn
Foodservice	
BURGER KING	\$11 bn
COMPASS	£11.8 bn
McDONALD'S	\$51.3 bn ³⁹
SODEXHO	\$13.9 bn
YUM!	\$27.9 bn ⁴⁰

³⁹ McDonald's annual report gives the figure of \$19 bn but we give this higher figure of \$51.3 bn to include sales of franchisees.

⁴⁰ Yum!'s annual report gives the figure of \$9 bn but we give \$27.9 bn to include sales of franchisees.

TABLE 4.2. Company turnover in USD, 2004 (as of 25/09/05 using www.xe.com conversion)	Turnover, in US\$ billions
Food Manufacturers	
CADBURY SCHWEPPEES	\$11.8
COCA-COLA	\$21.9
CONAGRA	\$14.5
DANONE	\$18.5
KRAFT	\$32.2
MASTERFOODS / MARS	\$18
NESTLÉ	\$67.2
PEPSICO	\$29.3
TYSON	\$26.4
UNILEVER	\$50.6
Food Retailers	
AHOLD	\$62.6
ALDI	\$37
CARREFOUR	\$109.2
ITO-YOKADO	\$32.2
KROGER	\$51.4
METRO	\$67.9
REWE	\$49.1
SCHWARZ	\$49.1
TESCO	\$60.2
WAL-MART	\$256
Foodservice	
BURGER KING	\$11
COMPASS	\$20.8
McDONALD'S	\$51.3 ⁴¹
SODEXHO	\$13.9
YUM!	\$27.9 ⁴²

Findings

- The range of turnover in the companies studied is from \$11 billion in the case of Burger King to \$256 billion in the case of Wal-Mart.

⁴¹ McDonald's annual report gives the figure of \$19 bn but we give this higher figure of \$51.3 bn to include sales of franchisees.

⁴² Yum!'s annual report gives the figure of \$9 bn but we give \$27.9 bn to include sales of franchisees.

- The average turnover for the world's top 10 food manufacturers was \$49.04 billion.
- The average turnover for the world's top 10 food retailers was \$77.47 billion, but heavily skewed by Wal-Mart.
- The average turnover for the world's top five foodservice companies was \$24.98 billion.
- The companies reported on here are very large indeed, with turnovers and capitalisation exceeding some national economies.
- The turnover of the smallest company reported on here, Burger King's \$11 billion, is five times larger than the entire biennial budget of the World Health Organisation. The WHO's regular core budget for the 2002-2003 biennium was \$842 million, but with other donated resources, the WHO manages a total program budget of \$2.222 billion.⁴³

It should be noted that the turnover figures given in this section include sales of some non-food items. Unilever and most retailers sell non-food grocer items such as toiletries. Unilever's non-food sales are about half its turnover. Metro's foodshare of products offered is reported as "between 70-90%".

We have also included the sales of franchisees for McDonalds and Yum!, not just the core parent company.

⁴³ WHO (2004). WHO Program Budget 2002-2003: Performance Assessment Report. November 2004. Geneva: WHO. Pg. 12

5. Research & Development / new product development

TABLE 5. Spending on R&D , 2004	Sum spent (in HQ country currency)	% of turnover
Food Manufacturers		
CADBURY SCHWEPPES	£63 m	0.9%
COCA-COLA	None given	
CONAGRA	None given	
DANONE	\$177 m	1%
KRAFT	\$388 m	1.2%
MASTERFOODS / MARS	None given	
NESTLÉ	Over CHF1.4 bn (1.6%)	1.6%
PEPSICO	None given	
TYSON	None given	
UNILEVER	€1,040 bn	2.6%
Food Retailers		
AHOLD	n/a	
ALDI	n/a	
CARREFOUR	n/a	
ITO-YOKADO	n/a	
KROGER	n/a	
METRO	n/a	
REWE	n/a	
SCHWARZ	n/a	
TESCO	n/a	
WAL-MART	n/a	
Foodservice		
BURGER KING	None given	
COMPASS	None given	
McDONALD'S	None given	
SODEXHO	None given	
YUM!	\$26 m	0.3%

What this section is about, its relevance and measurement

This section reviews spending on Research and Development (R&D), new product development and company acquisitions. Knowing how much money companies invest in new products and in R&D is relevant to the DPAS / health agenda because new products can be more or less oriented to health, and the R&D spend indicates the extent to which companies are investing in product development as a percentage of their turnover.

Equally, mergers and acquisitions (M&As) are one option for companies seeking to alter their business strategy in a healthier direction. And conversely, companies can determine that they wish to expand their brand portfolio in a less healthy direction. Either way, the kind of products or companies that are bought indicates corporate thinking at the highest level.

R&D expenditure figures are drawn from company reports. This was then calculated as percentage of total company turnover. M&A activity is also taken from company reports. This was not applicable to food retailers.

Table 5 provides a summary of published information on R&D. findings on M&A activity is given in this commentary below.

Research and Development

Findings

- Despite the high level of product innovation within the food sector, most companies provided little or no information on the amount of investment made in R&D.
- Only six companies out of 25 provide any figures on R&D spending: Cadbury Schweppes, Danone, Kraft, Nestlé, Unilever and Yum!.
- Five of these six companies are in food manufacturing.
- R&D spending as a percentage of turnover varied: Unilever spent 2.6%, Cadbury Schweppes 0.9%, Kraft 1.2%, Nestlé 1.6%, Yum! 0.3%.
- Unilever spends the biggest proportion of its turnover on R&D but this includes investment in non-food products.

Company specifics

Of the **food manufacturers**, Cadbury Schweppes which spent £63 m in 2004, stated that “innovation continues to be a key driver of performance in the (European) markets, with the diet and healthier offerings growing strongly”.

Coca-Cola gave no figures, merely stating that it had “introduced a variety of new brands, brand extensions and products in 2004”.

ConAgra which, too, gave no figure stated that it had “brought together technical expertise and food analytics testing capabilities...”.

Danone, which spent \$177 m on R&D, provided considerable information on its R&D and new product development thinking, some of which was focused on health attributes in niche segments such as probiotic drinks. The Danone group employs 800 in its R&D Dept, 110 of which being nutrition and health professionals.

Kraft gave four R&D objectives: “product safety and quality; growth through new products; superior customer satisfaction; and reduced costs”.

Nestlé, which spends CHF1.4 bn, highlighted the development of ice-cream “which is as light and creamy but with half the fat. (...) This proves that consumers will accept nutrition-realtyed (sic) products provided there is no compromise on quality and taste”. Nestlé’s research centres and associated science and technology activities resulted in “483 outside scientific contracts, 208 publications and 17 patents in 2003”.

PepsiCo, while giving no figures, notes that “plenty of our innovation is focused on health and wellness”. This includes repositioning brands and reformulating products to serve “a variety of individual consumer needs – from less sugar and fewer calories to more vitamins and minerals”.

Tyson reported that it had developed 400 new products in 2004 but did not specify whether health was a driver.

Unilever which spent 2.6% of turnover on R&D, reported that it makes “no apologies for making foods that contain fats, salt and sugar. They add flavour, help preserve food and can be essential for creating the right texture. And foods with these ingredients can play a vital role in a healthy balanced diet - providing eating pleasure and helping make food fun, when eaten in the right quantities”. They report how in 1995, when data first emerged on transfats, they removed transfats from products even though there was no legal requirement to do so. They report that today they are fortifying basic foods in different continents – India, Africa, South America and South Africa. Unilever states that its niche margarine product Flora-Becel pro.activ lowers cholesterol.

Of the **retailers**, Kroger which gave no figures for R&D or new product development, stated that it had created a new line of “our own brand of premium-quality natural and organic products”.

Tesco reported that it was the first supermarket to launch a Healthy Living range in 1984; “we now have over 500 such products and the volume of sales grew by 17% this year” (2004). But it gave no R&D spend.

The other retailers had nothing to report.

Among the **foodservice** companies, Yum! reported expenditure of \$26 million but did not indicate where this money was spent.

McDonald’s reported different initiatives in different countries worldwide. These range from “European Salads Plus” rolled out to 16 European countries; their aim is to offer “food choice” ranging from fruit to yoghurt products (from Danone) to salads and including “toasted cheese and tomato sandwiches and sultanas” in Australia.

Mergers and Acquisitions

Findings

- In the period 2004-05, the companies reported very little acquisition and disposal behaviour that appears to be influenced by or led by the health agenda.
- Cadbury Schweppes put its European Beverages division up for sale in September 2005 but announced that the proceeds were to reduce debt and for investment in its US brands. Cadbury Schweppes also

purchased Green & Black the organic chocolate company, to move into fair-trade and ethical, sustainable production.

Company specifics

There was more health-relevant M&A activity in the immediate past:

- In 2001, PepsiCo bought Quaker Oats and Tropicana in 1998, the fruit juice company to add to its Smart Spot portfolio, created to be a healthier choice-line within the companies overall snack and soft drink sales.
 - Unilever bought Slim Fast, a range of weight management / meal replacement products, in 2000; but this purchase came shortly before the Atkins diet altered consumer trends.
-

6. Spending on marketing, advertising, promotion & sponsorship

TABLE 6. Company reported spending on marketing / advertising, 2004	Marketing spend, in national currency in billions	% of turnover
Food Manufacturers		
CADBURY SCHWEPPES	£0.74	1.1%
COCA-COLA	\$2.2	10.5%
CONAGRA	N	
DANONE	€0.947	5.3%
KRAFT	\$1.637	5.1%
MASTERFOODS / MARS	N	
NESTLÉ	N	
PEPSICO	\$1.7	5.8%
TYSON	\$0.465	1.8%
UNILEVER	€5.7 (incl. non-food)	13.6%
Food Retailers		
AHOLD	€0.361	0.7%
ALDI	N	
CARREFOUR	N	
ITO-YOKADO	N	
KROGER	\$0.528	1%
METRO	N	
REWE	N	
SCHWARZ	N	
TESCO	N	
WAL-MART	\$0.966 (incl non-food)	0.4%
Foodservice		
BURGER KING	N	
COMPASS	N	
McDONALD'S	\$0.7226	3.8%
SODEXHO	N	
YUM!	\$0.458	5.1%

What this section is about, its relevance and measurement

This section reviews the spending on marketing, advertising, promotion and sponsorship.

These issues are important for the DPAS health agenda because company spending helps frame food culture.⁴⁴ There is also evidence about the direct impact of such spending on consumer behaviour, particularly among young people. The purpose of advertising and marketing is to persuade consumers to choose one product over another, or over products such as non-branded foods like fruit and vegetables which lack any significant corporate support. The purpose of promotions and sponsorship is to confer a favourable societal as well as consumer response to a company, its products and their presence in the marketplace.

Figures were sought in company reports and websites for any expenditure in these areas.

Table 6 provides the reported figures.

Findings

- Thirteen companies gave no information on their spending on marketing, advertising, promotion and sponsorship. They include: ConAgra, Mars/Masterfood, Nestlé, Aldi, Carrefour, ItoYokado, Metro, Rewe, Schwarz (Lidl), Tesco, Compass, Sodexo. That Nestlé, the biggest food manufacturer in the world, did not specify its spend in this area is noteworthy.
- The 12 companies provided spending figures, enabling calculation of what proportion this was in their turnover. These were: Cadbury Schweppes (1.1%), Coca-Cola (10.5%), Danone (5.3%), Kraft (5.1%), PepsiCo (5.8%), Tyson (1.8%), Unilever (13.6%), Ahold (0.7%), Kroger (1%), Wal-Mart (0.4%), McDonald's (3.8%).
- The range of spend as a proportion of turnover was from Wal-Mart (0.4%) and Ahold (0.7%) to Coca-Cola (10.5%) and 13.6% (Unilever but this includes non-food).
- Even the smallest proportionate spending, by Wal-Mart, was still a very large sum, \$966 m; this presumably will include marketing of non-food goods.
- Only one company - McDonald's – provided any disaggregated information in this general area.
- Breakdown of marketing expenditure by country and region is not given by any company. Unilever acknowledged this when it stated "the ingredients we use, the formulations and the way we advertise and market our brands can potentially make a big impact on health".

Company specifics

Of the **food manufacturing** sector, the US companies solely selling food and beverages spent most. This is not unexpected, given that approximately half of the world's spending on total advertising occurs in the USA.⁴⁵

⁴⁴ Hawkes C. (2004) Marketing Food to Children: the Global Regulatory Environment, Geneva: World Health Organisation

⁴⁵ Universal McCann (2004) Worldwide Ad Growth 1990-2003.
<http://www.universalmccann.com/>

Coca-Cola spent \$2.2 bn. Coca-Cola pledged to increase its adspend by \$400 m in 2005 and “intends to maintain the increased spending level for the foreseeable future”.

PepsiCo spent \$1.7 bn advertising its range of soft drinks and snacks.

Kraft spent \$1.664 bn.

Cadbury Schweppes in 2004 increased its spending on advertising by 5% on the previous year.

Retailers provided less information than the food manufacturers.

Ahold, Wal-Mart leading and Kroger provided some numerical information.

Metro reported a total figure for selling expenses which included advertising but no separate figure for advertising was given. The figure given which includes advertising spend also included general expenses such as rent, depreciation and building maintenance so the company is rated with a ‘N’ in this Table.

Of the **foodservice** companies, Yum! spent proportionately more than McDonald’s.

McDonald’s reports a shift in stance from direct marketing to indirect marketing. It states that it has “reallocated 25 percent of its marketing messages away from children’s retail messaging to programming that positively impacts parents and children in the areas of health, education and behavioral change, including underwriting “Sesame Street,” supporting literacy in schools with McDonald’s and Scholastic, Inc.’s Reading Corners and sponsoring Nickelodeon’s Playful Parent series of vignettes encouraging parent/child play time”.

McDonald’s also reported that “advertising costs included in costs of Company-operated restaurants primarily consist of contributions to advertising cooperatives and were: 2004: \$619.5 million. Production costs for radio and television advertising, primarily in the US, are expensed when the commercials are initially aired. These production costs as well as other marketing-related expenses included in selling, general & administrative expense were: 2004: \$103.1 million”.

Section 10 below provides information and commentary on the companies’ policies on marketing and advertising.

7. Company stance on corporate responsibility

TABLE 7. Does the company have a Corporate Social Responsibility position / statement?	Does the Company have a general CSR or statement of purpose and values?	If Yes, does it specifically refer to DPAS-type health issues?
Food Manufacturers		
CADBURY SCHWEPPES	Y	N
COCA-COLA	Y	N
CONAGRA	Y	N
DANONE	Y	Y
KRAFT	Y	Y
MASTERFOODS / MARS	Y	N
NESTLÉ	Y	N
PEPSICO	Y	Y
TYSON	Y	N
UNILEVER	Y	Y
Food Retailers		
AHOLD	Y	Y
ALDI	N	N
CARREFOUR	Y	Y
ITO-YOKADO	Y	N
KROGER	Y	Y
METRO	Y	N
REWE	Y	N
SCHWARZ	N	N
TESCO	Y	Y
WAL-MART	Y	N
Foodservice		
BURGER KING	Y	N
COMPASS	Y	Y
McDONALD'S	Y	Y
SODEXHO	Y	N
YUM!	Y	Y

What this section is about, its relevance and measurement

This section summarises whether companies have a statement of purpose and values within the general rubric of Corporate Social Responsibility. It also reports on whether that position includes a health dimension.

Statements of general purpose and values - as well as CR/CSR reports *per se* - were sought in company reports and on websites and in stand-alone CSR reports if a company had one. If a statement of purpose and values did not exist, the closest relevant statement was taken.

Companies were judged as being active in this general area if they gave evidence that they had an explicit CSR report and/or presented a set of purpose and values which were related to non-financial company goals. They were judged to have a health-related CSR or purpose and values position if these included a health dimension.

The first column in Table 7 shows whether a company has Corporate Social Responsibility position or statement of purpose and values in general – i.e. not necessarily referring to health.

The second column shows whether the company CSR statement or statement of purpose and values specifically refers to health.

Some companies which had separate statements, e.g. Cadbury Schweppes and Coca-Cola (see below), were rated as a 'N' in column 2 of Table 7 even though they do have elsewhere express commitments to some of the DPAS agenda (see Section 8).

This Table 7 is therefore fairly strictly recording whether companies included the diet and health agenda in their CSR or statements of purpose and values. Other sections below outline what they report they are actually doing.

Findings

- Only two out of 25 companies did not have stated Corporate Social Responsibility reports and /or general statements of purpose and values related to non-financial company goals.
- Despite this, companies as a whole did not appear to be taking health as a core consideration.
- 11 of the 25 companies make a reference to health in these CSR / values statements: Danone, Kraft, PepsiCo, Unilever, Ahold, Carrefour, Kroger, Tesco, Compass, McDonald's, Yum!.
- Only four of the 10 manufacturers and three of the 10 retailers but three of the five foodservice companies referred to health in their statements of purpose and values or CSRs.
- What companies mean by or refer to as 'health' in their statements ranges from the very broad, vague and self-promotional to more specific and measurable.
- Aldi and Schwarz / Lidl, both privately held retailers, are the only companies studied here not giving a CSR report or statement of values.

Company specifics

Among **food manufacturers**, Cadbury Schweppes has a general statement of purpose and values which does not refer expressly to DPAS-type issues so the company was given a 'N' in Table 7 column,

but it should be noted that it does have an extensive 12 point plan to address health issues.

Coca-Cola, like Cadbury Schweppes, has an explicit CSR which outlines its values but this does not explicitly refer to the diet, health and activity agenda. It states “the Coca-Cola Company exists to benefit and refresh everyone it touches”.

ConAgra has a general statement on corporate responsibility and states “as one of the nation’s leading makers and marketers of foods, we touch the lives of many, many people. This brings with it a special sense of responsibility, one we take to heart.” But there is nothing stated expressly about the diet and health agenda in that CSR statement.

Danone “helps people around the world grow, live better and get more out of life through tastier, more varied and healthier food products – every day”.

Kraft states “our vision is about meeting consumers’ needs and making food an easier, healthier, more enjoyable part of life.”

Masterfoods/Mars’ CSR statement, for example, reports on two areas: responsible cocoa farming and environment. “Mars, Incorporated is a responsible producer of quality branded products actively contributing to a sustainable global and local environment”. But there was nothing on health.

PepsiCo, makers of Frito-Lay / Walkers’ crisps and Quaker products, gives as its third statement of values: “our health and wellness initiatives, including the new ‘Smart Spot’ symbol, strengthen our commitment to contribute to the well-being of our consumers. Our new HealthRoads program helps demonstrate our commitment to our associates and their families”.

Tyson has a general statement of purpose and values but this does not include DPAS-type issues.

Unilever, however, has a CSR statement which includes health commitments. Its general statement is “we meet everyday needs for nutrition, hygiene and personal care with brands that help people feel good, look good and get more out of life.”

Among **retailers**, Ahold states “as we see the focus on health and well-being to be a major, sustained consumer trend, we want to be a leader in this area, or even have a genuine impact on the overweight/obesity issue going forward”.

Carrefour reports that it: “aims to set the benchmark in modern retailing for the protection of health, consumer safety and the environment.”

Ito-Yokado gave extensive information across environment, customer trust, business CSR, employee trust, community support. It even provides detailed positions on global warming and environmentally-friendly sales. But it provides no such CSR information with regard to health.

Kroger’s statement, by contrast is vague and relates only to its commercial goals and does not reference the influence or importance of any other considerations, such as health: “our mission is to be a leader in the distribution and merchandising of food, health, personal care and related consumable products and services.” We rated this as ‘Y’ for general CSR but not for DPAS type issues.

Metro, whose HQ is in Germany, has a CSR which has a strong feature on environmental sustainability but this does not include public health.

Rewe has a general statement of purpose and values but this does not include a DPAS theme.

Schwarz (Lidl) makes no statements.

Tesco has a CSR and it specifically refers to diet-related health.

Wal-Mart has a corporate statement on its culture, basic beliefs and philosophy (e.g. on pricing) but this does not include a health dimension.

Of the **foodservice** companies, Burger King has one reported CSR-type policy in the area of animal welfare only. These cover issues such as farm production, animal transport and humane slaughter.

Compass' annual report contains a section focused on corporate social responsibility. This focuses on the community, with work decentralized to different country groups, and on activities including the socially excluded, the homeless and orphans. In the USA, it supports the Food Bank Foundation, a system of giving surplus food to the needy (tax-deducted). There is a health element to this statement: "[i]ssues that are of particular importance to us include wellness and nutrition for all the world's citizens". Although rather vague and general, this was rated as a 'Y' because like Danone's and others' it does refer to health within its core values.

Only McDonald's among the foodservice companies expressly highlights health specifically, stating that "McDonald's cares about the well-being issues that are so important to many of our customers. With our balanced, active lifestyles initiatives, we are offering a variety of high-quality menu options, promoting physical activity, and providing information and education to help our customers around the world make smart choices for themselves and their families."

Sodexo's annual report contains a statement on diet, nutrition and physical activity but, ironically, its statement of "Ethical Principles" does not include this. It was rated as a 'Y' nonetheless.

Yum! has no overall CSR or statement of purpose and values (that we could find) but it does have its "KeepitBalanced.com" website which gives information about nutrition, physical activity and diet, so it was rated as 'Y' in both columns.

8. Company's stance on diet, nutrition and physical activity

TABLE 8. Company's overall stance on diet, nutrition and physical activity	Does the company make any overall statement on diet, physical activity & health?	Is a measurable target or KPI given?	Is there a Board or senior person stated to be specifically responsible for diet, physical activity & health?
Food Manufacturers			
CADBURY SCHWEPPEES	Y	N	Y
COCA-COLA	Y	N	N
CONAGRA	Y	N	N
DANONE	Y	N	N
KRAFT	Y	Y	Y
MASTERFOODS / MARS	N	N	N
NESTLÉ	Y	N	Y
PEPSICO	Y	N	N
TYSON	N	N	N
UNILEVER	Y	Y	N
Food Retailers			
AHOLD	Y	N	Y
ALDI	N	N	N
CARREFOUR	Y	N	N
ITO-YOKADO	N	N	N
KROGER	N	N	N
METRO	N	N	N
REWE	Y	N	N
SCHWARZ	N	N	N
TESCO	Y	Y	N
WAL-MART	N	N	N
Foodservice			
BURGER KING	Y	N	N
COMPASS	Y	N	N
McDONALD'S	Y	N	Y
SODEXHO	Y	Y	N
YUM!	Y	N	Y

What this section is about, its relevance and measurement

This section reports on companies' position on diet, physical activity and health and whether companies made general commitments to the WHO's agenda in this area.^{46 47}

Companies' statements were sought in the general area of diet, physical activity and health anywhere, not just in the CSR or general statement of values (see Table 7). A general statement on health issues is central to any auditing of performance.

Key performance indicators (KPIs) were sought to see if the company was prepared to give specific and measurable targets against which its performance could be judged. Statements on physical activity were sought because food companies have been asked in the Global Strategy to provide help on implementing physical activity programmes.

Information was also sought as to whether the company reported having a designated senior person – at Board level or below – with responsibility for the DPAS area.

Table 8 gives information on the companies' overall statements (column 1); whether there is a measurable target (column 2); whether there is a member of the Board of Directors or senior personnel responsible for health (column 3).

Evidence was sought to allow companies to be included as active as possible in three aspects reviewed, if in doubt setting the threshold for inclusion low. If a company presented, for example, as being in favour of tackling obesity or promoting the energy equation, it was rated as in affirmative and gave it a 'Y'.

Table 8 gives the findings.

Findings

- 17 out of 25 companies have made a statement or statements of some kind on diet, physical activity and health.
- Eight out of 10 manufacturers, four out of 10 retailers, and all five foodservice made such statements.
- Only four companies reported key performance indicators: Kraft, Unilever, Tesco and Sodexo.
- The low number of KPIs suggests that companies are making general statements without much commitment.
- Six out of 25 companies report that they have a Board member or senior personnel responsible for health-related matters: Cadbury Schweppes, Kraft, Nestlé, Ahold, McDonald's and Yum!.
- Kraft is the sole company which scores positively on all three issues reported here.
- Eight companies gave no reports of actions across all three areas. These were: Masterfoods, Tyson, Aldi, Ito-Yokado, Kroger, Metro, Schwarz and Wal-Mart.

⁴⁶ WHO / FAO (2003). Technical Report 916, Geneva: World Health Organisation

⁴⁷ WHO (2004) Fifty-seventh World Health Assembly 17-22 May 2004, WHA57.17 Global strategy on diet, physical activity and health, Geneva: WHO.

Company policy and KPIs on DPAS issues

Company specifics

Of the **Food Manufacturers**, Cadbury has not only an expressly stated 12 point policy and plan to address diet, physical activity and health but was already conducting follow-up within and about that policy. This refers to marketing and vending, two sensitive issues, and commitments are made for those issues. It also specifically refers to the need to encourage more physical activity and the importance of the “energy equation” and the need for physical activity to counteract excess calories eaten. But no KPIs are given, so it was rated with ‘Y’ in column 1 but a ‘N’ in column 2.

Coca-Cola refers to the WHO DPAS report but gives no specific targets or KPIs stemming from that. It, too, refers positively to the need to take physical activity, referring to the “energy intake = energy expenditure” equation leads to obesity.

Danone has a general statement, but no specifics or KPIs other than a general support for physical activity – “a balanced diet combined with regular physical activity is crucial to individual health”.

Kraft, by contrast, specifically set a “cap on the portion size of single serve packages” and “the elimination of all in-school marketing”, for example.

Masterfoods/Mars, a supporter of industry association health positions, does not give any general or specific statements in this area.

Nestlé has a very general overall statement but no KPIs. It does have a Board member responsible for health. Its statement is: “Nestlé considers that proper nutrition and adequate physical activity are integral to maintaining good health. [...] Nestlé believes that every food has a role to play in achieving a balanced diet”.

PepsiCo, like Cadbury and Coca-Cola, has a general statement about energy balance and does refer positively to physical activity.

Tyson states that “powering healthy living is important to consumers and Tyson is a leader here as well.” While this is in the terrain of DPAS, since no specific, measurable KPI following from that general statement was given, in the second column, it is rated as ‘N’.

Unilever has a general policy, and sets specific measurables in the form of marketing, advertising and promotion practices, and support for global or regional or national voluntary codes on marketing. For example, it states that it will “conduct a nutrition enhancement programme across our entire food and beverage portfolio”.

Among **retailers**, Ahold gives no KPIs, despite a general statement.

Aldi makes no commitments in this area at all.

Carrefour makes a general statement that refers to health trends such as obesity and refers to one action undertaken jointly with Sodexo but this is not part of a prospective programme but reported as having happened, so it was rated as ‘N’.

Ito-Yokado reported no action in this area at all.

Kroger made no overall statement on health. It does, however, extensively promote dairy products thus: “...unfortunately, Americans

typically consume only 1.5 servings of dairy foods each day – just half the number of recommended servings. The solution? It's as easy as 1-2-3. Give your family THREE servings of delicious milk, cheese or yoghurt every day. You'll ensure that everyone gets the calcium they need while eating foods they love." Even though calcium is important for health, Kroger was rated as 'N' in this area as the perspective it gives is solely to promote more dairy food consumption, without acknowledging implications for fat consumption, a core issue within WHO/FAO Technical Report 916.

Metro made no reference in this area.

Rewe, despite no featuring health in its general statement of values (Table 8), does specifically make a policy statement on the importance of 5-a-day (the need to consumer five portions of fruit and vegetables a day) but not to anything else. It is a founding member of the 5-a-Day programme founded by the German Cancer Society.

Schwarz has no reported policy.

Tesco has not only a statement but sets KPIs for nutrition signposting and for their own Healthy Living Club.

Wal-Mart reports no statements or KPIs in the health / DPAS area.

Among the **foodservice** companies, Burger King gives nutrition information regarding its products and also eating advice and strategies for its restaurants; but no KPIs are given.

Compass states that it has no formal policy but "a set of guiding principles so that we can respond flexibly to the differing needs of our clients and customers. This is not a slick marketing response to these issues but a philosophical approach to wellness that reflects our chef-led culture and passion for good food". But no KPIs were given.

McDonald's makes a strong health statement, but does not divulge KPIs although it did refer in its Corporate Responsibility report to the fact that it was adding new products to its range in relation to health. Since no specific targets are given, it has been rated with 'N' in this table. As one of three foci in the company's new 'Balanced, Active Lifestyles' framework, it promotes physical activity.

Sodexo gives three KPIs in to health: publication of studies, publication of information on balanced nutrition for customers, and a number of group programmes and initiatives on malnutrition and hunger. In the USA it has created a weight-loss programme called "Create Your Weight" relying on a breath-test (!) to provide information related to exercise.

Yum! reports no KPIs in the area.

A Board member responsible for health

Company specifics

Cadbury Schweppes' Chairman chairs a Food Issues Strategy Group which is reported to have developed "10 Group policies on consumer issues related to the role of food in public health," but what the policy is and whether this policy is defensive of company products or motivates them to meet DPAS public health goals is left unclear. The company states that this Strategy Group is reviewing issues such as "...a global marketing code of practice,...obesity prevention, enhanced labeling..." but does not set performance indicators for these, with the exception of

reduction of trans fatty acids. This is why the company is given a 'Y' in the third column.

Danone does not state that it has a Board member responsible specifically for health, but does refer to establishing "research and development centres and carries out nutritional research."

Kraft has a worldwide Health and Wellness advisory council which "provide advice to Kraft personnel" and has a Vice-President of Global Health and Wellness. Kraft states just some measurable targets – "a policy of not advertising in media with a primary audience under age six", and "eliminating advertising and promotion in schools around the world" and "establishing nutrition guidelines for products appropriate for sale in school vending machines in the US".

Masterfoods/Mars has no apparent Board member responsible in this area.

PepsiCo has no Board member stated to be responsible for health but does have a Health and Wellness Advisory Board.

Unilever has a Foods Director as well as the Unilever Health Institute.

Among **retailers**, Ahold is alone among the retailers to state that it has someone specifically responsible for health, in its Programme Director for Healthy Living.

Neither of the two brothers who own Aldi make any statement regarding health in the DPAS sense, other than with regard to food quality.

Carrefour has a Group Sustainability Director but none specified for public health

Ito-Yokado, Kroger, Metro and Schwarz report no specified senior person responsible for DPAS area.

Tesco has a Corporate Responsibility Director and a Corporate Governance Manager but none specified for health.

Wal-Mart has no reported senior personnel responsible for DPAS-type health.

Among **foodservice** companies, Burger King, Compass and Sodexo report no Board member or senior personnel designated as responsible for the DPAS area.

McDonald's has a Global Director of Nutrition responsible to the Board through the Corporate Senior Vice-President for Balanced, Active Lifestyles and Social Responsibility, as well as a Global Advisory Council on Balanced Lifestyles.

Yum! has a chief nutrition and regulatory officer but no-one specified on the Board.

9. Company's policy commitments in the areas of physical activity, obesity, children and 'healthy' product ranges

TABLE 9. Does the company have a specific policy on what it is doing about physical activity, obesity, children and a 'healthy' product range?	Physical activity	Obesity	Children	'Healthy' product range
Food Manufacturers				
CADBURY SCHWEPPEES	Y	Y	Y	N
COCA-COLA	Y	N	N	N
CONAGRA	N	Y	Y	Y
DANONE	Y	N	N	Y
KRAFT	Y	Y	Y	Y
MASTERFOODS / MARS	N	N	N	N
NESTLÉ	Y	N	Y	Y
PEPSICO	Y	Y	Y	Y
TYSON	N	N	N	N
UNILEVER	Y	Y	Y	Y
Food Retailers				
AHOLD	N	N	N	N
ALDI	N	N	N	N
CARREFOUR	N	Y	Y	N
ITO-YOKADO	N	N	N	N
KROGER	N	N	N	N
METRO	Y	N	N	N
REWE	N	Y	Y	N
SCHWARZ	N	N	N	N
TESCO	Y	Y	N	Y
WAL-MART	N	N	N	N
Foodservice				
BURGER KING	N	N	N	N
COMPASS	N	Y	Y	Y
McDONALD'S	Y	Y	Y	Y
SODEXHO	N	Y	Y	Y
YUM!	Y	N	N	Y

What this section is about, its relevance and measurement

This section refines the search for what companies' policies on diet, physical activity and health are.

Section 8 above reported on whether companies made any positive statements at all on diet, physical activity and health. The threshold for judging that a company had a policy was set fairly low in that section.

The present section reports on whether a company had an explicit, coherent statement or set of framing objectives with specific commitments and deliverables about what it can do on four key issues for the WHO's DPAS: physical activity, obesity, children and healthy product range.

The WHO DPAS specifically requested companies to be more engaged in tackling diet and activity related ill-health. It made 9 recommendations, summarised earlier, including requesting companies "to assist in developing and implementing physical activity programmes".

The threshold for a 'Y' was here being set a little higher than for Table 8 above. Explicit, coherent policies were sought; bland, general statements about there being a problem but without the company saying what it was going to do about it, or what its stance was, were judged not to warrant a 'Y'.

This section reports on the search not for whether a company thinks obesity or physical activity is important but for what it intends to do about those issues.

Companies were judged to be doing something even if the policy commitment was only to one programme – often a physical activity project or initiative – and only reported for its home HQ country. So in this respect, the threshold is again being set fairly low. But companies had to specify some commitment to action to be included.

The results are given in Table 9.

Findings

- 11 out of 25 companies make policy or reported commitments on physical activity.
- Food manufacturers are more engaged with the physical activity issues (seven out of 10) than any other sector; they were Cadbury Schweppes, Coca-Cola, Danone, Kraft, Nestlé, PepsiCo, Unilever. Among retailers only Tesco makes a statement on physical activity, but Metro reported its sponsorship of sports in its home town. Among foodservice only McDonald's and Yum! reported policy and action.
- 11 out of 25 companies have policy statements on obesity, half the manufacturers, three out of 10 retailers, and three out of five foodservice.
- 11 out of 25 companies made policy statements on children's food: six manufacturers, two retailers and three foodservice.
- 11 out of 25 companies indicated a policy commitment to having a 'healthier' range of products.
- Six out of 10 manufacturers (ConAgra, Danone, Kraft, Nestlé, PepsiCo and Unilever), only one retailer (Tesco) and four foodservice.

- Only Burger King of the foodservice companies did not report a policy commitment to a healthier food range within its offer.

Company specifics

Among **food manufacturers**, Cadbury-Schweppes states: “we’ll continue to support initiatives that promote physical activity and education that helps improve understanding of obesity”. It states that it is working with the scientific community to improve “our mutual understanding of obesity”. It refers to 10 group policies on consumer issues, including obesity prevention, and a 12 point action plan is given. It states that it will be supporting initiatives.

Coca-Cola in 2004 “established the Beverage Institute for Health and Wellness. The institute is global in scope and supports nutrition research, education and outreach, with a primary focus on beverages. It is supported by an international advisory council of experts in public health, nutrition and exercise. Our Company will use the research to develop new beverages to meet the nutritional needs of consumers.”

ConAgra provides within its CSR report a separate section on health and wellness which makes general statements. It does specify action on children’s diets, obesity and healthier product range.

Danone publishes a food, nutrition and health charter in which it makes Nine Commitments including to physical activity and product range. On the latter its commitment is “to develop new products suited to consumers’ nutritional needs and tastes, as well as products offering added health benefits and to regularly improve existing products.”

Kraft provides extensive reporting on its health commitments, principles, policies, and practices. Kraft puts responsibility on consumers “think about how active you are, since your activity level affects how much you should eat” but it does make commitments for its action in all four areas. Kraft also promotes physical activity within the context of nutrition, not as a stand-alone. Its Health Lifestyles Initiative “help[s] children and their families improve their activity and eating behaviors.”

Masterfoods/Mars reports no activity in this area.

Nestlé published a response to the WHO Global Strategy in 2003 and has a website with extensive coverage of nutrition issues. Its position on physical activity is fairly general but does stipulate “Nestlé will encourage and preferably sponsor events that involve people – and especially growing children – in healthy, energetic pursuits and lifestyle, with nutrition playing a positive role”. It published a response to the WHO DPAS. Nestlé does specify interest in probiotics and nutrition products for “three priority segments” - infant, performance and healthcare – so it was judged to have a special healthy range of foods.

PepsiCo has a commitment on physical activity – for instance to fund a variety of programmes – and also has an entire range of ‘healthier’ food products marketed under the Smart Spot brand.

Tyson is rated as ‘N’ in all four sectors; it merely states that its products are full of protein (being meat one would be surprised if this was not the case).

Unilever makes no special policy statement on physical activity or obesity, per se, but does give an important position as “never promoting over-consumption”. It stated that by the end of 2005, “our nutrition enhancement programme will have screened and scored our entire food and beverage portfolio”.

Among **retailers**, Ahold states it wants “to support our customers in making good food and lifestyle choices”. It also states “supplying good food to our customers is both a serious responsibility and an honour: the right quantity and balance of hygienic, high quality foods – including low-fat protein – plus regular exercise, are key to the achievement and maintenance of the right weight and a strong, healthy body.” We rated as too general and giving no company commitments, hence a ‘N’.

Aldi makes no policy statements in these areas.

Carrefour makes specific commitments in some areas of food – organics, salt-reduction, organic babyfood – but no specific commitments to three of the four DPAS issues considered here. It does, however, refer to promoting fresh products “and their benefits” but this was rated as too general to warrant a ‘Y’. It was rated as ‘Y’ for children because of an initiative (in France) of providing educational kits to schools that highlighted nutrition to “combat the problem of obesity”.

Ito-Yokado reports no action other than Seven Eleven “is offering foods geared toward customer health needs, such as lunchboxes and prepared foods containing no preservatives or artificial colorings, as well as original baked goods from dough without yeast or emulsifiers.”

Kroger makes no commitments for a ‘healthy’ range, although it does make a policy commitment for its own-brand of “premium-quality natural and organic products” under the “Naturally Preferred” Label.

Metro made no overall statements in this area but does report that it sponsors sports in its home base region of Düsseldorf, Germany. The reason for doing so is specified as health-oriented. Its projects “are vital to the sustained development of a sports culture in Düsseldorf”. This was rated as a ‘Y’ for physical activity.

Rewe “supports the “5 a day” movement at all its grocery stores, because we want our customers to live healthily and stay healthy throughout their lives”. The aims are reported to centre on reducing cardiovascular disease, cancer, hypertension and obesity.

Schwarz reports no activity in this area.

Tesco has a policy statement on diet and health, which refers to its commitment to a Healthy Living range, and highlights improvements to nutrition signposting, KPIs, and other factors. It states, with regard to physical activity, that “[we] are encouraging our customers to be more active, for example through our support for Cancer Research UK’s Race for Life”. We rated this as warranting a “Y”. However, for children, they were rated as an “N” because they reported no stance on children’s food and health (but they do have a statement on advertising and education, issues addressed later in this report). They were judged as active on obesity, stating that their promotion of fruits and vegetables (e.g. in Poland) was a contribution to “the fight against obesity and cancer [...] estimated to have reached ten million customers”.

Wal-Mart supports a golf programme but this was rated as a ‘N’ in the physical activity column because health is not referred in the company’s stated reasons for the sponsorship. This golf programme was promoted on the basis of the “Nine Core Values that represent some of the many inherently positive values connected with the game of golf”. These were: “Honesty, Integrity, Sportsmanship, Respect, Confidence, Responsibility, Perseverance, Courtesy, Judgment”.

Among **foodservice** companies, Burger King reports no policy commitment in any of the four areas searched for this section.

Compass reports its awareness of public health concerns about rising levels of obesity, of particular relevance to vending and school lunches, both areas it operates in. It reports a policy response as being to create specific health-related outputs - "balanced choices" in its foods and a range of "nutritional products" for vending. No statement is made on physical activity.

McDonald's states that it has "developed a framework to guide our efforts across the McDonald's System. This framework consists of supporting the two halves of the energy balance equation – menu choice and physical activity – as well as a third element which is needed to empower choice – information". It makes a commitment to introduce healthier food, and introduced a "Balanced Lifestyles platform" but for America, including for children, including with the "Go Active" initiative, and a number of nutrition education programmes (including classroom activity materials) for children.

Sodexo, the contract caterers, makes a commitment "to educate children and young people about the importance of eating right and learning good nutritional habits". As with Compass, Sodexo's commitment is on vending (in its home HQ country): "vending machines in French schools now offer five formulas, adapted to the nutritional needs of adolescence, which contributes to teaching them the value of balanced diets." Sodexo was rated as 'N' in 'healthy product range' because although, as quoted above, it indicates a commitment to adolescents this health orientation was not reported to be applied to other age groups, only to children. Equally, it reports no overall commitment to the issue of physical activity, other than reporting a "Food for Sport" initiative in the UK.

Yum! reports that it "believes consumers should lead a balanced lifestyle and provides educational information and tools along with product choices". We judged this to be so general as to not be a specific policy per se for column 1. Nothing is reported with regard to obesity or children. But on the issue of healthier options, Yum!'s KFC advises customers to take off chicken skin (to reduce fat), which puts the onus on customers rather than the company. Pizza Hut, however, is more proactive via its "Fit 'N Delicious" range.

10. Company's published policies on marketing, advertising, promotion & sponsorship

TABLE 10. Company's published policies on marketing, advertising, promotion and sponsorship	Is there a specific company policy on advertising, promotion and sponsorship?	Is there a policy specifically focused on children and food marketing?	Does the company support voluntary codes of conduct?	Does the company report an approach to vending which includes health?
Food Manufacturers				
CADBURY SCHWEPPEES	Y	Y	Y	Y
COCA-COLA	N	Y	N	Y
CONAGRA	N	N	N	N
DANONE	Y	N	N	N
KRAFT	N	Y	N	Y
MASTERFOODS / MARS	N	N	N	N
NESTLÉ	Y	Y	Y	N
PEPSICO	N	N	N	N
TYSON	N	N	N	N
UNILEVER	Y	Y	Y	N
Food Retailers				
AHOLD	N	N	N	N
ALDI	N	N	N	N
CARREFOUR	N	N	N	N
ITO-YOKADO	N	N	N	N
KROGER	N	N	N	N
METRO	N	N	N	N
REWE	N	N	N	N
SCHWARZ	N	N	N	N
TESCO	N	Y	N	N
WAL-MART	N	N	N	N
Foodservice				
BURGER KING	N	N	N	N
COMPASS	N	N	N	Y
McDONALD'S	N	N	Y	N
SODEXHO	N	N	N	Y
YUM!	N	N	N	N

What this section is about, its relevance and measurement

This section reviews companies' stated policies on marketing, advertising, promotion and sponsorship issues, and on vending as a high profile issue within that.

It reports on whether companies have policies and if so, in what respects. The first column in Table 10 reports on whether there is a policy. The second is on whether this expressly refers to children. The third reports on whether the companies subscribe to a voluntary code of conduct. The fourth addresses the issue of whether there is a policy on vending which refers to health.

Ideally we wanted to differentiate between company policies on marketing, advertising, sponsorship and promotion, but the level of reporting by companies in this area was so thin that such differentiation was nigh impossible.

We were also interested to see whether companies state that they support voluntary codes of conduct. While there is, as yet, no international voluntary code on food marketing - as there is for breast-milk substitutes, for example⁴⁸ - companies could be judged for whether they reported any formal support for any national codes of conduct.

This information is relevant to the DPAS because it reports on whether companies have a publicly available framework of reference in these health-sensitive areas, and whether these policies place limits upon practice and guidelines for improved practice. Children are known to be particularly vulnerable to marketing practices and early patterns of behaviour are the foundation for adult health-related behaviour.⁴⁹

We looked for any statement(s) made by the company regarding these issues.

Table 10 summarises the findings.

Findings

- Only four out of 25 companies had any policies on advertising, all of them manufacturers: Cadbury Schweppes, Danone, Nestlé and Unilever.
- Only six companies had policies specifically on children (despite the existence of ready-made Children's guidelines, see below in the discussion of Unilever and Nestlé). These companies were: Cadbury Schweppes, Coca-Cola, Kraft, Nestlé, Unilever, Tesco.
- Only four companies gave stated support to voluntary codes. It may be that some additional companies support and apply such guidelines, but they provided no evidence that they do so. Companies which did were: Cadbury Schweppes, Nestlé, Unilever and McDonald's.
- Only Cadbury Schweppes was rated as active in all four areas; but Nestlé and Unilever were active in three.

48 WHO (1981). International Code of Marketing of Breast-milk Substitutes (approved at the 34th World Health Assembly) Geneva: World Health Organisation.
http://www.who.int/nut/documents/code_english.PDF

49 Hastings G, Stead M, Macdermott L, Forsyth A, Mackintosh AM, Rayner M, Godfrey C, Caraher M, Angus K (2003). Does Food Promotion Influence Children?: A Systematic Review of the Evidence. London: Food Standards Agency

- Both retailers and foodservice score very poorly across the board on marketing and advertising and vending.
- Only five companies had policies on vending machines and health, three manufacturers – Cadbury Schweppes, Coca-Cola, Kraft – and two foodservice – Compass and Sodexo.

Company specifics

Among **food manufacturers**, Cadbury Schweppes – accorded considerable pressure in its home base country of the UK in relation to marketing issues and children – did make clear and defined commitments in this area in 2004 and reported progress in 2005. It derived its 12 point plan drawing on US and Australian codes of conduct. It has “introduced a global Marketing Code of Practice and we no longer advertise to children under 8 years old where they’re the majority of the audience”. That said, their website on aids to teaching for maths,⁵⁰ for example, uses the marketing themes and images from their confectionary products to teach children to count. On vending, the company states it does “not believe that it is appropriate to sell our confectionary and carbonated soft drink products through vending machines in primary schools and we will not do so”.

Coca-Cola did not have a specific policy in this area but it does state that “it is critical that we make our beverages available in a manner our stakeholders view as responsible and trustworthy”. We did not judge this to be specific enough to rate a ‘Y’. By contrast, we rated them as ‘Y’ for a specific commitment on children because they state: “[f]or almost 50 years we have had a policy prohibiting advertising of carbonated soft drinks on television programs targeted at children under the age of 12.” (Whether a company’s advertising does reach children was beyond the scope of this study.) On beverage availability in schools through machines (ie vending), Coca-Cola has guidelines for both primary and secondary schools but with regard to elementary (primary) schools, it states “while carbonated soft drinks are appropriate for people of all ages, we have heard from parents and educators that younger children need help in making sound choices and for this reason carbonated soft drinks are not available in elementary schools during the day”. This refers to the USA, but the company also reports that in Singapore it runs education programmes in primary schools aimed at children 9-12 years old, culminating in the consumption of one of five sorts of carbonated soft drink.

ConAgra reported no policies or commitments in the four areas reviewed.

Danone was rated as ‘Y’ under specific policies, because it “undertakes to develop a responsible approach concerning health and nutrition advertising” using particular principles “no misleading information on benefits, no messages encouraging overeating, no messages encouraging a sedentary or unhealthy lifestyle.” But it had no further reported policies.

Kraft, although it does discuss marketing, makes no commitment to improve it for health overall and gives contradictory messages: “[d]uring 2005, we will increasingly advertise products that meet our Sensible

⁵⁰ Cadbury Schweppes website: <http://www.cadburylearningzone.co.uk/maths/> [accessed November 9 2005]

Solutions criteria in this media. We will continue to advertise our full portfolio of products in media seen principally by parents and all-family audiences.” In addition in 2005 “the company began changing the mix of products it advertises on television and radio, and in print seen primarily by children aged 6-11”. The products it will increasingly advertise include products it markets as more healthy. Kraft also has established nutrition guidelines for products to be sold in US school vending machines.

Masterfoods/Mars has no health policies across all four areas. With regard to vending the company makes the following statement: “vending has always been important to Mars as a way of enabling consumers to enjoy confectionary and snackfoods whenever and wherever they want”.

Nestlé which advertises to children does have a policy – its Communication Principles on marketing to children with eight points. It, like Unilever, uses the Children’s Advertising Review Unit’s guidelines originated from 1975 but updated in 2003. These do not include advice on vending. Nestlé makes the following statement: “advertising should not mislead about potential benefits from the use of the product and advertising directed to children should not create a sense of urgency”, nor should it “undermine the authority of parents”. It reports no policy on vending.

PepsiCo, a heavy advertiser worldwide (see Table 6), only mentions avoiding advertising its products during inappropriate television shows - “we avoid advertising in excessively violent programs” – but this does not specify diet or physical activity related health. PepsiCo has no policy on vending and health but instead appears to report fairly aggressive marketing across the board. “Busy kids needs snacks to keep going...to perform at their best, kids have to refuel....snacks can be another opportunity for kids to add servings of nutritious food to their daily diets”. It states that it can offer a “balanced mix of snacking options”.

Tyson reports no policies on all areas, but we judge its product range to be non applicable to the vending issue.

Unilever’s policies use in instances the same wording as Nestlé. The only major difference between the two companies was that Nestlé’s had a principle regarding in-school food marketing for children, whereas Unilever’s does not. These are almost directly taken from the 1997 Self-Regulatory Guidelines for Children’s Advertising produced by the advertising industry-founded Children’s Advertising Review Unit (CARU) of the US Council for Better Business Bureaus (sic). CARU was founded in 1974 to respond to public concerns.⁵¹ Unilever, a significant presence in ice-cream markets, reports no policy on vending. But the CARU guidelines do not appear to either.

The **retailers** again are extremely weak in the area of marketing issues. None reports any policy on vending.

Only Tesco of the UK reports any action and this is in relation to children and confectionary. It states: “[w]e do not sell sweets at check-outs in our superstores or target our advertising at children.” That this policy does not extend to local or smaller stores should be noted.

⁵¹ CARU (2003). Self-Regulatory Guidelines for Children’s Advertising (original 1975, updated in 2003), New York, 2003 <http://www.caru.org/guidelines/index.asp> [accessed November 8, 2005]

Among **foodservice** companies, Compass (as reported in Section 9 above) has no policies on the general issues of advertising and marketing – the first three columns. The company, which reports that it is the biggest “route vending company in the world, does have a policy on vending, which is to create “balanced choices” in its foods and a range of “nutritional products” for vending.

McDonald’s has been in the frontline of public debate and scrutiny on marketing issues. It states that it has a policy, first developed “30 years ago” and updated since but all that we were able to find was the following, from its Standards of Business Practice: “our brand promise begins even before our customers enter our restaurants, with advertising and marketing that is truthful, tasteful and worthy of one of the world’s most well-known retail brand” (sic). We were unable to find more detail than this, which we did not judge to be health and marketing policy. In its Standards of Business Conduct document, it states that “confidential information which must not be disclosed to anyone outside McDonald’s and which should not be discussed with McDonald’s employees” include “marketing [...] plans”. At the launch of the new marketing thinking (Balanced active lifestyles) in March 2005 McDonald’s stated that its intent is to evolve the content of its communications to children to have a greater focus on balanced, active lifestyles messages” but no details were given. The company says itself that this is a “new creative approach”. McDonald’s was therefore rated as not having a specific policy on children, but it does support a number of national codes of conduct - in USA, Canada and Europe.

Sodexo reports no stated policies on the general marketing issues but does have an initiative in France, its parent home, adapting vending machines in French schools to five “formulas” responding to nutritional needs of adolescents. We rated this as ‘Y’.

Yum! reported no thinking or activity in any area.

11. Company's position on product formulation & sizing

TABLE 11. Company's position on product formulation, specifically salt, sugar, fat, transfats and sizing	Is there a commitment on salt?	Is there a commitment on sugar?	Is there a commitment on total fat?	Is there a commitment on transfats?	Is there a commitment on portion size?
Food Manufacturers					
CADBURY SCHWEPPEES	Y	N	N	Y	N
COCA-COLA	N	N	N	N	N
CONAGRA	Y	Y	N	Y	N
DANONE	N	N	N	Y	N
KRAFT	Y	Y	Y	Y	Y
MASTERFOODS / MARS	N	N	N	N	N
NESTLÉ	Y	N	N	Y	N
PEPSICO	Y	Y	Y	Y	N
TYSON	N	N	N	N	N
UNILEVER	Y	Y	N	Y	N
Food Retailers					
AHOLD	Y	Y	N	Y	N
ALDI	N	N	N	N	N
CARREFOUR	Y	N	N	N	N
ITO-YOKADO	N	N	N	N	N
KROGER	N	N	N	N	N
METRO	N	N	N	N	N
REWE	N	N	N	N	N
SCHWARZ	N	N	N	N	N
TESCO	Y	N	N	N	N
WAL-MART	N	N	N	N	N
Foodservice					
BURGER KING	N	N	N	N	N
COMPASS	Y	N	Y	N	N
McDONALD'S	N	N	N	N	Y
SODEXHO	N	N	N	N	N
YUM!	N	N	Y	N	N

What this section is about, its relevance and measurement

This section focuses on some key diet-related areas – salt, sugar, fat, trans fats and portion size.

The purpose of this section is to investigate whether the companies have taken any action on specific nutrition and health-related properties to do with their products and services.

In the DPAS the WHO recommended that companies limit the levels of fats, sugars and salt. We looked for company commitments in these areas.

We differentiated between total fats and trans fats. We inquired about portion size because this is an area of action that has been highlighted by the obesity pandemic, with criticism of an upward drift in portion size.^{52 53}

We rated companies as active and warranting a 'Y', if they gave a general statement and/or numerous examples illustrating positive health thinking in this area.

Table 11 gives the results.

Findings

- Only 10 out of 25 companies reported that they were acting on salt: Cadbury Schweppes, ConAgra, Kraft, Nestlé, PepsiCo, Unilever, Ahold, Carrefour, Tesco and Compass.
- Only five reported action on sugar. Four were manufacturers: ConAgra, Kraft, PepsiCo, Unilever, plus only one retailer: Ahold.
- Only four reported action on fat. These were Kraft, PepsiCo, Compass and Yum!.
- Eight reported action on trans fats: Cadbury Schweppes, ConAgra, Danone, Kraft, Nestlé, PepsiCo, Unilever and Ahold.
- Only two reported action on portion size: Kraft and McDonald's.
- Food manufacturers (six out of ten) tended to be more pro-active on salt and on sugar (four out of ten) than other sectors.
- Kraft acted on all five, the only company to do so. PepsiCo acted on four (not on portion size).
- Retailers performed particularly poorly but Ahold was acting on three issues (salt, sugar and trans fats).
- Among foodservice, performance was generally weak but Compass led with actions on salt and total fat.
- McDonald's which has been high profile in the diet and health debate reported no commitments other than on portion size.

Company specifics

Among **food manufacturers**, a number of companies, with regard to product formulation issues such as fat, salt and sugars, suggest awareness of the sensitivity and importance of this issue but do not make a specific commitment to health gain. They might, however, refer

⁵² Nestle M (2003). *Food Politics*. Berkeley CA: University of California Press

⁵³ Nielsen SJ, Popkin BM (2003). Patterns and Trends in Food Portion Sizes, 1977-1999. *Journal of the American Medical Association*, 289, 4, 450-453

to it more obliquely. For instance, both ConAgra and Cadbury Schweppes state that they are in dialogue with others about this. In future years, therefore, there might be commitments and specific actions. Both companies were rated as 'N' in Table 11, despite these reported hints of possible action, because nothing was specified.

Companies appeared reluctant to divulge action in this area.

Danone, for example, stated that it has developed low sugar breakfast biscuits in France but reported no commitment to lower sugar overall or internationally. It was therefore rated as 'N' under sugar. On transfatty acids, however, Danone was prepared to make a commitment; it sets a threshold of less than 5% of total fats. We rated it as a 'Y'.

Nestlé was given a 'Y' for salt because "sodium reduction programmes are now in place around the globe on the majority of Stouffers, Maggi, Lean Cuisine and Hot Pocket product lines".

PepsiCo has introduced a range of products known as 'Smart Spot' that has its own set of criteria for fat, transfat, sodium and sugar.

Retailers were again weak in reporting action in this area.

Tesco at least mentioned the issue – "we have reviewed salt levels in over 1000 products and removed over 50 million teaspoonfuls of salt, or 282 tonnes from our customers' diets....we are also looking at fat and sugar content in these products." We therefore rated Tesco as 'Y' on salt because it had reviewed and acted in line with a health commitment, but 'N' on others without a specified commitment or actions.

Ahold was the only other retailer with any actions. It reported that "in some cases, we also remove unhealthy substances from conventional products, for instance, the removal of transfat, sugar or salt content in private label products, which is done at Albert Heijn, ICA, and Ahold Central Europe." We rated such actions as warranting a 'Y'.

Among **foodservice**, performance was as weak as the retailers.

Compass reported, however, "in the UK, we have reduced the salt content of meals in primary schools by 38% since 2002 and in secondary schools have removed all salt from the cooking process, leading to a reduction of 10,000 kilograms in salt purchases." On fat, they reported using grilling or baking rather frying foods, and in North America using minimal amounts of fat to prepare foods.

McDonald's, on the question of fats, reported introducing a low-fat salad dressing, which given its product range we judged to be a welcome but very restricted commitment.⁵⁴ It was therefore rated as 'N' for total fats. On portion size, in contrast, we rated McDonald's as 'Y' because it reported that "[s]upersizing is being phased out as a standard option across the McDonald's System". This commitment is an important one, but it should be noted that this health gain could be affected by promotions such as this: "supersize drinks may be offered during specific limited-time promotions". Nevertheless the portion size commitment is both wide-ranging and significant for health.

Yum! reported introducing lower fat options at Pizza Hut and ways to reduce fat at Taco Bell and KFC foods.

⁵⁴ It should be noted that McDonald's has introduced a range of salads but as some of these come with fats added, we have not rated these as a contribution to fat lowering. This may or may not be the case.

12. Company's position on labelling, product information and nutritional claims.

TABLE 12. Company's position on labelling, product information and nutrition claims	Is there a specific company position on on-product labelling?	Does it provide other product information?	Is there specific policy on nutrition claims?
Food Manufacturers			
CADBURY SCHWEPES	Y	Y	N
COCA-COLA	Y	N	N
CONAGRA	N	Y	N
DANONE	N	Y	Y
KRAFT	Y	N	Y
MASTERFOODS / MARS	N	N	N
NESTLÉ	Y	Y	N
PEPSICO	Y	N	N
TYSON	N	N	N
UNILEVER	Y	Y	Y
Food Retailers			
AHOLD	Y	Y	N
ALDI	N	N	N
CARREFOUR	Y	N	N
ITO-YOKADO	Y	Y	N
KROGER	N	Y	N
METRO	Y	N	N
REWE	N	N	N
SCHWARZ	N	N	N
TESCO	Y	N	N
WAL-MART	N	N	N
Foodservice			
BURGER KING	N	Y	N
COMPASS	N	N	N
McDONALD'S	N	Y	Y
SODEXHO	N	N	N
YUM!	N	Y	N

What this section is about, its relevance and measurement

This section reports on company positions and actions with regard to health-related information to consumers. Specifically, we were interested in the companies' positions on whether to convey such information to consumers and how.

The entire market model of the food supply chain celebrates and, to some extent, depends on flows of information between the producer / vendor and the consumer. Although there is some debate about how extensive and effective information can be in shaping health-related behaviour, there is wide agreement that maximising the flow of information to consumers is important and desirable.

For manufacturers and retailers, the desirability of improving information flow should be self-evident, whereas for foodservice it could be argued that there are some difficulties in putting labels on products. With mass standardized products, such as the big three fast food companies sell, this ought to be possible, and indeed one is reported to have announced that it will do so⁵⁵ although at the time of completing this report no announcement could be found from the company. For contract caterers, however, it could be argued that there are genuine and intrinsic difficulties in labelling, but even with them, some standardisation occurs and general nutrition information flow and labelling could be dramatically improved, if only by providing customers with labelling at the point of sale (in canteens) or on menus.

It was decided to look at all companies in all sectors for whether they had a company position on on-product labelling. Even though the foodservice sector has some difficulties, discussed above, it too was included in this table.

We also looked for whether companies reported that the provision of any other health-related information, and whether they had any specific policy or commitments on ensuring that nutrition claims were appropriate and scientifically sound.

Table 12 gives the findings.

Findings

- 11 of 25 companies reported positions on on-product labelling: Cadbury Schweppes, Coca-Cola, Kraft, Nestlé, PepsiCo, Unilever, Ahold, Carrefour, Ito-Yokado, Metro and Tesco.
- No foodservice company reported a policy on on-product labelling although one is reported externally as being about to do so.
- 11 of 25 companies provided other sources of information. The five manufacturers were: Cadbury Schweppes, ConAgra, Danone, Nestlé and Unilever. The three retailers were Ahold, Ito-Yokado and Kroger. The three foodservice were all fast food companies: Burger King, McDonald's and Yum!.

⁵⁵ McDonald's is quoted as announcing that it intends to do just this, but at the time of reporting no announcement could be found on its website. Grant J (2005). 'Activists call for uniform rules in fat fight', *Financial Times* (London), December 3, p.9

- Only four companies – Danone, Kraft, Unilever and McDonald’s – provide information about nutrition claims.

Company specifics

Among **food manufacturers**, Cadbury Schweppes is introducing a global standard for the provision of nutrition information on its products. It wants to introduce on-pack labelling on the “Big 8” nutrition features: energy (Calories); protein; carbohydrate, of which sugars; fat, of which saturates; fibre and sodium. It also uses Guideline Daily Amounts.

Coca-Cola stated that it is going to expand its nutrition information on soft drink package labels. It only specified this action as applying to the USA/North America.

ConAgra acts only in relation product information, which is quite extensive and is given on its website.

Nestlé states that it has issued a policy on nutrition labelling and health claims but we could not find this in its publications and website. We have given a ‘Y’ despite this. The company, which has stated its intention to be a health and wellness company, is equally vague with regard to non-labelling product information. It states that it “will provide consumers with helpful, understandable and relevant information about the nutritional and health benefits of its products”.

PepsiCo states that it uses its ‘Smart Spot’ label/logo to identify healthier choices.

Tyson’s position on nutrition information is terse: “You can trust Tyson Foods for the best quality products for your family and you can depend on us for great ideas on how to prepare them.” We judged this to warrant a ‘N’. Tyson is more specific, interestingly, about giving advice to its customers on prayers for meal-times. The weblink <http://www.tyson.com/givingthanks/> provides a 20 page document for multi-denominational prayers to accompany their food products; this is rather more than the single sentence we quoted earlier with regard to health attributes.

Unilever is more forthcoming. It states that it is working with key stakeholders “to develop a new labelling approach designed to raise awareness.” This is also linked to its commitment to sustainability. Unilever appears to be ahead of the game in linking health labelling to environmental labelling.

Retailers tend only to set standards for own-label products. But even with that defined sphere of direct influence, they can be somewhat vague.

Carrefour, for example, states a commitment “with regard to packaging: clarification of label information, in particular product composition.” Although we judged this to be sufficiently broad to warrant a ‘Y’, higher standards of reporting and fact would be infinitely more desirable.

Ito-Yokado is slightly more specific about labelling. It has a Labelling Improvement Project, which is reviewing “what is really necessary, and how to make that easy to understand from the customer point of view”.

Kroger, while not providing a general policy on on-product labels, does provide a telephone contact point for customers to speak with.

Metro gives only a very general statement about labelling and provision information, but nonetheless for that we credited it with a 'Y', but no report was made about other information or nutrition claims.

Tesco has taken a lead on the Glycaemic Index and has introduced general nutrition signposts whereby the amount of salt, fat, saturated fat and calories in a serving of a product is clearly stated on the front of a product. This warranted a 'Y'.

Wal-Mart, the world's largest food retailer, provides nothing across the board.

With regard to on-product labels, the **foodservice** sector is in a different position to other sectors. It cannot provide labelling on the product, as it serves food rather than packaged food where a label can be attached. The column on on-product labels therefore rates all companies as 'not applicable'.

On other matters, Burger King reports only on non-labelled information; it provides a full range of product-specific nutrition information on its website.

On nutrition claims, McDonald's' stance is that "all claims about a food product are in compliance with the regulations of the country in which the claims are made". McDonald's provides extensive information about the nutritional content of each of all its products and meal components.

Yum! Companies are reported to provide posters at point of sale "that offer consumers practical health, nutrition and fitness tips". They also have nutrition brochures available in stores and online. Both contract caterers report nothing.

13. Stakeholder engagement

TABLE 13. Company's stated stakeholder engagement with Government, industry, civil society and consumers on diet, physical activity and health	Does the company engage with Industry associations?	Does the company engage with Government?	Does the company engage with Civil Society?	Does the company engage with Consumers?
Food Manufacturers				
CADBURY SCHWEPPE	Y	Y	Y	Y
COCA-COLA	Y	Y	Y	N
CONAGRA	Y	N	Y	N
DANONE	N	Y	Y	Y
KRAFT	Y	Y	Y	Y
MASTERFOODS / MARS	N	N	N	N
NESTLÉ	N	Y	Y	Y
PEPSICO	Y	N	N	N
TYSON	Y	N	N	N
UNILEVER	Y	Y	Y	Y
Food Retailers				
AHOLD	N	Y	Y	Y
ALDI	N	N	N	N
CARREFOUR	Y	N	N	N
ITO-YOKADO	N	N	N	Y
KROGER	N	N	N	N
METRO	Y	Y	Y	N
REWE	N	N	Y	N
SCHWARZ	N	N	N	N
TESCO	N	N	Y	Y
WAL-MART	N	N	N	N
Foodservice				
BURGER KING	N	N	N	N
COMPASS	N	N	N	N
McDONALD'S	Y	Y	Y	Y
SODEXHO	Y	N	N	Y
YUM!	N	N	N	N

What this section is about, its relevance and measurement

This section reports on whether and with whom companies relate. Obviously all companies have direct relationship with others in their supply chains and with shareholders. This section reports not on those but on other stakeholders in wider society.

The WHO's Global Strategy was subject to considerable debate both prior to its finalisation and at the World Health Assembly. Just as public discourse is part of democracy, so new public health thinking requires not just stakeholder consultation but continuing engagement other than through market or ownership relationships.

This section summarises whether companies reported that they engaged with four relevant groups with direct interest in the DPAS agenda. These were wider Industry, Government, Civil Society (by which we meant organized groups such as Non Governmental Organisations) and consumers specifically.

When creating the table, we sought from company reports and websites any information as to whether the company had engagement such memberships or meetings or other stated links with any associations or bodies in industry, government, civil society or the world of consumers.

Table 13 presents the findings.

Findings

- 11 out of 25 companies reported that they engaged with industry associations. The seven manufacturers were Cadbury Schweppes, Coca-Cola, ConAgra, Kraft, PepsiCo, Tyson and Unilever. The two retailers were Carrefour and Metro. The two foodservice companies were McDonald's and Sodexo.
- Only nine out of 25 report engagement with Government or political parties. The six manufacturers were: Cadbury Schweppes, Coca-Cola, Danone, Kraft, Nestlé and Unilever. The two retailers were Ahold and Metro. The one foodservice company reported engagement with government was McDonald's.
- 12 out of 25 report engagement with civil society. The seven manufacturers were Cadbury Schweppes, Coca-Cola, ConAgra, Danone, Kraft, Nestlé and Unilever. The four retailers were Ahold, Metro, Rewe and Tesco. The sole foodservice company was McDonald's.
- 10 out of 25 report that they engage with consumers. Of these, the five manufacturers were Cadbury Schweppes, Danone, Kraft, Nestlé and Unilever. The three retailers were Ahold, Ito-Yokado and Tesco. The two foodservice were McDonald's and Sodexo.
- Cadbury Schweppes, Kraft, Unilever and McDonald's were the only companies to report engagement on all four fronts.

This suggests that companies are either limited in what they actually do with external engagement or certainly in what they report they do. We are aware of significant involvement in a variety of forums but these were not necessarily reported.

Company specifics

In general **food manufacturers** are more open in reporting on their engagement across a wide range of interests. Retailers, again, are minimal in their reported activities. Among foodservice only McDonald's reports any significant level of engagement.

Cadbury Schweppes states that "our science and technology and external affairs teams talk to governments, activists, food lobbyists, and the academic community". Also, as a company, it engages with the WHO's industry dialogue on diet, health and nutrition and its Chairman engages with other food industry, insofar as he is President of the UK Confederation of British Industry and the Incorporated Society of British Advertisers. It states too that it engages with consumers on a daily basis and "has an interest in hearing their views on our products and service".

Coca-Cola states that among its partners are "the International Life Sciences Institute, a non-profit, worldwide foundation" and the International Food Information Council. It also engages with governments via "meetings, briefings and participation in industry associations". It reports that it has partnerships with NGOs on specific issues but does not specify that for consumers.

ConAgra, like other companies, reports that its Board members have extensive industry contacts and experience but it designated as a 'Y' in Table 13 because it reports that its CEO and chairman "is a member of the Board of Directors of Grocery Manufacturers of America". ConAgra "applauds" the new US dietary guidelines but does not report whether it has engaged with Government(s) over such guidelines. It has also partnered with the American Dietetic Association to produce "Supermarket Shopping Solutions", i.e. food advice, but not that it has similar engagement with consumer bodies.

Danone reports Board member involvement but not that it has formal engagement with industry associations. It does with "public institutions" and consumer associations, but not Government expressly.

Kraft reports activity across all sectors.

Masterfoods / Mars reports no activity on all four fronts.

Nestlé reports nothing for industry but does report involvement with the WHO DPAS process.

PepsiCo is engaged with the World Business Council for Sustainable Development but does not state engagement with comparable business bodies engaged with health.

Tyson reported only engagement with industry associations.

Unilever, for example, states its involvement with the World Heart Federation, an international alliance of civil societies and professional bodies working to improve heart health. It also is "increasing information and education about healthy eating, recognizing that consumers need help to change their own behaviour if they are to gain the nutrition and health benefits they desire." It reported engagement in 2004 a "covenant" with the Netherlands Government, industry bodies and other stakeholders agreeing national action plans to combat obesity.

The **retailers** are, as in so many respects, poor reporters of activity.

Companies reporting no activity here are Aldi, Kroger, Schwarz and Wal-Mart.

Ahold reported its engagement with the Swedish National Food Administration and with NGOs. It also states that “consumers are their lifeblood”.

Ito-Yokado reported only its engagement with consumers and in bland terms – “we hold activities on a daily basis to propose a variety of preparation methods to our customers”.

Metro reported engagement with industry, political groups and social organisations, so they were rated with a ‘Y’ in the first three columns only.

Rewe reported only engagement with civil society in its collaboration with the German Cancer Society on supporting the “Five per Day”.

Tesco (famously well-connected with the UK Government) reports only engagement with civil society and consumers.

Wal-Mart only reports that three of its Board members have worked in other food companies – Coca-Cola, Nabisco and PepsiCo – and reports no active industry engagement in the other areas.

Among **foodservice**, Burger King, Compass and Yum! report no activity on any of the four issues.

Compass reports declarations of Board member industry experience – e.g. Board member Peter Blackburn is a former President of the UK Food and Drink Federation - but no active engagement with industry associations.

McDonald's is involved all four areas. Industry association includes the National Restaurant Association of the USA. Rarely for a food company, it reports engagement with an international body, too, the International Franchising Association and the Worldwide Federation of Advertisers. McDonald's also reports engagement with governments by participating in “government-sponsored workshops and consultationsmeetings of government advisory boards”.

Sodexo reports that it is a “founding member of the Institute on the Costs and Health Effects of Obesity, an organization operating under the auspices of the National Business Group on Health”. It is also a member of the International Chamber of Commerce and the Economic and Social Council. It reports no engagement with civil society or consumers on health (but does on sustainable development). Sodexo reports several initiatives geared towards addressing client and consumer concerns.

14. Does the company promote healthy lifestyles and physical activity?

TABLE 14. Company's wider promotion of healthy lifestyles	Does the company report that it has staff health programmes?	Does the company have community programmes on diet, health and physical activity?	Is the company engaged with nutrition education?
Food Manufacturers			
CADBURY SCHWEPPE	Y	Y	N
COCA-COLA	Y	Y	Y
CONAGRA	Y	Y	Y
DANONE	N	Y	Y
KRAFT	Y	Y	Y
MASTERFOODS / MARS	N	N	N
NESTLÉ	Y	Y	Y
PEPSICO	N	Y	Y
TYSON	N	Y	Y
UNILEVER	N	Y	Y
Food Retailers			
AHOLD	N	N	Y
ALDI	N	N	N
CARREFOUR	N	Y	Y
ITO-YOKADO	N	N	N
KROGER	N	Y	Y
METRO	Y	Y	N
REWE	Y	Y	Y
SCHWARZ	N	N	N
TESCO	N	Y	Y
WAL-MART	N	Y	N
Foodservice			
BURGER KING	N	N	N
COMPASS	Y	Y	Y
McDONALD'S	Y	Y	Y
SODEXHO	Y	Y	Y
YUM!	N	Y	N

What this section is about, its relevance and measurement

This section reports on whether the companies undertake any diet and health related actions other than those directed at their own immediate customers or in their own products and services. Those features have been reported on in the previous sections.

The purpose here was to see whether it was possible to put into context company performance on health issues beyond its own products and services.

It was decided to search company reports, accounts and websites for whether companies have health programmes for their own workforces; whether they conduct any other community outreach work relating to DPAS; and whether they participate in other public nutrition education work.

The threshold for inclusion as active, warranting a 'Y' rather than a 'N', on any of these three issues was set fairly low.

For example if a company reported that it supported action on hunger programmes, as do many large US and European general not just food companies, this was credited as a 'Y'. If the company stated that it applied a health programme for its customers to its workforce, that too would be rated as a 'Y'.

Table 14 gives the results.

Findings

- 10 out of 25 companies reported that they have staff health programmes. The five manufacturers were Cadbury Schweppes, Coca-Cola, ConAgra, Kraft and Nestlé. The two retailers were Metro and Rewe. The three foodservice companies were Compass, McDonald's and Sodexo.
- 19 out of 25 reported community programmes. The companies not reporting activity were: Masterfoods, Ahold, Aldi, Ito-Yokado, Schwarz and Burger King.
- Of the 19 companies reporting contributions to or support for community programme work, 11 were active in hunger programmes which are often about giving surplus foods to particular social groups. In the USA, this action is tax-deductible. Companies include: ConAgra, Kraft, Nestlé, Tyson, Carrefour, Kroger, Metro, Rewe, Compass, Sodexo and Yum!
- 16 companies reported activity in nutrition education. The ones who did not were: Cadbury Schweppes, Masterfoods, Aldi, Ito-Yokado, Metro, Schwarz, Wal-Mart, Burger King and Yum!.
- Five companies report no action at all in the areas measured here: Masterfoods, Aldi, Ito-Yokado, Schwarz and Burger King.
- Companies rated as active in all three areas include: Coca-Cola, ConAgra, Kraft, Nestlé, Rewe, Compass, McDonald's and Sodexo.

Company specifics

Among **food manufacturers**, Cadbury Schweppes reports a health and fitness programme for its own UK Cadbury Trebor Bassett employees. It also sponsors a number of physical activity programmes worldwide, but

is not active in nutrition education (although it does support a diabetes foundation in Spain).

Coca-Cola reports that it offers its staff “healthy Lifestyles seminars and a variety of other health and wellness options”; it also promotes physical activity in society as a whole and conducts a food education programme.

ConAgra, too, has community programmes on hunger; it donates “refrigerated processed meats, frozen dinners and entrees, shelf-stable foods and potato products” to America’s Second Harvest, a form of Food Bank. It also works with the American Dietetic Association on Supermarket Shopping Solutions which “teaches consumers everything from reading food labels and understanding nutrition claims to planning balanced meals and selecting nutritious foods in every aisle of the grocery store”.

Danone’s community programme is reported to be on physical activity (not diet).

Kraft reports that it has a staff benefits programme helping employees achieve health and wellness but is not more specific than that. Like ConAgra, Kraft reports activity on all fronts, and that it is “committed to helping the hungry and making sure those in need are not forgotten”. Kraft has two major areas of contribution: hunger and healthy lifestyles. In the USA its Kraft Community Program it uses the Kraft Food Rescue Initiative and the Kraft Seafood Initiative to provide food for the needy. It “helps food banks and food rescue and gleaning organisations”.

Masterfoods reports no activity in this sphere.

Nestlé reports employee wellness programmes in Brazil, Chile, and Philippines. It also lists community nutrition programmes in various countries. It runs a feeding programme for a school in Dhaka serving food twice a week.

PepsiCo reports its general nutrition education role to be “to help America’s children understand energy balance”.

Tyson, too, reports involvement in helping people to learn to cook, which we take as a form of nutrition outreach work, albeit promoting its own products. It too is “committed to helping the hungry” and helps fund a US hunger advocacy and relief agency Share Our Strength to whom Tyson has more than doubled “our initial commitment of 6.5 million pounds of chicken, providing 72 million meals to people at risk of hunger”.

Unilever reports that it shared its knowledge of hygiene and nutrition with Unicef, the UN children’s fund, which we rated as wider nutrition education. It also runs a campaign in African schools called “No Bread without Spread” to explain the health and nutrition benefits of adding vitamin-enriched margarine to breads.

Among the **retailers**, Aldi, Ito-Yokado and Schwarz report no activity in this sphere.

Ahold reported a small management programme developing a 5-a-day project in Slovakia but nothing more widespread. While Ahold states that it is a good idea to take physical activity every day, it does not appear actively to promote it. It does, however, promote community fruit and vegetable programmes.

Carrefour reported that it donated to the Asian Tsunami work and that it does have wider nutrition education involvement in schools. Carrefour France supports “major national solidarity operations such as the national food bank”.

Kroger, like the other US-headquartered food manufacturers, does support hunger programmes – America’s Second Harvest, again, to which it donated 28 million pounds weight of food, valued at \$43 million. (The US tax system allows this to be tax-deductible.) On wider nutrition education, Kroger stated: “[c]reating healthier meals does not have to be difficult. Simply click on the links below to discover the recipe that sounds best to you- don’t worry, they’re all delicious! No matter the selection, you can find all of your fresh, delicious dairy ingredients in the Kroger Dairy”.

Like Tyson, below, Kroger provides wider nutrition education materials but using its products at the core.

Metro, the European retailer, states that it delivers food to social projects near its stores, cost-free. It also has a staff health programme. It also sponsors sports in Dusseldorf.

Rewe’s staff programmes are around eating healthily. It also lists helping “more than 140,000 needy citizens receive the food that they need” via the self-help network Dinner Tables in Germany. It reports a commitment to nutrition education.

Tesco reports no staff programmes but does sponsor a 5km Race for Life raising money for a charity, Cancer Research UK. Tesco has a Healthy Living Club offering dietary and activity advice.

Wal-Mart’s contribution to physical activity promotion is the sponsorship of the World Golf Foundation’s “The First Tee Programme”, aimed at young people and character development.

Among the **foodservice** companies, only Burger King reports no activity, while Compass, McDonald’s and Sodexo report activity across the board.

Compass states that it trains its staff in healthy cooking techniques, and like others has a community initiative on hunger in Italy and has joined the Italian Food Bank Foundation making “it legal to distribute unused food to voluntary organisation which offer free meals to people in difficulty”. Compass, too, is involved in nutrition education in schools through food education programmes like ‘Pyramid Pete and the Creatures’.

McDonald’s has a staff programme for “balanced active lifestyles” in various countries, sponsors various physical activity programmes in numerous countries (including sponsorship of the Olympics) and uses highly publicized and well-known nutrition education products featuring its own characters.

Sodexo has staff health programmes with specific initiatives in various countries. It supports anti-malnutrition projects, running a “Backpackers Program” in the USA donating food.

Yum! reports no staff health programmes, but does support hunger relief in the USA but not nutrition education beyond its products.

Summative Table

The summative Table 15 (see pages 74 & 75) is not an overall score table. Ratings have different weight and implications. It is purely an overview of how companies have been rated in the topics identified.

The findings are based on company self-reporting only. This raises questions about the quality of the companies' reporting on their activities and potentially of the need for independent auditing of such activities, the latter being beyond the scope of this study.

All the companies operate internationally yet their reporting is heavily biased to reporting on actions, if any, in their country of company registration.

It is not clear whether these top 25 companies are better or worse than other food companies. Nevertheless as market leaders, they are influential on the entire sector and therefore failure to apply leadership in changing their business practices may affect the rest.

Foodservice	Statement of purpose & values?																												
	Statement of purpose & values?	If Yes, does it specifically refer to DPAS-type health issues?	Does the company make any overall statement on diet, nutrition & physical activity?	Is a measurable target or KPI given?	Is there a Board member stated to be specifically responsible for health?	Specific company policy regarding physical activity?	Specific company policy regarding obesity?	Specific company policy regarding children's health?	Specific company policy regarding healthy product range?	Is there a specific company policy on marketing, advertising, promotion, or sponsorship?	Is there a specific policy on children and food marketing issues?	Does the company support voluntary codes of conduct?	Does the company report an approach to vending that includes health?	Is there a commitment on salt?	Is there a commitment on sugar?	Is there a commitment on total fat?	Is there a commitment on trans fats?	Is there a commitment on portion size?	Is there a specific company position on on-product labelling?	Does it provide other product information?	Is there specific policy on nutrition claims?	Does the company engage with Government on food and health?	Does the company engage with Industry on food and health?	Does the company engage with Civil Society on food and health?	Does the company engage with consumers on food and health?	Does the company report that it has a staff health programmes?	Does the company have community programmes on diet, health and physical activity?	Is the company engaged with nutrition education?	
Burger-King	N	N	Y	N	N	N	N	N	N	N	N	N	N	N	N	N	N	N	N	Y	N	N	N	N	N	N	N	N	N
Compass	N	Y	Y	N	N	N	Y	Y	Y	N	N	N	Y	Y	N	Y	N	N	N	N	N	N	N	N	N	Y	Y	Y	
McDonalds	Y	Y	Y	N	Y	Y	Y	Y	Y	N	N	Y	N	N	N	N	N	Y	N	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y
Sodexo	Y	N	Y	Y	N	N	Y	Y	Y	N	N	N	Y	N	N	N	N	N	N	N	N	Y	N	N	Y	Y	Y	Y	Y
Yum!	N	Y	Y	N	Y	Y	N	N	Y	N	N	N	N	N	N	Y	N	N	N	Y	N	N	N	N	N	N	Y	N	N

Conclusions

The WHO's Global Strategy on Diet, Physical Activity and Health (DPAS) places new demands on food companies to play their part in improving public health.

This opens up new and broader categories of non-financial demands on companies. This includes the need to introduce and report upon system-wide performance, ranging from the promotion of healthy diets to changing the nutritional qualities of their products to enhance health, provide better information, practise responsible marketing, and provide information on food composition to responsible authorities.

Given that the DPAS was only agreed in May 2004, it would be unrealistic to expect that the transformations needed in diet, physical activity and health could happen overnight, worldwide. Nonetheless, the long-term effort needed must begin.

The findings of this report suggest that the world's food companies are not yet fully engaged with the seriousness and urgency of this transformation. There are some honourable exceptions, which have been highlighted in each section of this report.

Companies should be wary about doing the minimum or presenting a few hurried initiatives in self-promotional terms. Such a response to the enormity of the WHO evidence and agenda risks engendering some cynicism. Company actions must move from being purely defensive or centred on obviating threats to their reputations.

Strategy and Business Development

The principal finding of this report is only a small minority of companies are engaging with the DPAS agenda, and rethinking their business strategy accordingly.

Most companies studied here report some action on some fronts, but there was a noticeable spread in how engaged the companies appear to be.

In the main, food manufacturers appear to be more fully engaged, with foodservice less so and retailers trailing far behind.

The pressures appear to be different in different countries, suggesting that national settings are a key factor in this spread of response. For instance, the threat of litigation over obesity in the USA has encouraged companies at risk, while threats to reputation might have been more of a driver in Europe.

Listed and privately owned companies also differ in their degree of openness and reporting.

Governance and Corporate Responsibility

The structures in place to report on company exposure on diet, physical activity and health are weak.

Policies are rare and reporting is limited.

In comparison to other fields of corporate governance, the situation with regard to diet, physical activity and health is reminiscent of the level of reporting years ago, if not decades ago, by companies on environment and other social issues.

Companies lack leadership from Board level. Those companies with some high level presence differed in their reported performance from those which did not.

Most companies appear not to have changed their internal system of governance to embrace the DPAS agenda.

Product marketing and information

Food companies are major promoters, marketers and advertisers. By implication, they are a major force in shaping food culture, world-wide. So far, too few companies give evidence of serious commitment to play a responsible role in determining food culture.

If companies do not even address voluntary, industry-led codes of conduct, they are not properly positioned to engage with the serious debate now emerging within society, not just the public health world, about the role of advertising.

The food products

Some companies are reviewing their product ranges in the light of the new health agenda, which is welcome. The majority are not.

The reformulation of products without endangering market share is a real difficulty but should not be an excuse for inaction.

Companies do not just respond to public taste; they also help shape it through marketing and product formulation. In failing fully to respond to the new health challenges, companies appear to be distancing themselves from their responsibility for unhealthy consumer choices.

The challenge is how to turn what can be a vicious cycle into a virtuous circle and how to support market leaders in the distribution of healthy foods.

Many food companies are engaged in promoting physical activity. A danger is that they use such support and exhortation for physical activity as their contribution to improving public health. This should not be a substitution for altering their food 'offer'.

Recommendations

The WHO should consider how to:

- encourage the building of capacity and skills in the health auditing of company policies, performance and practice on diet, physical activity and health.
- invite member states where major food companies are headquartered to engage more actively and responsibly with the WHO's diet, physical activity and health (DPAS) agenda.
- establish guidelines for companies to undertake DPAS-relevant audits of their products, following the lead undertaken in other such policy domains by UN bodies, such as in the multi-stakeholder Global Reporting Initiative and the Global Compact or in initiatives on environment and social issues by the World Bank.

National governments should consider how to:

- improve the monitoring of food companies based in their jurisdictions.
- collaborate with others and with WHO to pool best and worst practice in the auditing of company impact on diet, physical activity and health.

The food industry should consider how to:

- give higher priority to improving the profile of diet, physical activity and health issues in corporate and sectoral business strategies.
- set a lead at Board level in creating new strategies, setting objectives and targets to engender a pro-health culture throughout the company.
- improve company reporting systems for their impact on diet, physical activity and health.
- strengthen existing marketing codes such as the Children's Advertising Research Unit of the US Council of Better Business Bureaus, Inc., and consider applying them.

Investment bodies should consider how to:

- engender better corporate responsibility for diet, physical activity and health, using the WHO's analysis and recommendations as a benchmark.
- develop independent auditing of food companies' impact on diet, physical activity and health.

- highlight good and bad practice, improving standards over time.

Civil society organisations should consider how to:

- broaden public involvement in the auditing of corporate responsibility for diet, physical activity and health.
- conduct their own monitoring of food companies, using the WHO's Global Strategy goals.
- give priority to supporting civil society oversight of company products and practices throughout the world, in particular in countries with less developed systems of food governance and without independent consumer voices.

Researchers, analysts and academics should consider how to:

- develop capacity in monitoring food governance, and how best to refine and build on existing methodologies for health auditing food companies.
- test company statements and commitments against actual performance and practice.

Appendix 1. Template of research questions

Company Name

Address

Company Summary:

Notes to reader:

Figures used are derived from Annual Report 2004 unless otherwise noted.

Text is based on information from company reports and websites, but not taken verbatim. Verbatim text is in italics.

1. Basic company information
2. Company's business objective(s) and strategy
3. Company operations
4. Sales and market share data
5. Current brand/product portfolio and new product development
 - 5.1 Current business portfolio (brands)
 - 5.2 Acquisitions and disposals
 - 5.3 New product development
6. Spending on marketing, advertising, promotion & sponsorship
7. Company's stance on corporate responsibility
 - 7.1 Statement of purpose & values
8. Company's stance on diet, nutrition and physical activity
 - 8.1 Company's overall statements on diet, nutrition and physical activity
 - 8.2 High-level (Board) commitment to diet, health and physical activity
 - 8.3 Company's consideration of diet, health and physical activity as business risks or opportunities
 - 8.4 Company's targets / key performance indicators and measurement of performance on diet, health and physical activity
9. Company's specific policy commitments on diet, health and physical activity
10. Company's published policies on marketing, advertising, promotion and sponsorship
 - 10.1 Company's policy and approach to marketing, advertising and promotion
 - 10.2 Company's policy and approach to marketing, advertising and promotion to children
 - 10.3 Company's approach to vending
 - 10.4 Company's support of global or regional or national voluntary codes of practice on marketing
11. Company's position on product formulation & sizing
 - 11.1 Company's approach to product formulation?
 - 11.2 Does the company have any commitments to reduce salt?
 - 11.3 Does the company have any commitments to reduce levels of sugar in its products?
 - 11.4 Does the company have any commitments to reducing fat levels in its products?
 - 11.5 Does the company have any commitments to reduce trans fats?
 - 11.6 What is the company's position and commitment on portion sizes?
12. Company's position on labelling, product information and nutritional claims.
 - 12.1 Company's approach to on-product labelling
 - 12.2 Company's approach to product information
 - 12.3 Company's stance on nutrition claims
13. Stakeholder engagement
 - 13.1 What is the company's engagement with industry associations?
 - 13.2 What is the company's stated engagement with governmental processes on diet, nutrition and physical activity?
 - 13.3 What is the company's stated engagement with NGOs/ civil society on diet, nutrition and physical activity?
 - 13.4 What is the company's stated engagement with consumers on diet, nutrition and physical activity?
14. How does the company promote healthy lifestyles and physical activity?
 - 14.1 Staff programmes
 - 14.2 Community programmes regarding diet, health and physical activity
 - 14.3 Company involvement in nutrition education