

Lactalis

Reported product categories
Dairy, Baby food, Chilled Processed Food



Rank 20 / Score 0

Rank 20 (2016)



Product Profile

Rank 3 / Score 6.1

Headquarters
France

Market capitalization
Private Company

Reported revenue by geography **1** ³
Not Available

Number of employees
75,000

Total revenues **1** ²
17,888 m

CORPORATE PROFILE

Nutrition 21/0

Undernutrition 14/0

Category	Score
Governance (12.5%)	0
Products (25%)	0
Accessibility (20%)	0
Marketing (20%)	0
Workforce (2.5%)	0
Labeling (15%)	0
Engagement (5%)	0

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Main areas of strength

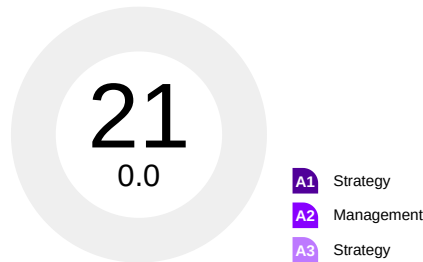
- As in the 2013 and 2016 Global Index, Lactalis' disclosure is limited and therefore no clear areas of strengths were identified.

Priority areas for improvement

- As in the 2013 and 2016 Global Index, Lactalis' disclosure is very limited and the company did not provide information upon request. Therefore, Lactalis' score has remained 0.0 and it ranks twentieth.
- Lactalis ranks shared third on the Product Profile assessment with a score of 6.1 out of 10, based on an assessment of its major product categories in seven countries. Lactalis was estimated to derive 56% of its total sales from healthy products, i.e. achieve a rating of 3.5 or more on the Health Star Rating (HSR) system. These findings illustrate that more than half of products are considered healthy, covering three product groups namely ready-to-drink coffee, juice and dairy which all rated above the mean of all companies combined.
- Because it is privately owned, the company is not subject to the same regulatory disclosure requirements as publicly listed firms. However, Lactalis competes for the same consumers as those firms, and the success of its business is subject to the same market forces. Increased disclosure and engagement on nutrition initiatives would allow for a more complete assessment of the company's performance in preventing and addressing obesity and undernutrition, as well as for the identification of areas of strength and those that need improvement.

CATEGORY ANALYSIS

CATEGORY A - GOVERNANCE 12.5% - NUTRITION



- Lactalis does not publish any information regarding its nutrition strategy or governance.
- Lactalis should commit at Board level to address obesity and diet-related chronic diseases.
- It is recommended that the company sets clear nutrition strategies, objectives and targets in all business areas underpinned by strategic market research.
- Scoring could be improved when incentive and accountability structures at senior management level are established and used to reward successful implementation of nutrition strategies.
- It is recommended that the company demonstrates high and increasing levels of sales of healthy products.
- Lactalis should develop a clear and comprehensive report on activities to prevent and address nutrition-related issues and on progress against nutrition-related objectives and targets, on a global basis.

CATEGORY A - GOVERNANCE 12.5% - UNDERNUTRITION



- No strategy to address undernutrition was identified.
- It is recommended that Lactalis commits to address undernutrition, and sets objectives and targets as part of its core commercial business and philanthropic programs, with oversight assigned to its Board or other senior executives.
- The company should take a well-structured approach with a focus on higher priority countries and on critical population groups, pledging to work within regional and national frameworks to address specific fortification needs and undernutrition issues more broadly.
- It is recommended that Lactalis carries out extensive research and publicly discloses information about these activities to identify the needs of key populations with specific micronutrient deficiencies.

CATEGORY B - PRODUCTS 25% - NUTRITION



B1 Formulation

B2 Profiling

- Lactalis does not publish any information regarding any efforts to develop new healthy products nor on any strategies it may have to improve the nutritional quality of its existing products.
- It is recommended that Lactalis invests in research and development to improve the nutritional quality of new and existing products.
- Lactalis could strengthen its scoring by defining a clear approach to reformulating existing products against well-defined nutritional targets to decrease 'negative nutrients' (salt/sodium, trans-fat, saturated fat, added sugars/calories) and increase 'positive nutrients' (fruits/vegetables/nuts/legumes, whole grains).
- Lactalis should offer a high percentage of products within the portfolio that meet these nutritional targets and offer healthy options across all company brands.
- The employment of a comprehensive and appropriately set up NPS, applied to all products, as the basis for the company's product reformulation efforts and its definition of healthy products, would strengthen Lactalis's scoring.

CATEGORY B - PRODUCTS 25% - UNDERNUTRITION



- The company does not publish any information about commitments or programs it operates or funds to address undernutrition in lower-income countries through product development and reformulation.
- Lactalis should set targets to increase its R&D efforts in order to develop or introduce fortified products or products inherently high in micronutrients and commit to increase the number or volume of fortified foods available to undernourished populations.
- To increase its score, Lactalis should commit to align its approach to fortification with international guidance, to seek to use ingredients with high inherent levels of micronutrients and to only fortify products of high nutritional quality.
- By providing evidence of new commercial products and of funding non-commercial programs, which both aim to deliver appropriately fortified products to priority populations in priority countries, scoring would improve.
- It is recommended that the company provides an explanation of what they have done to increase the number or volume of fortified foods available to undernourished populations, through both commercial and non-commercial activities.

CATEGORY C - ACCESSIBILITY 20% - NUTRITION



C1 Pricing
C2 Distribution

- Lactalis does not publish any information about its approach to improving the accessibility (through pricing and distribution) of its healthy products.
- It is recommended that Lactalis formalizes written commitments, measurable objectives and targets to improve the affordability and availability of its healthy products for all consumers in all countries worldwide. For example by defining targets on price point for healthy products and setting a goal on how many low-income consumers should be reached.
- Lactalis should publicly disclose its commitments, objectives and targets on accessibility and affordability.
- It is recommended that the company applies its approach to affordability and availability for low-income consumers to all the markets in which the companies operate, including developed and upcoming markets and provide evidence of relevant examples.

CATEGORY C - ACCESSIBILITY 20% - UNDERNUTRITION



- The company does not publish any information regarding improving the affordability and accessibility of its fortified products for low-income populations.
- Lactalis should have a commercial commitment and objectives to improve the affordability of its healthy products that address micronutrient deficiencies in developing markets. It should be able to provide examples of delivering against its commitment and disclose this information.
- In addition, the company should have a commercial commitment with respect to improving the distribution of its products specifically formulated or appropriate for specific undernourished groups, disclosing examples of doing so.
- To increase scoring, Lactalis should fund other organizations or otherwise support non-commercial programs that improve the distribution of products specifically formulated or appropriate for specific undernourished groups and disclose this funding and activity.

CATEGORY D - MARKETING 20% - NUTRITION



- D1 Policy (all)
- D2 Compliance (all)
- D3 Policy (children)
- D4 Compliance (children)

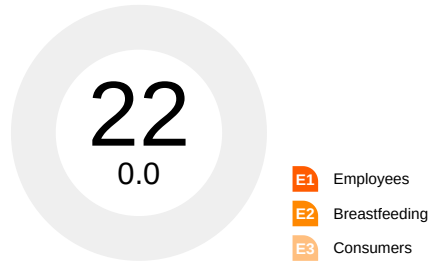
- Lactalis does not publish any information on how it ensures that it markets its products responsibly to children and/or other consumers.
- It is recommended that the company develops and implements a responsible global marketing policy for all consumers which incorporates the responsible marketing principles of the ICC Framework and is applied equally to all media channels and all markets of operation.
- Lactalis should adopt a comprehensive global policy on responsible marketing to children, which, at a minimum, would apply to children under 12 and apply when children make up more than 25% of a general audience. The policy should also explicitly commit not to market any products to children under 12 on all media, unless they meet the company definition of a healthy product, and to use only responsible marketing techniques, including on online media.
- Lactalis should commission or take part in industry-level independent audits of these policies and disclose individual compliance levels for traditional and new media.

CATEGORY D - MARKETING 20% - UNDERNUTRITION



- Lactalis does not publish any information on any commitment to developing and delivering marketing strategies appropriate to reaching undernourished populations in developing countries.
- Lactalis should make an explicit commitment to developing and delivering marketing strategies appropriate to reaching undernourished populations in developing countries and disclose this commitment publicly.
- It is recommended that Lactalis provides evidence of taking steps to understand and reach undernourished consumers in developing countries with appropriate products.

CATEGORY E - WORKFORCE 2.5% - NUTRITION



- Lactalis does not publish any information about whether it offers employee health and wellness programs or supports consumer-oriented education on healthy diets and active lifestyles.
- It is recommended that the company offers comprehensive nutrition and healthy lifestyle programs within its overall staff health and wellness programs, for all employees and their families globally.
- To increase scoring, Lactalis should offer supportive maternity leave policies including paid maternity leave of six months, flexible working arrangements and appropriate workplace facilities for breastfeeding mothers when they return to work.
- It is recommended that Lactalis commits to support integrated, comprehensive consumer-oriented healthy diet and active lifestyle programs and campaigns globally. These should be developed and implemented by independent organizations with relevant expertise.

CATEGORY E - WORKFORCE 2.5% - UNDERNUTRITION



- The company does not disclose a written policy and/or guidelines on any programs it supports relating to undernutrition through either its philanthropic giving or commercial activities.
- Lactalis should commit to support well-designed programs educating undernourished consumers about the importance of breastfeeding, micronutrient fortification and healthy diets.
- It is recommended that the company publishes its commitments as well as the content and results of the programs they support.

CATEGORY F - LABELING 15% - NUTRITION



F1 Facts
F2 Claims

- Lactalis does not publish any information about any policies to ensure that it takes a responsible approach to product labeling and the use of health and nutrition claims.
- It is recommended that Lactalis adopts, publishes and fully implements a global policy on nutrition labeling, committing to provide information on all key nutrients in a way that is easy to understand for consumers. It should include information on portion size and nutrients as percentages of daily values (or equivalent), displayed appropriately in nutrition information panels on back of pack labels and in interpretative format on front of pack labels.
- Lactalis should disclose the degree to which the full labeling policy is implemented, at the level of markets with full roll-out.
- To improve scoring, Lactalis should adopt and publish a global policy on the use of both health and nutrition claims stating that in countries where no national regulatory system exists, such claims will only be placed on products if they are in full compliance with the relevant Codex standard.
- Lactalis should ensure it tracks and discloses the number of products carrying health and nutrition claims.

CATEGORY F - LABELING 15% - UNDERNUTRITION



- Lactalis does not disclose a formal labeling policy or any commitments it has made to ensure that products that have naturally high levels of micronutrients or that have been fortified with micronutrients for all markets are labeled as such.
- It should adopt and publish a global policy on labeling that includes commitments to label the micronutrient content of all products sold in developing countries fortified with or naturally high in micronutrients.
- Lactalis should additionally adopt and publish a global policy on the use of both health and nutrition claims which states, in countries where no national regulatory system exists, that these claims will only be placed on products if they are in full compliance with the relevant Codex standard.

CATEGORY G - ENGAGEMENT 5% - NUTRITION



G1 Lobbying
G2 Stakeholder

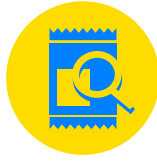
- Lactalis does not publish any information about its approach to lobbying or stakeholder engagement.
- Lactalis should commit to lobbying on nutrition issues only in support of public health, or to not lobbying at all. It should publish a policy that covers lobbying, engagement with governments and policymakers, and donations.
- It is recommended that the company discloses all lobbying activities on nutrition issues, membership and financial support of industry associations or other lobbying organizations and board seats on such bodies.
- Lactalis should conduct comprehensive, well-structured stakeholder engagement focused on improving its business strategy and performance, and provide evidence and examples showing how stakeholder engagement has led to improvements of policies and practices.

CATEGORY G - ENGAGEMENT 5% - UNDERNUTRITION



- Lactalis does not disclose any commitments to play an active and constructive role in developing countries to support government efforts to address undernutrition, and it does not provide any evidence of one-to-one discussions with key organizations working on undernutrition.
- Lactalis should commit to play an active part in supporting the efforts of developing country governments to address undernutrition and publicly disclose a narrative about such activities.
- It is recommended that the company provides evidence of engagement with relevant organizations on undernutrition and publicly discloses a narrative on its engagement with stakeholders on undernutrition.

PRODUCT PROFILE



Rank 3 / Score 6.1

Average HSR score products (sales-weighted)	Percentage of healthy products (sales-weighted)	Percentage of healthy products suitable to market to children (sales-weighted)	Number of products included in HSR and WHO EURO assessments		Number of countries included in the assessment
			HSR	WHO EURO	
3.1 stars	56%	22%	561	583	7

- Lactalis' average sales-weighted HSR is 3.1 (3.2 unweighted), generating a Product Profile score of 6.1 out of 10, and it ranks shared third.
- A total of 56% of its sales of products assessed meet the healthy threshold (53% of its products by number). The proportion of its sales of products assessed suitable to market to children was 22% (22% of its products by number as well).
- Of the seven countries in which Lactalis products were analyzed, it had the highest mean HSR in New Zealand of 4.0, and the lowest average HSR in Hong Kong of 2.8.
- More than half of Lactalis products in all seven countries had a HSR of 3.5 or greater (53%), with Lactalis New Zealand having both the highest mean HSR of all countries as well as the highest proportion of products receiving a HSR of 3.5 or more (100%). South Africa had the lowest proportion (37%).
- The highest proportion of products eligible for marketing to children was found in the U.S. (46%) followed by South Africa with 27%.
- In terms of categories, Lactalis' healthiest category on average is 'Juice' (HSR of 4.4), followed by 'RTD Coffee' (4.2), with 'Dairy' having the lowest mean HSR of all Lactalis product categories (3.2). 'Dairy' was also the category with the largest number of products, with only two countries selling items in the higher-scoring 'RTD Coffee' and 'Juice' categories.
- While Lactalis ranks low on the Corporate Profile, due to limited disclosure, the Product Profile results show a considerable number of healthy products across the seven countries that were included in the assessment. Despite this relatively good performance, the company is encouraged to further increase the healthiness of its portfolio . Lactalis should aim to increase the healthiness of its products as measured by the average HSR, as well as by the percentage of products that meet the nutritional criteria for suitability to be marketed to children.

For full details, see the company's Product Profile scorecard.

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Sustainalytics participated in the data collection and analysis process for the Global Index 2018, contributed to the company scorecards and supported writing the report.

Westat is responsible for the collection of data related to company compliance with the International Code of Marketing of Breast-milk Substitutes and any additional country specific regulations related to marketing of these products in Bangkok, Thailand and Lagos, Nigeria. Westat is responsible for the analysis of the data related to compliance with the BMS Marketing standards and for the preparation of its final study report, the results of which have been incorporated by ATNF into the 2018 Global Access to Nutrition report and the scoring of company performance for the same Index.

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

Innova Market Insights (Innova) is responsible for the data collection and analysis related to the historic sodium reduction assessment that was performed in four countries, the results of which have been incorporated into the Product Profile chapter of the 2018 Global Access to Nutrition report.

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Footnotes

1. Although Lactalis markets baby food products, it was not included in the BMS assessment because it was estimated to derive less than 5% of its FY2016 revenues from baby food. Lactalis did not actively participate in the research process; its assessment is therefore based on publicly available information. Scorecard version 2, 31 October 2018.
2. Source: Morningstar, USD historic exchange rate
3. Source: Morningstar

