Global Index 2021

Mengniu

Product categories assessed
Dairy|Ice Cream and Frozen Desserts

Percentage of company global sales covered by Product Profile assessment
95-100%

Headquarters
China

Number of employees
30,000

Type of ownership
Public

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 23  Score 0.9

Commitment  Performance  Disclosure
0.8  1.0  0.6

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.

An adjustment of -0.75 to the company’s score has been made based on its score in the BMS/CF Marketing Index 2021.

Main areas of strength

- **SCORES AND RANKS:** Mengniu is assessed for the first time in the Global Index 2021. With its large portfolio of dairy products and infant nutrition products, it is an important addition to the group of assessed companies.

- **GOVERNANCE:** Mengniu’s mission statement has a focus on nutrition and health, stating it aims to “provide healthy dairy products with high quality to consumers.” The company also commits to improving the overall health of the public with its strategic focus on product research and development (R&D) and innovation, and formally supports Sustainable Development Goals two, three, and 12. Non-commercially, through its ‘Inclusive Nutrition Plan’, Mengniu donates milk to students in poorer regions of China. It also publishes its global nutrition-related information in its Annual and Sustainability reports.

- **PRODUCTS:** In 2019, Mengniu created a dedicated nutrition science research team and prepared the ‘Nutrient Evaluation Guide’. Based on the nutrient composition of Mengniu products, the guide defines indicators of ‘restricted nutrients’ for different products (added sugar, sodium, total fat) and ‘additive nutrients’ (protein, calcium) to increase public awareness of dairy products’ nutritional content. It has also developed milk formula products for the elderly in China.

- **ENGAGEMENT:** Mengniu has established a mechanism to audit the company’s lobbying activities through an internal independent audit department, which objectively and independently supervises, assesses, and advises the economic activities of the company. It aims to promote good governance.

Priority areas for improvement

- **SCORES AND RANKS:** The company is recommended to further increase public disclosure about its nutrition-related commitments, policies, and practices, and is encouraged to engage with ATNI to allow for a more complete assessment of its nutrition-related efforts.

- **GOVERNANCE:** Mengniu is encouraged to adopt and disclose a nutrition policy that specifies how the company contributes to improved nutrition and health in the countries in which it operates, through its commercial strategy and activities. It could also consider disclosing information about its approach to addressing micronutrient deficiencies in priority populations.

- **PRODUCTS:** No information indicating that Mengniu has a formal Nutrient Profiling Model (NPM) guiding its product (re)formulation effort was found in the public domain. Mengniu is encouraged to define and disclose what products are healthy based on objective nutrition criteria (using an internationally-recognized NPM), and implement a strategy towards a healthier product portfolio by setting product formulation and/or reformulation targets.

- **ACCESSIBILITY:** Mengniu could consider adopting and publishing a policy to improve the affordability and physical accessibility of products that meet healthy criteria, taking into account how it could reach low-income populations, or populations in rural or urban areas that lack regular access to healthy, affordable food.

- **MARKETING:** It is advised that the company adopts and publishes a marketing policy that addresses general aspects of responsible marketing and specific commitments to ensure the marketing of unhealthy products to children is avoided. It is also encouraged to align with the World Health Organization (WHO) regional nutrient profile models to establish which products should not be marketed to children.

- **LABELING:** It is recommended that Mengniu adopts and publishes a labeling policy to ensure that nutrition information is provided on all packaged food and beverage products, according to Codex Alimentarius guidelines and in compliance with national regulations in the countries in which it operates.

- **LIFESTYLES:** With 30,000 employees, ATNI encourages Mengniu to develop an employee health and wellness program with components of nutrition and physical activity for all its employees. It is also recommended that the company develops a global policy extending support to breastfeeding mothers at work and maternal health, that applies equally in all markets, including paid leave of ideally six months or more.

- **ENGAGEMENT:** Mengniu is encouraged to develop a responsible lobbying policy that outlines its commitments and principles for engagement and activities. The company is also advised to engage with relevant stakeholders to solicit input on its nutrition strategy, policies, and programs, and publicly adhere to international codes such as the ‘UN Guiding Principles on Business and Human Rights’ that guide responsible engagement with stakeholders in the food supply chain.
● BREAST MILK SUBSTITUTES AND COMPLEMENTARY FOODS: ATNI recommends Mengniu publishes a BMS policy in which it commits not only to comply with national regulation in China (and any other countries in which it currently does, or may do, business in future), but to commit to implement The International Code of Marketing of Breastmilk Substitutes, in full, everywhere, across all markets of operation.
Category Analysis

Governance

<table>
<thead>
<tr>
<th>Indicator</th>
<th>Commitment</th>
<th>Performance</th>
<th>Disclosure</th>
</tr>
</thead>
<tbody>
<tr>
<td>Nutrition strategy</td>
<td>3.4</td>
<td></td>
<td>4.0</td>
</tr>
<tr>
<td>Nutrition management</td>
<td>5.4</td>
<td>2.2</td>
<td></td>
</tr>
<tr>
<td>Reporting quality</td>
<td></td>
<td></td>
<td></td>
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</tbody>
</table>

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

<table>
<thead>
<tr>
<th>Indicator</th>
<th>Commitment</th>
<th>Performance</th>
<th>Disclosure</th>
</tr>
</thead>
<tbody>
<tr>
<td>Product Profile</td>
<td>3.3</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Product formulation</td>
<td>0.0</td>
<td>3.4</td>
<td></td>
</tr>
<tr>
<td>Defining healthy products</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

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.
Accessibility

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.

Marketing

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

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.
Labeling

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.

Commitment 0.0
Performance 0.0
Disclosure 0.0

Product labeling
Claims

Engagement

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.

Commitment 0.0
Performance 1.7
Disclosure 0.0

Influencing policymakers
Stakeholder engagement
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.

Mengniu has been assessed for the first time in the Global Index Product Profile. A total of 258 products have been analyzed across two of the company’s major markets. Products from the top five best-selling product categories within each market are included. In 2019, these products accounted for 95-100% of the company’s global retail sales, excluding baby foods.

In this Product Profile assessment, Mengniu scores 5.9 out of 10 (B1.1) in the mean healthiness element, and 5.3 out of 10 (B1.2) for the relative healthiness of its products within categories compared to peers. This results in Mengniu obtaining an overall score of 5.6 out of 10, and ranking 9 out of 25 in the Product Profile.
B1.1 Portfolio-level Results

A total of 258 products manufactured by Mengniu, sold in two countries, covering two product categories, were included in this Product Profile (baby foods were not assessed). The company’s sales-weighted mean HSR is 3.0 out of 5. ATNI turns this value into a score between 0 and 10, resulting in a mean healthiness score of 5.9 out of 10 for Mengniu. The company ranks 7 out of 25 companies in this first scored element (B1.1).

Overall, 26% of distinct products assessed were found to meet the HSR healthy threshold (HSR ≥3.5). Together, these products accounted for an estimated 26% of Mengniu’s retail sales of packaged food and beverages 2019 (excluding baby food). Assuming the products and markets included in the assessment are representative of the company’s overall global sales, ATNI estimates the company derived approximately 26% of its global retail sales from healthy products in 2019.

B1.2. Product Category Results

- Products form the ‘Dairy’ category achieved the highest mean HSR within the two categories included for Mengniu. A total of 250 dairy products analyzed obtained mean HSR of 3.0 out of 5.

- Both product categories included for Mengniu perform equal to or better than the mean HSR of companies selling products in the same categories. The company performs best compared to peers in the ‘Ice Cream and Frozen Desserts’ (2.3), although none of the eight ice cream products assessed for Mengniu were found to meet the healthy threshold.

WHO nutrient profiling models (unscored): Only 11% 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 11% 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.
Mengniu scores 5.3 out of 10 in this second scored element (B1.2) and ranks 16 out of 25 companies. This is based on its ranking compared to peers within the two categories, using the scoring system set out in ATNI's methodology.

**B1.3. Change in mean HSR**

<table>
<thead>
<tr>
<th>No. of products analyzed in 2018</th>
<th>No. of products analyzed in 2021</th>
<th>Sales weighted mean HSR 2018</th>
<th>Sales weighted mean HSR 2021</th>
</tr>
</thead>
<tbody>
<tr>
<td>TOTAL</td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
</tbody>
</table>

Not applicable for this company. This third scored element applies only to companies assessed in both Indexes and takes into account only those countries that are included in both assessments. Companies are also excluded from this scored element if overlapping countries account for less than five percent of their estimated retail sales in 2019.

Breast-milk Substitutes / Complementary Food Marketing

<table>
<thead>
<tr>
<th>Rank</th>
<th>BMS Marketing</th>
<th>Adjustment to Global Index Score</th>
<th>BMS 1</th>
<th>BMS 2</th>
<th>Level of compliance in country studies</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td>Max. of -1.5</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>7</td>
<td>0%</td>
<td>-0.75</td>
<td>0%</td>
<td>NA</td>
<td>NA</td>
</tr>
</tbody>
</table>

Rank 7 / Score 0%
• Mengniu is a new entrant among the six Index companies included in the BMS/CF Marketing Index. Its score is only based on the BMS/CF 1 assessment of the company’s policy commitments, management systems and disclosure relating to the marketing of its BMS products. As Mengniu does not sell its products in either of the countries included in the BMS/CF 2 assessment during 2020 (Mexico and the Philippines), its score does not include in-country study results and the Global Index adjustment is only based on the Corporate Profile score. Therefore, the maximum Global Index adjustment is -0.75. The BMS/CF Marketing Index score is used to generate a proportionate adjustment to the final Global Index score.

• Mengniu ranks an equal seventh in the BMS/CF Marketing Index with a level of compliance with ATNI’s updated methodology (including WHA 69.9) of 0%. To ATNI’s knowledge, Mengniu is not a manufacturer of complementary foods intended for children 6-36 months of age and is therefore only assessed on the BMS module.

• Mengniu does not publish a BMS marketing policy but some relevant information was found, however not enough to score the company. Mengniu makes a commitment to food safety and quality management systems and makes some basic commitments to The Code but does not elaborate on how these are operationalised. Thus, Mengniu’s overall score on BMS/CF 1 is 0%.

• ATNI only relied on publicly available information, not on additional unpublished information, which other companies provide to ATNI during the research process to help complete the assessment. To improve its score, Mengniu is encouraged to engage with ATNI for the next BMS/CF Marketing Index to allow for a complete assessment of its policies and practices in relation to BMS marketing.

• ATNI also encourages Mengniu to publish a BMS Marketing policy in which it commits not only to uphold national regulation in China (and any other countries in which it currently does business or may do business in future) but to commit to implement The Code, in full, everywhere across all markets of operation.

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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. 6 of the Global Index 2021 companies are also assessed under the Breast-Milk Substitute/Complementary Food Marketing Index which includes the nine largest companies by global revenues in the baby food segment. Companies are thus ranked and scored separately on the BMS/CF Marketing Index. This score is also used to generate a BMS/CF scoring adjustment of a maximum value of -1.5 which feeds into each company’s final Global Index score.

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.

7. As Mengniu does not sell its products in either country of the BMS/CF 2 assessment, its score does not include any in-country study results and the Global Index adjustment is only based on the BMS/CF 1 score. The total possible adjustment is therefore -0.75 rather than -1.5. The final Corporate Profile score represents the level of compliance with the ATNI methodology; the adjustment is based on the level of non-compliance.