

Kellogg Company

Product categories assessed

Baked Goods|Breakfast Cereals|Savoury Snacks|Sweet Biscuits, Snack Bars and Fruit Snacks|Processed Meat, Seafood and Alternatives to Meat

Percentage of company US sales covered by Product Profile assessment
90-100%

Headquarters
Battle Creek, Michigan, U.S.

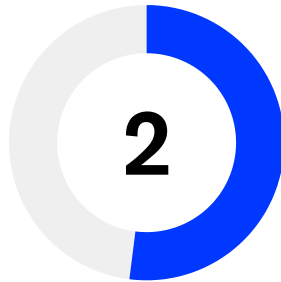
Number of US employees
-

Type of ownership
Public

Sales revenue (range) of packaged foods and beverages
USD 8 – 13 Billion

US share in global packaged food and beverage sales
48-53%

Euromonitor International Limited [2021]
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Rank 2 / Score 5.2
Rank 5 (2018)



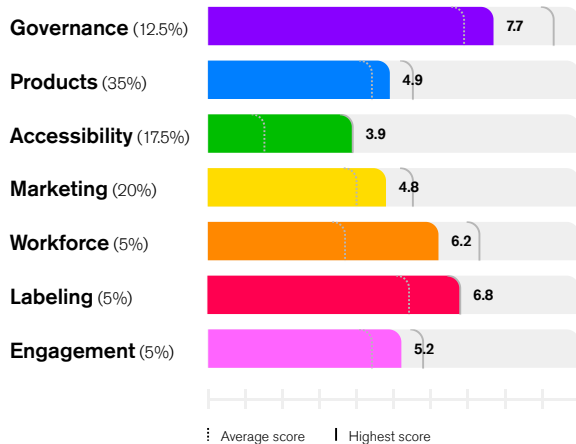
Product Profile ⓘ¹

Rank 5 / HSR 2.3 ⓘ²
Rank 4 (2018) ⓘ³

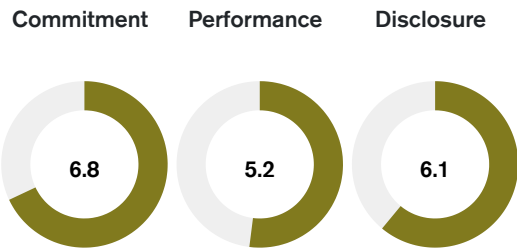
Important:

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. Therefore, in the case of limited or no engagement by such companies, this Index may not represent the full extent of their efforts.

Scoring Overview



(%) Figure in brackets is the weighting of the category
All category and criteria scores are out of 10



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.

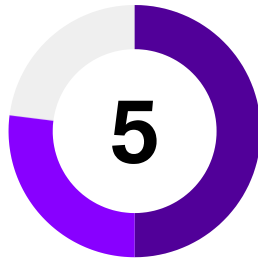
Categories

The US Index 2022 assesses companies' nutrition-related commitments and policies, practices and disclosure across seven categories. A product profiling exercise, assessing the healthiness of companies' product portfolios using the Health Star Rating model is also part of the Corporate Profile.



Governance

12.5% of overall score



Rank 5 / Score 7.7

Rank 4 (2018)

Highest score 9.3

Average score 6.9

A1 Nutrition strategy

A2 Nutrition management

- Kellogg is one of four companies on the Index that include a commitment on nutrition in their mission statement, as well as their core business operations. Kellogg's vision includes a focus on nutrition and health and this is integrated into the company's 'Deploy for growth' business strategy. One of its tenets is 'Nourish with our foods', while another is 'Feed people in need'. The company commits to crafting foods that include nutrients of need, address hidden hunger or malnutrition, and support a healthy gut microbiome.
- In the U.S., Kellogg activates its Better Days Promise with its brands and categories through the US Foodprint strategy. Foodprint encompasses action on nourishment and addressing hunger with a focus on feeding those in need through an equitable, diverse, and inclusive approach. That encompasses focusing efforts on groups most at risk from hidden hunger, obesity, and undernutrition due to income, geographic location, and ethnicity, and those in food-insecure households. In addition, the company launched its 'Kellogg Childhood Wellbeing Promise', which focuses strongly on childhood obesity. The company recognizes childhood obesity as one of the greatest public health challenges in the US and commits to addressing it cohesively through multiple approaches: Increasing access to healthy foods, consumer education, strengthening marketing to children standards, reformulation, and portion control.
- Some specific strategies that Kellogg employs under these approaches include: Strengthening internal standards for foods marketed to children under age 13; evolving the company's portfolio of foods most visible to kids to enable positive eating habits; delivering shortfall nutrients like fiber and vitamin D; and driving wholegrain, fruit, and vegetable intake. The company also focuses on increasing portion-controlled servings and messaging – and this is in line with its balanced approach to wellbeing which, according to Kellogg, starts with balanced consumption. The company brings this wellbeing messaging to life through a variety of marketing channels and approaches, including leveraging its brands and characters by building on programs like Mission Tiger and Rice Krispies Treats 'Love Notes', as well as launching new initiatives.
- Kellogg presents its commitment to improving nutrition in the US by publishing all details in a US-specific document called 'US Wellbeing Policies and Milestones'. This report, in addition to Kellogg's commitments, makes references to external benchmarks, such as the US Dietary Guidelines for Americans and the Institute of Medicines Report on Accelerating Progress in Obesity Prevention, and includes time-bound targets. Kellogg commits to nourishing one billion people with its foods by the end of 2030 with a baseline of 2015, and to deliver smart choices across its portfolio, including options with less sugar, sodium, and saturated fat by the end of 2030. This is elaborated on further on the Wellbeing section of the company's Better Days Promise website. Kellogg's wellbeing strategy, including its approach to nutrition and philanthropy, is led by its Senior Vice President, Global Research and Development and Senior Vice President, Global Corporate Affairs both of whom report to the company's CEO. Senior leadership is accountable for the company's nutrition strategy, and report to the company's CEO.
- The company conducts regular reviews of its Environmental, Social, and Governance (ESG) strategy and governance program, including in the US. The last review was held in 2021. Following a materiality assessment, Kellogg identified nutrition and wellbeing as its number one priority. Commencing in 2022, a refreshed ESG strategy and governance program is being implemented across the business, including in the US.

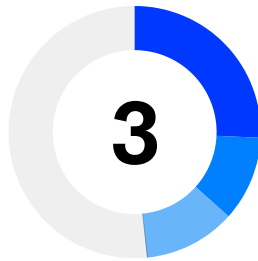
Areas of improvement

- Kellogg clearly acknowledges the importance of addressing the needs of priority populations in general, and it is encouraging that the company includes a specific focus on feeding those in need. However, the company can further strengthen this by including more specific commitments on affordability and accessibility of healthy food for specific groups that are at a higher risk of poor nutrition.
- Kellogg is advised to link executive compensation to performance on nutrition objectives and disclose this arrangement publicly.



Products

35% of overall score



Rank 3 / Score 4.9

Rank 5 (2018)

Highest score 5.5

Average score 4.4

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

- Kellogg is committed to improving the nutritional quality of its portfolio and has defined relevant (re)formulation targets – for example, 70% of cereals most visible to kids should have 35g or less of sugar per 100g by 2025 from a 2020 baseline. However, no US-specific progress report against this target was found.
- The company updated its nutrient profiling model (NPM) – Kellogg Global Nutrition Criteria (KGNC) – in early 2022, expanding its coverage to all its global categories and including both positive (micronutrient, fiber, protein, or wholegrains, among others) and negative (calories, total sugar, sodium, and saturated fat) components. Kellogg has agreed on following standardized global standards based on international and national guidance. For example, according to the company, 80% of its US portfolio currently falls below upper-bound levels of the United States Food and Drug Administration’s (FDA) new voluntary sodium targets.
- The company participates in the US Department of Agriculture (USDA) Smart Snacks in School program. According to the company, in 2021, 16% of its K-12 Smart Snack portfolio was sold in other sectors of the ‘Away From Home’ channels. Notably, Kellogg was the only company in the Index to publicly disclose a commitment to sell Smart Snacks with the same nutrition standards outside schools. Kellogg is encouraged to continuously review its portfolio intended for children and reformulate less healthy products following (inter)national guidelines for healthy products reformulation.

Areas of improvement

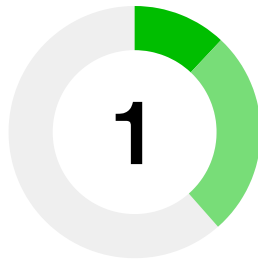
- As part of its commitment to nourishing one billion people by the end of 2030, Kellogg’s ‘Deploy for Growth’ business strategy focuses on increasing sales of foods meeting criteria in the KGNC. However, the company has not defined a time-bound target to increase the sales of healthy foods. In addition, the company discloses the percentage of foods meeting KGNC at the category level, for example 57% of breakfast cereals. While this transparency is a welcomed development, the company is encouraged to annually disclose the percentage of total US portfolio sales that comply with the KGNC.
- The company states that when revising its KGNC, it followed Children’s Food and Beverage Advertising Initiative (CFBAI) and International Food and Beverage Association benchmarks to ensure the criteria reflect the latest science and dietary guidelines. However, no assessment of company’s portfolio against external nutrition standards was found. The company has committed to continue the revision of its KGNC by 2024. ATNI encourages Kellogg to continue strengthening its model by, for example, including a ranking system – which would allow for bettering track and accelerate (re)formulation strategies to improve the overall healthiness of its US portfolio. When FDA releases its new definition of ‘healthy’, ATNI hopes all companies, including Kellogg, can benchmark their internal nutrition criteria against these new standards.





Accessibility

17.5% of overall score



Rank 1 / Score 3.9

Rank 1 (2018)

Highest score 3.9

Average score 1.5

C1 Product pricing

C2 Product distribution

- In its reporting, Kellogg acknowledges the importance of affordability and accessibility of food in general, and the company includes a specific focus on low-income consumers in the US. However, emphasis on the affordability and accessibility of 'healthy' food specifically does not feature prominently in its commitments and reporting.

- Kellogg reports examples of making some products that it defines as 'healthy' affordable and accessible, and it is the only company to disclose this information publicly. For example, it reports that it offers its fortified cereal brands and 'healthy snacks' at the \$1 dollar price-point and in family-value packs, and ensures they are stocked in retail chains frequently found in low-income neighborhoods, such as dollar stores. More recently, the company has worked with Dollar General to increase the accessibility of Eggo(R) Waffles (which meet the company's internal Kellogg Global Nutrition Criteria), specifically for low-income Black female shoppers, who are at above-average risk of experiencing food insecurity in the US. While this approach is commendable in terms of working with retailers and researching the purchasing habits of priority populations, it should be noted that many of these products do not meet criteria for internationally-acknowledged definitions of 'healthy', such as the Health Star Rating >3.5. While making such products more affordable and accessible may be helping to relieve micronutrient shortfalls in the US, these actions also risk contributing to the obesity crisis, especially among low-income populations.

- Kellogg also considers its efforts to formulate products that qualify for the WIC program as a key element of its access and affordability strategy – although it should be noted that government intervention makes these affordable for low-income women and children, rather than the company itself.

- The company donates both funds and products to a range of hunger relief organizations, such as Feeding America, No Kid Hungry, Action for Healthy Kids, and the Food Research and Action Center. According to Kellogg, "foods provided in these programs are aligned to US nutrition guidelines and help to increase micronutrient uptake on vitamins and minerals needed in children." It is the only company to explicitly state that the products it donates are aligned with specific nutrition guidelines.

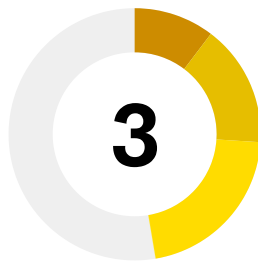
Areas of improvement

- While it is encouraging that Kellogg seeks to ensure its fortified cereals and snacks are affordable and accessible to low-income and food insecure consumers in the US, it is encouraged to consider the levels of added sugars, calories, and sodium in these products, and how these may contribute to the obesity crisis. It is therefore recommended to enhance its KGNC and establish stricter limits on sugar/carbohydrate levels for foods, and to develop affordability and accessibility strategies for these products specifically. For example, it is encouraged to continue its work with retailers such as Dollar General and in its efforts to reach priority populations specifically, but with products that meet stricter healthy nutrition criteria.
- In doing so, Kellogg is also advised to track the prices per serving of such products relative to its general portfolio, develop targets to improve the price differential between them, and publicly report on its performance.
- While the company reports that its product donations to hunger relief organizations are aligned with US nutrition guidelines, it is encouraged to codify this in a formal policy. For example, it could commit to responsible donation guidelines such as the Healthy Eating Research (HER) Nutrition Guidelines. In addition, it is recommended to track the nutritional profile of its product donations for philanthropic programs.



Marketing

20% of overall score



Rank 3 / Score 4.8

Rank 6 (2018)

Highest score 5.5

Average score 4

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

- During the assessment for the US index, Kellogg published its US Wellbeing Policies Milestones 2022 report. This includes the marketing policy for all audiences, also referring to the specific policy for children, and gives extensive information on the forms of marketing it entails and a vast list of commitments regarding a fair representation of their products.
- Kellogg's is one of three Index companies (together with General Mills and KDP) that makes their CFBAI audited marketing compliance levels for children for TV and digital marketing publicly available. Furthermore, it publicly discloses that it is audited annually by CFBAI.

Areas of improvement

- Although Kellogg's made a commitment to increase spending of marketing on healthier products, it is recommended to publish a commentary outlining the changes to the company's marketing spending in support of healthier eating, relative to their overall marketing budget.
- Kellogg includes marketing principles directed to children for primary and secondary schools, though not for other places children gather. The company could consider also including the mention of marketing to children in places like YMCA, early childhood education centers, or children's care service centers.
- Kellogg is advised to commit to or demonstrate that its non-commercial US programs relating to nutrition education exclude product- or brand-level branding in all programs.



Workforce

5% of overall score



Rank 2 / Score 6.2

Rank 5 (2018)

Highest score 7.3

Average score 3.7

 Employee health

 Breastfeeding support

- Kellogg commits to support employee health through its Total Health program, which includes expected outcomes such as improved performance at work, lower absenteeism, and improved people safety. This program is offered to all employees and their family members.
- Kellogg's employee health programs provide support by offering healthy food at work (via Sodexo), nutrition education (through Total Health), and nutrition-focused health checks (via Total Health).
- Kellogg formally commits to granting 12 weeks' paid parental leave to its employees. Kellogg offers flexible working arrangements to breastfeeding mothers (through Milk Stork), has reserved locations for breast feeding (including a refrigerator to store the milk), and provides allocated breaks for mothers to express milk.

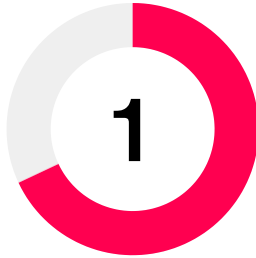
Areas of improvement

- Kellogg is encouraged to evaluate the health impact of its workforce nutrition program in the US, regulated by a third-party independent evaluator. The company is further encouraged to disclose quantitative and qualitative information of the outcomes of the program. During engagement, Kellogg clarified that it has begun to assess the impacts of its program but does not yet have sufficient data to share publicly.
- Kellogg could disclose the percentage of employees that participate in its employee health programs.
- Kellogg could commit to improve the health and nutrition of groups across the food value chains it is involved in, that are not directly employed by the company (supply chain partners in the US and abroad), through programs focused on nutrition.
- Kellogg is encouraged to extend its current paid parental leave policies to ideally six months or more.



Labeling

5% of overall score



Rank 1 / Score 6.8

Rank 5 (2018)

Highest score 6.8

Average score 5.4

 Product labeling

- Kellogg uses the Facts up Front (FuF) labeling icons to display front-of-pack (FOP) information, which shows the calories, saturated fat, sodium, and total sugar contained in each product. Kellogg clarified during engagement that more than 80% of its portfolio carries the FUF label.▪ Kellogg provides online nutrition information for all products through SmartLabel.

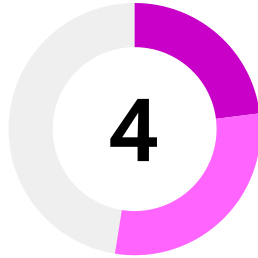
Areas of improvement

- Kellogg is advised to adopt an interpretive FOP labeling system for all products in its portfolio. Information on the type of FOP labeling used by the company should be disclosed publicly.
- Kellogg is encouraged to ensure 100% of its portfolio is compliant with this approach to FOP labelling and publicly report on this.
- Kellogg is encouraged to use an externally recognized NPM to underpin FOP labeling information in the US.
- Kellogg could provide the percentage of wholegrain relative to all grain or refined grains on all relevant products, to assist consumers in making informed decisions on the healthiness of products. Currently, the company provide guidance stating that product with less than 50% wholegrain need to display this information but for consumers to easily decipher the ratio of wholegrain to refined grains in a product, either the quantity of both grains or the percentage of wholegrains is needed on the product label.
- Kellogg is encouraged to commit to providing fruit and vegetable content information on all relevant products.



Engagement

5% of overall score





Rank 4 / Score 5.2

Rank 3 (2018)

Highest score 5.8

Average score 4.4

-  Influencing policymakers
-  Stakeholder engagement

- The Board of Directors has oversight over Kellogg's political activities, which are managed by the Head of US Government Relations in collaboration with the Senior Vice-President, Global Corporate Affairs. The company undertakes reviews of its trade association memberships annually and engages with trade associations throughout the year to ensure alignment with their advocacy positions.
- Kellogg reports that it engages with the US government on a range of nutrition-related topics, including: Various federal nutrition assistance programs such as SNAP and WIC; petitioning the FDA on the use of vitamin D in breakfast cereal and bars; providing comments on the Dietary Guidelines for Americans; providing technical clarifications on closing the fiber shortfall in the Us through regulatory change; and supporting updated school meals, school breakfast, and WIC nutrition criteria.
- The company discloses its nutrition-related trade association memberships, and indicates that it holds a Board seat on one of them (the Consumer Brands Association). Beyond this, the company only discloses its other trade association memberships for which its dues exceed \$50,000.
- Kellogg discloses semi-annually its direct contributions to candidates, political parties, or political committees, as well as super Political Action Committees (PACs), 527 organizations, or 501(c)(4) organizations. In recent years, it reports it has not made any such contributions, nor plans to do so. The company also has its own PAC, called the Kellogg Company Better Government Committee, but this is not disclosed on the company's own domain.
- In addition to reporting that it engaged with Oxford University, United Nations partner organizations, and the World Business Council for Sustainable Development (among others) on its global Wellbeing Strategy, the company also reports that its Childhood Wellbeing Promise nutrition strategy was informed by pediatric dietitians, the American Heart Association, and experts in food access. Meanwhile, it states that its KGNC are informed by external registered dietitians.
- Kellogg supports healthy eating and nutrition education programs for individuals and communities that are developed and implemented either by independent groups or by the company itself.

Areas of improvement

- Kellogg is encouraged to actively support (or commit to not lobby against) key WHO-endorsed public policy measures to address obesity and diet-related NCDs, such as fiscal measures to address obesity, regulatory restrictions on marketing/advertising unhealthy products (to children), or increased FOP labeling requirements, whether at federal, state, or local levels, where such proposals arise.
- Kellogg could significantly improve its disclosure regarding its lobbying positions on these key public health policies. These positions should be as specific and unambiguous as possible. For the political activities it does disclose, the company could be more specific about its position and the content of its input. Publishing links to specific documents used in government engagements is also encouraged.
- Kellogg is encouraged to enhance its transparency regarding trade associations and disclose a more comprehensive list of its memberships, reducing the threshold for disclosure to \$10,000 in membership dues, for example. It is also recommended to disclose the portion of dues used for lobbying purposes for each trade association it discloses.
- Kellogg should also be more transparent on its own domain about its lobbying expenditures and activities, including publishing a direct link to its Lobbying Disclosure Act reports, disclosing the names of its lobbyists/lobbying firms it uses, and clarifying what state jurisdictions it is actively lobbying in.
- Kellogg is advised to undertake audits of the company's lobbying activities and disclosure to ensure accuracy and compliance with its lobbying policies.
- Kellogg is encouraged to improve its transparency regarding the identities of experts it consults on nutrition-related topics, as well as indicating the degree of financial compensation provided for these engagements. Kellogg is encouraged to improve its public reporting of the content of discussions during stakeholder engagements, and which aspects of the company's nutrition-related activities are being discussed. Importantly, the company should also be clear about the outcomes of the engagements, and how they were used to change its practices or plans.
- Kellogg is encouraged to only support healthy eating and nutrition education programs that are developed and implemented by independent groups with relevant expertise.

Product Profile ^{i 4}



Rank 5/11 / Score 2.3/5

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. The underlying nutrient profile model assesses nutrients of concern (sodium, total sugar, saturated fat, and overall energy) and positive food components/ nutrients (fruit and vegetable content, protein, fiber, and, in some cases, calcium) to score products on the basis of nutritional composition per 100g or 100mL. ATNI uses the threshold of 3.5 stars or more to classify products as generally healthier. Product Profile results account for 20% of the total Index score.

Portfolio-level Results

Average HSR (out of 5 stars) (sales-weighted)	Products meeting the 'healthy' threshold (HSR of (3.5 stars or more))			Range of total 2021 US sales covered ^{i 5}
	Total no. products assessed	% of distinct healthier products	% sales from healthier products*	
2.3	709	22%	17%	90-100%

ATNI estimates this value by taking the proportion of 'healthy' products within each category assessed and multiplying that figure by the corresponding category US retail sales-values in 2021. The values are then aggregated to generate an estimate of the overall US healthy sales.

- Kellogg's average sales-weighted HSR is 2.3 (stars) out of 5 (2.4 unweighted), ranking fifth out of the 11 companies assessed in the Product Profile. A total of 709 products across the company's five best-selling product categories were assessed using the HSR system.
- 22% of distinct products analyzed for Kellogg met the 'healthy' threshold (3.5 stars or more in the HSR). When taking category sales values into account, the company was estimated to derive 17% of its 2021 US retail sales from healthier products. These results are influenced by the fact that the company derives a large share of its total US sales from the Snacks category.

Mean Health Star Rating by category for Kellogg Company

	No. of products assessed	Mean HSR
Baked Goods	124	2.2
Breakfast Cereals	187	3
Processed Meat, Seafood and Alternatives to Meat	75	4
Savoury Snacks	186	1.6
Sweet Biscuits, Snack Bars and Fruit Snacks	137	2

▪ Among categories assessed, Kellogg's Processed Meat, Seafood, and Alternatives to Meat category (Morningstar Farms brand among others) had the highest mean HSR (4.0 out of 5), followed by the Breakfast Cereal category (3.0 out of 5). A total of 75 products from the Processed Meat, Seafood, and Alternatives to Meat category were analyzed and almost all of them (96%) met the 'healthy' threshold. A total of 187 Breakfast Cereal products (Special K and Froot Loops among others) were analyzed with 63 of them (34%) meeting the 'healthy' threshold, indicating the company has significant scope to continue reducing added sugars in this segment. The company's lowest scoring category was Savoury Snacks (1.6 out of 5). None of the products assessed for Savoury Snacks (Pringles and Cheez-It brands among others) were found to achieve 3.5 stars or more out of 5.

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Footnotes

1. The Product Profile corresponds to criterion B1, assessing the nutritional quality of companies' portfolios, relative product quality within categories compared to peers and changes in portfolio healthiness over time.
2. The current Product Profile score accounts for 20% of the total Index score. It corresponds to criterion B1 of the Index.
3. In the US 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.
4. 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. The underlying nutrient profile model assesses nutrients of concern (sodium, total sugar, saturated fat, and overall energy) and positive food components/ nutrients (fruit and vegetable content, protein, fiber, and, in some cases, calcium) to score products on the basis of nutritional composition per 100g or 100mL. ATNI uses the threshold of 3.5 stars or more to classify products as generally healthier. Product Profile results account for 20% of the total Index score.
5. Retail sales data derived from Euromonitor International.

