

Kellogg

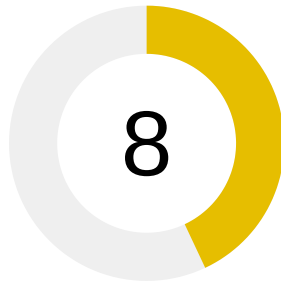
Product categories assessed
 Baked Goods|Breakfast
 Cereals|Processed Meat and
 Seafood|Savory Snacks|Sweet Biscuits,
 Snack Bars and Fruit Snacks

Percentage of company global sales
 covered by Product Profile assessment
 70-75%

Headquarters
 U.S.

Number of employees
 31000

Type of ownership
 Public



Rank 8 / Score 4.3

Rank 8 (2018)



Product Profile ¹

Rank 20 / Score 3.3

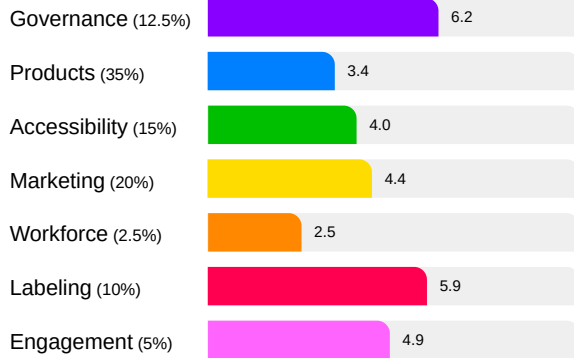
Rank 10 (2018) ²

Important:

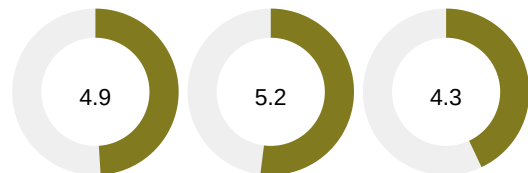
The findings of this Index regarding companies' performance rely to a large extent on information shared by companies, in addition to information that is available in the public domain. Several factors beyond the companies' control may impact the availability of information such as differences in disclosure requirements among countries or capacity constraints within companies, amongst others the Covid-19 pandemic. Therefore, in the case of limited or no engagement by such companies, this Index may not represent the full extent of their efforts.

CORPORATE PROFILE

Rank 8 Score 4.3



Commitment Performance Disclosure



The bar graph to the left shows company performance across the seven Index categories, which are key topic areas of assessment, and scores are shown for each category. The circles above provide an alternate view on the company's overall results, showing the score per indicator type. The Commitment, Performance, Disclosure score only applies to category scores and not to the BMS/CF Assessment.

Main areas of strength

- **SCORES AND RANKS:** Kellogg's score has decreased from 5.0 in 2018 to 4.3 in 2021, with its ranking remaining consistent in 8th place.
- **GOVERNANCE:** Kellogg places a strategic focus on nutrition and health through its 'Heart & Soul strategy' published in 2019, through which it commits to "developing foods to deliver holistic well-being to people everywhere, in an accessible way." In its 'Wellbeing Milestones' document, published in 2020, the company sets out its approach to addressing malnutrition and the needs of priority populations (especially women of childbearing age and children in low- and middle-income countries (LMICs)). Meanwhile, in its commercial strategy, the company places a strong emphasis on addressing micronutrient deficiencies through targeted reformulation and fortification. The company provided evidence of conducting global, regional, local, and segment-specific assessments of market nutrition-specific needs, including using data from public health authorities; an improvement from 2018. They also draw specific attention to groups experiencing, and at high-risk of, malnutrition in their commercial affordability strategies for healthy products aimed at addressing micronutrient deficiencies.
- **PRODUCTS:** To support its reformulation efforts, since 2018, the company has introduced an internal Nutrient Profiling Model (NPM) – the 'K Score System' – to evaluate its global portfolio and measure progress over time. Based on objective nutrition criteria, it calculates overall nutritional quality scores for each product, combining three elements: the internationally recognized 'Nutri-Score', a 'micronutrient score' (based on the quantity of vitamins and minerals present at a claimable level), and a 'clean label score'. It is the only company assessed in this Index that was found to use Nutri-Score as a basis of their NPM.
- **MARKETING:** Kellogg has recently updated its 'Worldwide Marketing & Communications Guidelines', which include an explicit commitment to the International Chamber of Commerce (ICC) Code for Advertising and Marketing Communication Practice. It also adds a commitment not to use any models with a BMI of under 18.5, and to clearly display the company or brand name when advertising on virtual media. The company has also added provisions covering the marketing via its own digital media, such as several approaches to ensure it does not reach children below the age of 12.
- **LIFESTYLES:** As a member of the Workforce Nutrition Alliance (WNA), the company introduced a new global employee health and wellness program – 'Total Health' – in 2019, which includes the promotion of healthy diets, nutrition education classes, and fitness and nutrition coaching. The programme is available to all employees, as well as their families in the U.S.
- **LABELING:** Since 2018, the company has improved on its front of pack labelling commitments and adopted several government-endorsed interpretive labeling systems in their biggest markets for selected products. This includes Nutri-Score in France and the 'traffic light approach' in the UK and Ireland. The company disclosed in 2018 that 80 percent of its products listed calories and Guideline Daily Amounts

Priority areas for improvement

- **PRODUCTS:** While the company commits to formulating more products with less sugar, sodium, and saturated fat as part of its approach to addressing obesity, it does not have a comprehensive set of targets that are applicable to its global portfolio. The company had set sugar and salt targets, covering its cereal and snack products only, that expired in 2020. While it reported that many of these targets had been achieved or exceeded in 2018 via the International Food and Beverage Alliance (IFBA) website, it has not reported the final progress against the remaining targets or disclosed whether new targets would be set. Meanwhile, the company does not set targets to reduce saturated fat or increase fruits, vegetables, nuts, legumes (FVNL), or whole grains. The company is encouraged to define a complete set of reformulation targets and increase transparency by publishing its progress against all targets. In addition, ATNI advises Kellogg to disclose the percentage of revenues derived from healthy products year-on-year, according to the company's definition.
- **PRODUCTS:** While Kellogg's new K Score NPM and use of the Nutri-Score model is a welcome development, the company does not currently use it to classify its products as 'healthy' or not. Therefore, the company is encouraged to develop a formal definition and publicly report on the proportion of products (by sales or volume) that are healthy. The company is also encouraged to use its NPM to ensure that only products of high underlying nutritional quality (i.e., meeting certain nutrition criteria) are fortified.
- **ACCESSIBILITY:** Although the company has a strategy to reach low-income shoppers through 'value stores' and targets the \$1 price-point in the U.S. for its healthy and fortified cereal products, it could consider explicitly disclosing the nutrition criteria for its affordable, healthy products to improve further. Kellogg is encouraged to make companywide public commitments on addressing the affordability and accessibility of its healthy products (according to objective nutrition criteria) and develop concrete strategies with objective, measurable targets to reach consumers; especially those living under poor socio-economic conditions and/or in 'food deserts', across all markets where the company operates.
- **MARKETING:** Beyond philanthropic initiatives, Kellogg did not disclose any commitments or examples of marketing strategies designed to ensure that its healthy, fortified products reach undernourished populations in developing countries. ATNI recommends the company considers investing more in developing such strategies and reporting on their effectiveness.
- **MARKETING:** With regards to responsible marketing to children, the company is advised to align the healthiness threshold for the products it markets to children with WHO regional standards. It could also consider improving its commitments regarding the deployment of children, celebrities (including influencers), or fantasy and animated characters in its marketing; such as committing to not sponsor people, materials or activities popular with children and/or teens, and to not depict children on packaging, except in conjunction with healthy products. While the company uses some tools to ensure its digital marketing does not reach younger age groups, ATNI recommends also

(GDAs) for one or more of seven nutrients on the front-of-pack (FOP).

- **ENGAGEMENT:** Kellogg's score increased significantly on engagement with governments. This is due to its improved disclosure in its latest Wellbeing Milestones report regarding its engagement with numerous governments in the U.S., Latin America, and Europe, to address hunger and malnutrition among children from low-income households. Regarding lobbying, the company assigns oversight of its political activities to its Board, and has a whistleblowing mechanism that covers the company's Code of Conduct. The company provides some disclosure about its lobbying activities.

- **ENGAGEMENT:** Kellogg states that it is actively engaged in ongoing conversations with multilateral organizations, governments, and nongovernmental organizations, including Oxford University, United Nations partner organizations, the World Business Council for Sustainable Development, and The Global FoodBanking Network. It uses this engagement to identify nutrition-related risks and opportunities, inform new programs and food innovations, and further inform their Wellbeing Strategy, commercial strategy and corporate policies regarding undernutrition.

committing to ensure adverts for unhealthy products are designed deliberately not to appeal to children, and to assess the nature of third-party websites chosen to advertise on. It could additionally consider ensuring that these tools are applied to all its digital media, including third-party hosted and digital marketing techniques.

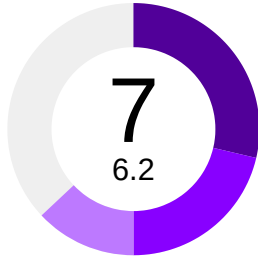
- **LIFESTYLES:** The company is encouraged to evaluate and disclose the impact of the nutrition and physical activity elements of its health and wellness programs (taking into account employee privacy and rights), ideally via an independent evaluator. It is recommended that the company expands its provisions for parental leave and supporting breastfeeding mothers to its offices across the globe, and not just the U.S. It is also encouraged to improve its public disclosure on supporting breastfeeding mothers at work; for example, by publishing a formal policy.

- **LABELING:** While the company stated in its 2018 Nutrition Milestones document "For countries where no national regulatory system exists, Kellogg places a health or nutrition claim on a product only when it complies with Codex", Kellogg is encouraged to improve its approach to claims by stating that it will not place a nutrition or health claim on a product unless it is classified as 'healthy', as determined by a relevant NPM. Moreover, given the company's emphasis on fortification in its portfolio, it is especially important that it considers publicly committing to using nutrition- or health claims on fortified products only when they meet relevant Codex standards and WHO/FAO Guidelines on Food Fortification with Micronutrients.

- **ENGAGEMENT:** Kellogg is advised to publicly commit to lobby responsibly; that is, with an explicit focus on supporting measures designed to improve health and nutrition that have a solid grounding in independent, peer-reviewed science. ATNI encourages the company to deploy internal or independent audits of their lobbying activities, including third parties, to better manage and control these. The company could also consider improving its lobbying disclosure on its website, publish a more comprehensive list of trade associations in which it participates (as well as any potential governance conflicts of interest and Board seats at these organizations), and disclose its positions on important nutrition-related topics (such as the regulation of health and nutrition claims) and fiscal instruments related to nutrition.

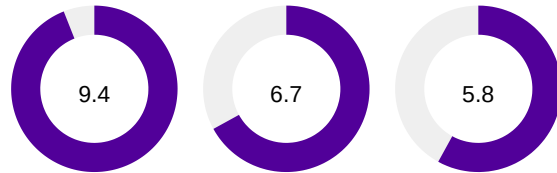
CATEGORY ANALYSIS

GOVERNANCE



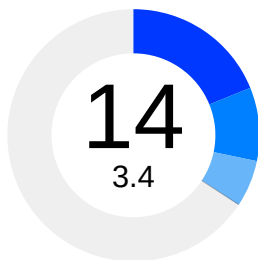
- A1 Nutrition strategy
- A2 Nutrition management
- A3 Reporting quality

Commitment Performance Disclosure



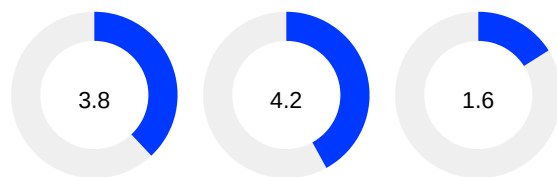
The big circle on the left represents the company result for this Index category, showing the rank out of 25 and the score below it. The smaller circles above indicate company's scores on the three types of indicators.

PRODUCTS



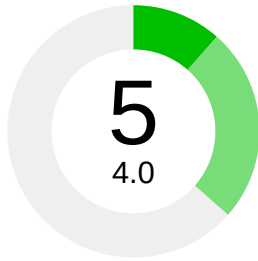
- B1 Product Profile
- B2 Product formulation
- B3 Defining healthy products

Commitment Performance Disclosure

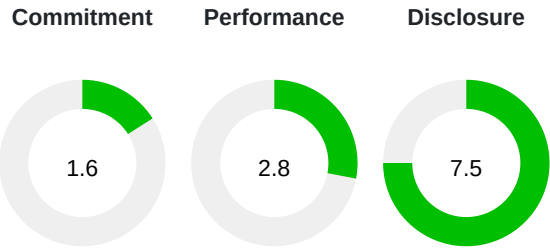


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ACCESSIBILITY

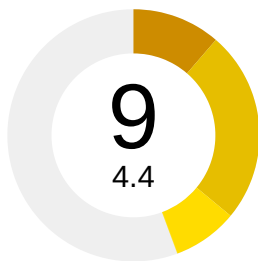


- C1 Product pricing
- C2 Product distribution

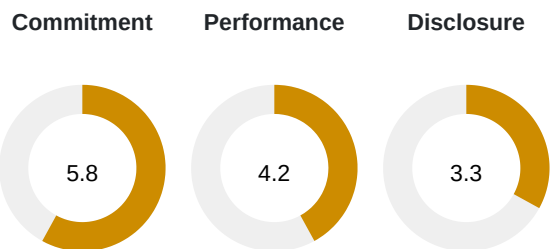


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MARKETING



- D1 Marketing policy
- D2 Marketing to children
- D3 Auditing and compliance

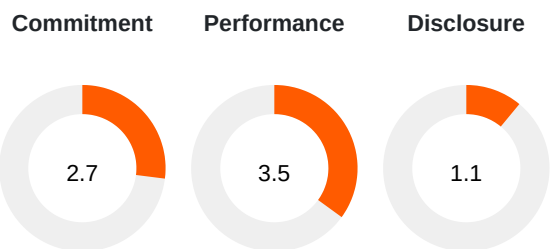


The big circle on the left represents the company result for this Index category, showing the rank out of 25 and the score below it. The smaller circles above indicate company's scores on the three types of indicators.

WORKFORCE

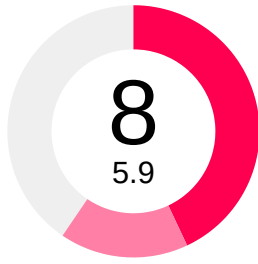


- E1 Employee health
- E2 Breastfeeding support
- E3 Consumer health



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LABELING



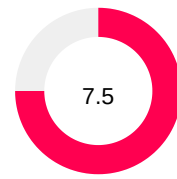
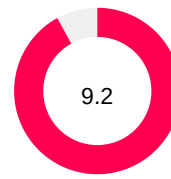
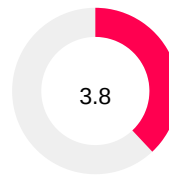
F1 Product labeling

F2 Claims

Commitment

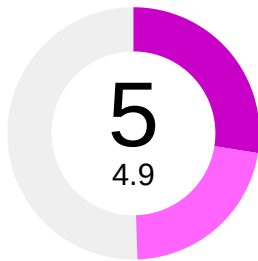
Performance

Disclosure



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ENGAGEMENT



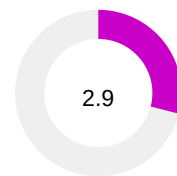
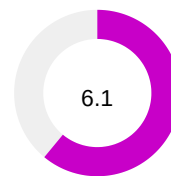
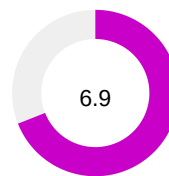
G1 Influencing policymakers

G2 Stakeholder engagement

Commitment

Performance

Disclosure



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DETAILED PRODUCT PROFILE RESULTS^{1 3}

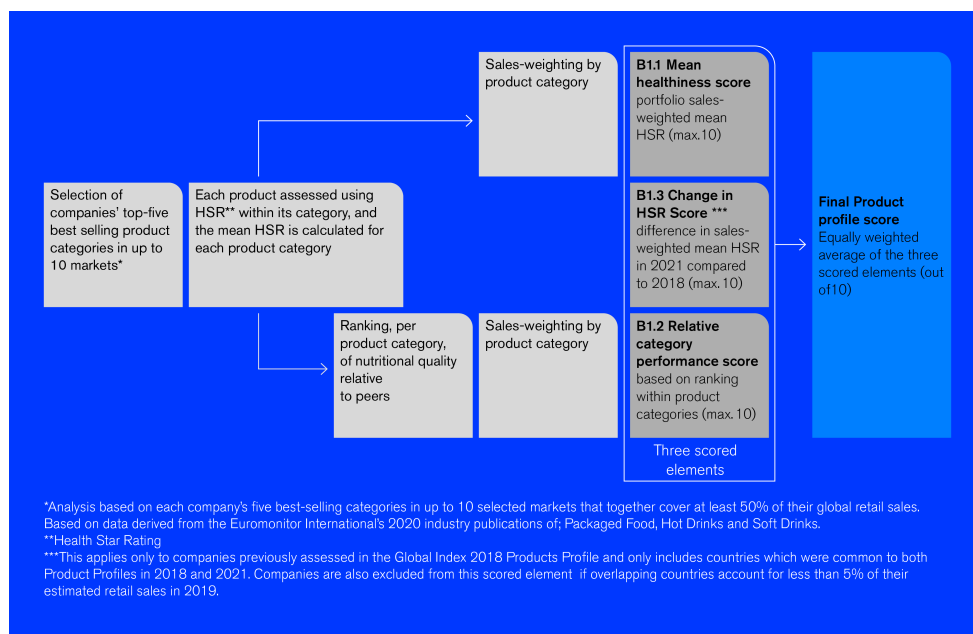


20

Rank 20 / Score 3.3

The Product Profile is an independent assessment of the nutritional quality of companies' product portfolios. For this purpose, ATNI uses the Health Star Rating (HSR) model, which rates foods from 0.5 to 5.0 based on their nutritional quality. ATNI uses the threshold of 3.5 stars or more to classify products as generally healthy. This assessment is undertaken in partnership with The George Institute for Global Health (TGI), with additional data input from Innova Market Insights.

The methodology for the Global Index 2021 Product Profile has been revised and now includes three scored elements. The overall Product Profile score reflects: B1.1, the mean healthiness of a company's product portfolio; B1.2, the relative healthiness within product categories compared to peers, and; B1.3, changes in the nutritional quality of product portfolios compared to the Global Index 2018 Product Profile. The steps taken to calculate the final Product Profile scores are visualized in Box 1. The next section further explains each of these three elements.



Kellogg has been assessed for the second time in the Product Profile. In the previous assessment, eight of the company's markets were selected, and a total of 1,310 products analyzed – accounting for approximately 70-75% of global retail sales. In this Index, a total of 1,347 products have been analyzed across nine of the company's major markets. Products from the top five best-selling product categories within each market are included. In 2019, these products account for 70-75% of the company's global retail sales.

Canada is a new market included for Kellogg's in this iteration. In 2018, a total of six product categories were included in the assessment, compared to five categories in 2021. Dairy category was included in 2018 but not in 2021.

It is important to note that the change in HSR score (third scored element in the revised Product Profile methodology) only takes into account countries included in both 2018 and 2021 assessments.

In this Product Profile assessment, Kellogg scores 5.1 out of 10 (B1.1) in the mean healthiness element, 4.8 out of 10 (B1.2) for the relative healthiness of its products within categories compared to peers, and 0 out of 10 (B1.3) for changes in nutritional quality (mean HSR) over time. This results in Kellogg obtaining an overall score of 3.3 out of 10, and ranking 20 out of 25 in the Product Profile.

B1.1 Portfolio-level Results

Average HSR (out of 5 stars) (sales-weighted)	9 Countries included	Range of global sales included 4	Healthy products (HSR)				Products suitable to market to children (WHO regional models) - UNSCORED		
			No. products assessed	% products healthy (≥ 3.5 stars)	% retail sales healthy 2019 (≥ 3.5 stars) – assessed countries only	% estimated global retail sales healthy 2019 (≥ 3.5 stars) 5	No. products assessed	% products suitable	% sales from suitable
2.6	Australia, Canada, Hong Kong, India, Mexico, New Zealand, South Africa, UK, USA	70-75%	1347	29%	26%	27%	1349	4%	2%

- A total of 1,347 products manufactured by Kellogg, sold in 10 countries, covering five product categories, were included in the Product Profile (baby foods, plain tea and coffee were not assessed). The company's sales-weighted mean HSR is 2.6 out of 5. ATNI turns this value into a score between 0 and 10, resulting in a mean healthiness score of 5.1 out of 10 for Kellogg. The company ranks 14 out of 25 companies in this first scores element (B1.1).

- Overall, 29% of distinct products assessed were found to meet the HSR healthy threshold ($HSR \geq 3.5$). Together, these products accounted for an estimated 26% of Kellogg's retail sales of packaged food and beverages 2019 in the selected markets (excluding baby food, plain tea, and coffee). Assuming the products and markets included in the assessment are representative of the company's overall global sales, ATNI estimates the company derived approximately 27% of its global retail sales from healthy products in 2019.

WHO nutrient profiling models (unscored): Only 4% of products assessed were found to be of sufficient nutritional quality to market to children, according to the World Health Organization (WHO) regional nutrient profiling models. These products were estimated to generate 2% of the company's sales in 2019. More information on this part of the assessment can be found in the Marketing section (Category D) of the Index.

B1.2. Product Category Results

	No. products analyzed	% products healthy (HSR>=3.5)	Company mean HSR	Mean HSR for all companies selling this product category	Company performance (rank in mean HSR compared to peers selling products in the same category) 6
Savoury Snacks	291	1%	1.7	2.2	7th out of 8
Baked Goods	73	27%	2.9	2	3rd out of 9
Breakfast Cereals	533	46%	3.2	3.5	4th out of 6
Sweet Biscuits, Snack Bars and Fruit Snacks	390	18%	2.3	1.8	4th out of 8
Processed Meat and Seafood	60	88%	3.9	3.1	3rd out of 8

- For Kellogg, 'Processed Meat and Seafood,' was the best performing category, where a total of 60 products analyzed obtained mean HSR of 3.9 out of 5. 'Savory Snacks' (1.7) had the lowest mean HSR of all product categories included for Kellogg.
- For three out of the five categories assessed, Kellogg's products perform better than the mean HSR of companies selling products in the same categories. The company performs best compared to peers in the 'Baked Goods' and 'Processed Meat and Seafood' product categories.
- Kellogg scores 4.8 out of 10 in this second scored element (B1.2) and ranks 19 out of 25 companies. This is based on its ranking compared to peers within the 16 categories, using the scoring system set out in ATNI's methodology.

B1.3. Change in mean HSR

	No. of products analyzed in 2018	No. of products analyzed in 2021	Sales weighted mean HSR 2018	Sales weighted mean HSR 2021
Australia	108	92	3.1	3.1
Hong Kong	40	35	2.6	2.7
India	36	25	3	2.6
Mexico	64	94	2.3	2.7
New Zealand	108	92	3.3	3.1
South Africa	20	37	3.3	3.1
UK	243	196	2.7	2.7
USA	691	623	2.1	2.5
TOTAL	1310	1194	2.5	2.5

- Kellogg showed no increase in mean HSR between the 2018 and 2021 Product Profiles (mean HSR=2.5 to 2.5). The change in HSR score only takes into account the eight countries included in both 2018 and 2021 assessments.

- Adjusting scores by country sales weighted estimates (which gives more weight to company's largest markets), Kellogg achieves an increase of 0 in mean HSR between 2018 and 2021, resulting in a score of 0 out of 10 on this element using the scoring system set out in ATNI's methodology.

Full Product Profile report: https://new-l40rlzsq.accesstonutrition.org/app/uploads/2021/06/GI_Global-Index_TGI-product-profile_2021-2-1.pdf

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Footnotes

1. The overall Product Profile score reflects: B1.1 the mean healthiness of a company's product portfolio; B1.2 the relative healthiness within product categories compared to peers, and; B1.3 changes in the nutritional quality of product portfolios compared to the Global Index 2018 Product Profile.
2. In the Global Index 2018, the Product Profile Assessment was conducted as a separate assessment. The results were based on scores generated by applying the Health Star Rating (HSR) nutrient profiling system, which analyzes the level of several positive nutrients (e.g. fruits, vegetables and fibers) and several negative nutrients (e.g. salt, sugar and saturated fat) in products.
3. The overall Product Profile score reflects: B1.1 the mean healthiness of a company's product portfolio; B1.2 the relative healthiness within product categories compared to peers, and; B1.3 changes in the nutritional quality of product portfolios compared to the Global Index 2018 Product Profile.
4. Retail sales data derived from Euromonitor International.
5. ATNI estimates this value by taking the proportion of healthy products within each category assessed and multiplying that figure by the global category retail sales. The values are then aggregated to generate an estimate of the overall global healthy sales (excluding baby foods, plain tea, and coffee, which are not included in the Product Profile).
6. Within-category ranks are calculated for all product categories in which two or more companies are active. Next, a performance percentage is calculated from the inverted rank (e.g. first out of 10: inverted rank $10/10 = 100\%$ performance score; tenth out of 10: inverted rank $1/10 = 10\%$ performance score). The 'Bottled Water- Pure' category receives a standard rating of five stars, according to the HSR algorithm for all companies.

