

Lactalis

Product categories assessed

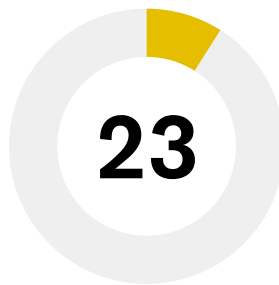
Dairy|Juice|RTD Coffee|Sauces, Dressings, and Condiments

Percentage of company global sales covered by Product Profile assessment
55-60%

Headquarters
France

Number of employees
80000

Type of ownership
Private



Rank 23 / Score 0.9
Rank 20 (2018)



Product Profile ⓘ ¹

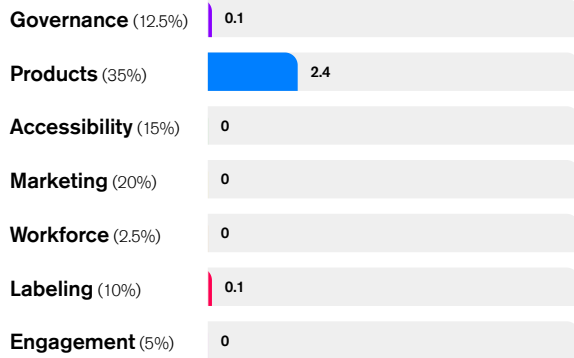
Rank 16 / Score 4.3
Rank 3 (2018) ⓘ ²

Important:

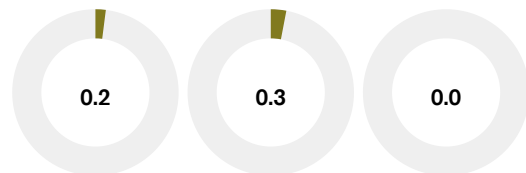
The findings of this Index regarding companies' performance rely to a large extent on information shared by companies, in addition to information that is available in the public domain. Several factors beyond the companies' control may impact the availability of information such as differences in disclosure 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 23 Score 0.9



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

- **GOVERNANCE:** Since the previous iteration, Lactalis has slightly improved its score on the Index. The change is attributed to two reasons: the first is a statement on the company's local website that demonstrates the commitment to providing high-quality ingredients with a focus on health and nutrition; the second is a disclosure on Lactalis' website that it changed its labeling to include "Best if used by", instead of "Use by", to reduce food waste.
- **PRODUCTS:** Lactalis is one of the two companies that has the 5th highest mean healthiness score of 6.1 out of 10 - an indication of the nutritional quality of company's products in best-selling categories across major markets.

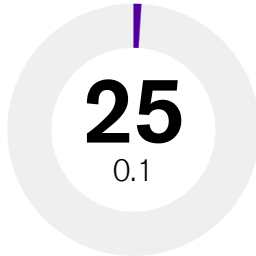
Priority areas for improvement

- **SCORES AND RANKS:** As seen in earlier Index iterations, Lactalis' disclosure is limited and the company did not engage in the research process, ranking 23rd on this Global Index. 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, as 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 nutrition-challenges, as well as for the identification of areas of strengths and those that need improvement.
- **GOVERNANCE:** The company is encouraged to extend its commitment to providing high-quality ingredients, with a focus on health and nutrition, to all the group's operations. 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 these, 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. ATNI advises Lactalis to develop 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.
- **GOVERNANCE:** Lactalis is advised to publish regular reports on its overall approach to tackling nutrition issues. It is observed that one of the company's subsidiaries, Parmalat, publishes annual reports, so the company is encouraged to publish similar reports at group level.
- **PRODUCTS:** It is recommended that Lactalis defines what products it classifies as 'healthy' based on objective nutrition criteria (using an internationally-recognized Nutrient Profiling Model (NPM)), and implements a strategy towards a healthier product portfolio by setting product formulation and/or reformulation targets.
- **ACCESSIBILITY:** The company is encouraged to adopt and publish a policy to improve the affordability and physical accessibility of products that meet healthy criteria, showing how it reaches low-income populations or populations which lack regular access to healthy, affordable food.
- **MARKETING:** The company could consider adopting and publishing a marketing policy that addresses both general aspects of responsible marketing and specific commitments to ensure that marketing of unhealthy products to children is avoided, aligned with the World Health Organization (WHO) regional nutrient profile models (that establish which products should not be marketed to children).
- **LABELING:** Lactalis is encouraged to adopt and publish a labeling policy to ensure that nutrition information is provided on all packaged food and beverage products, according to Codex Alimentarius guidelines and in

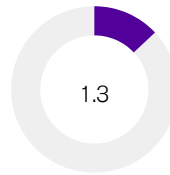
compliance with national regulations in the countries in which it operates.

Category Analysis

Governance



Commitment



Performance



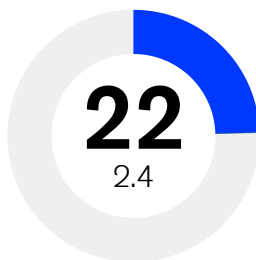
Disclosure



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.

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

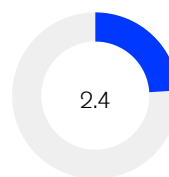
Products



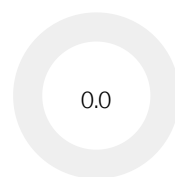
Commitment



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.

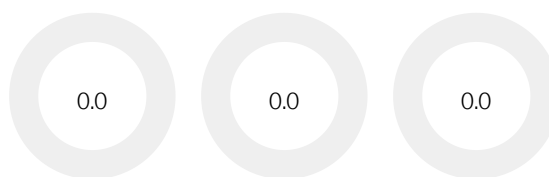
- B1 Product Profile
- B2 Product formulation
- B3 Defining healthy products

Accessibility



- C1** Product pricing
- C2** Product distribution

Commitment Performance Disclosure



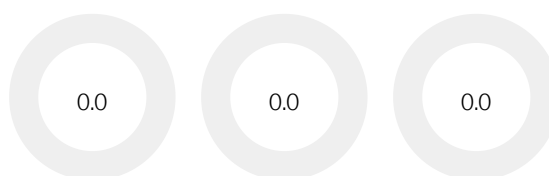
The big circle on the left represents the company result for this Index category, showing the rank out of 25 and the score below it. The smaller circles above indicate company's scores on the three types of indicators.

Marketing



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

Commitment Performance Disclosure



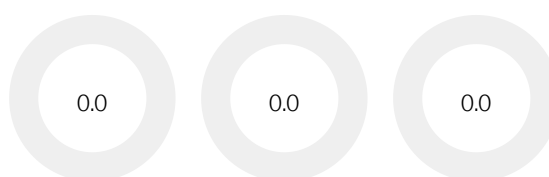
The big circle on the left represents the company result for this Index category, showing the rank out of 25 and the score below it. The smaller circles above indicate company's scores on the three types of indicators.

Workforce



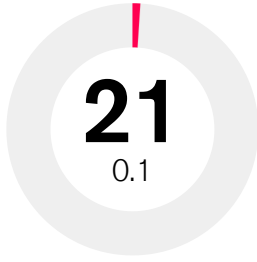
- E1** Employee health
- E2** Breastfeeding support
- E3** Consumer health

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.

Labeling



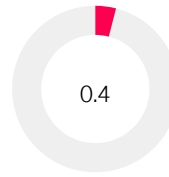
F1 Product labeling

F2 Claims

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.

Engagement



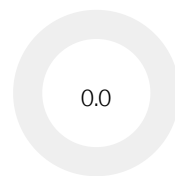
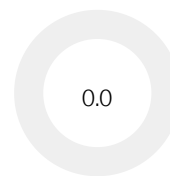
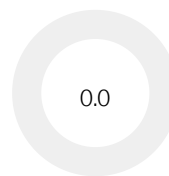
G1 Influencing policymakers

G2 Stakeholder engagement

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.

Detailed Product Profile Results ^{1 3}

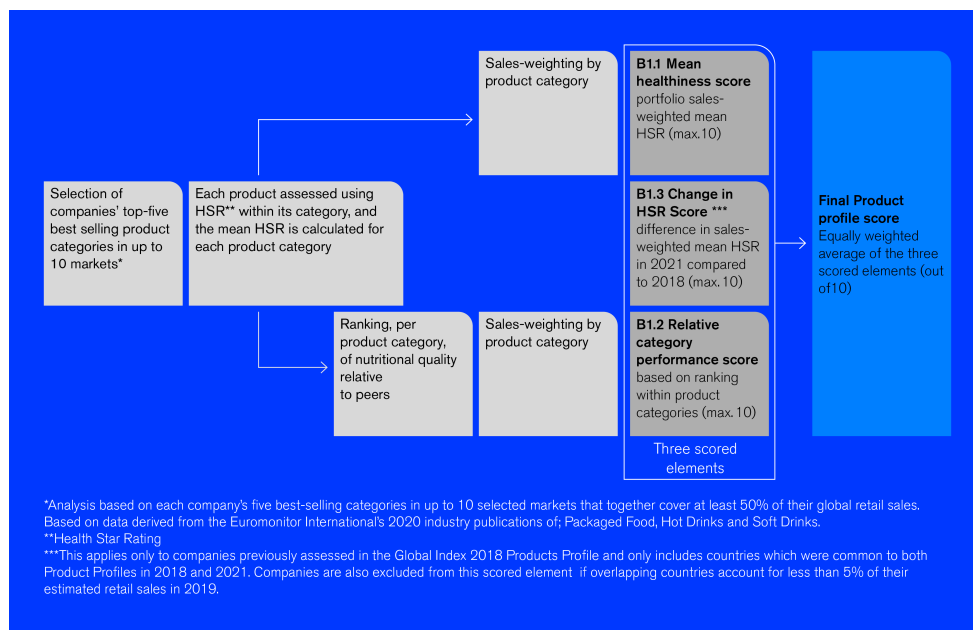


16

Rank 16 / Score 4.3

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.



Lactalis has been assessed for the second time in the Global Index Product Profile. In the previous assessment, seven of the company's markets were selected, and a total of 561 products analyzed – accounting for approximately 15-20% of global retail sales in 2017, excluding baby foods, plain tea and coffee. In this Index, a total of 1468 products have been analyzed across 10 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 55-60% of the company's global retail sales, excluding baby foods.

Brazil, Canada and France are new countries included in this iteration. Hong Kong and New Zealand were included in the 2018 but have been omitted this time. In 2018, a total of three product categories were covered by the assessment, compared to four categories in 2021 ('Sauces, Dressings and Condiments' new category in 2021). Products from the 'Sauces, Dressings and Condiments' categories were assessed in 2021 but not in 2018.

In this Product Profile assessment, Lactalis scores 6.1 out of 10 (B1.1) in the mean healthiness element, 6.7 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 Lactalis obtaining an overall score of 4.3 out of 10, ranking 16 out of 25 in the Product Profile.

B1.1 Portfolio-level Results

Average HSR (out of 5 stars) (sales-weighted)	10 Countries included	Range of global sales included 1 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) i 5	No. products assessed	% products suitable	% sales from suitable
3	Australia, Brazil, Canada, China, France, India, Mexico, South Africa, UK, USA	55-60%	1468	51%	50%	51%	1533	15%	15%

- A total of 1,468 products manufactured by Lactalis, sold in 10 countries, covering four product categories, were included in this Product Profile (baby foods are 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 6.1 out of 10 for Lactalis. The company ranks five out of 25 companies in this first scored element (B1.1).

- Overall, 51% of distinct products assessed were found to meet the HSR healthy threshold (HSR ≥3.5). Together, these products accounted for an estimated 50% of Lactalis' retail sales of packaged food and beverages 2019 in the selected markets (excluding baby foods). Assuming the products and markets included in the assessment are representative of the company's overall global sales, ATNI estimates the company derived approximately 51% of its global retail sales from healthy products in 2019.

WHO nutrient profiling models (unscored): 15% 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 15% 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
Dairy	1437	50%	3.1	2.9	7th out of 18
Sauces, Dressings, and Condiments	6	51%	2.6	2.5	5th out of 11
Juice	15	73%	4.3	3.2	1st out of 8
RTD Coffee	10	100%	4.1	2.7	1st out of 6

- For Lactalis, products from the 'Juice' category achieved the highest mean HSR, where a total of 15 products analyzed obtained mean HSR of 4.3 out of 5. The 'Sauces, Dressings, and Condiments' (2.6) had the lowest mean HSR of all product categories included for Lactalis.

- Lactalis scores 6.7 out of 10 in this second scored element (B1.2) and ranks 12 out of 25 companies. This is based on its ranking compared to peers within the four categories, using the scoring system set out in ATNI's methodology.

- Products from all four categories assessed for Lactalis, on average, 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 following product categories; 'Juice' and 'RTD Coffee.'

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	283	295	3.5	3.4
Mexico	10	27	3.6	3.4
South Africa	107	104	2.9	2.9
UK	76	97	3.3	3.3
USA	33	173	3	3.3
TOTAL	509	696	3.3	3.2

- This third scored element only takes into account five countries included in both 2018 and 2021 assessments. For Lactalis, a larger number of products were assessed in 2021, which could have impacted the overall results. In 2018 the USA represented 10% of sales within the 5 countries examined. However, in 2021 this more than doubled to 26%. A corresponding decrease in the proportion of sales from Australia and Mexico contributed to the decrease in mean HSR overall, with Australia and Mexico having the highest mean HSR of the 5 countries included.

- Adjusting scores by country sales weighted estimates (which gives more weight to company's largest markets), Lactalis portfolio-level results decrease by 0.1 mean HSR between 2018 and 2021 in the selected markets, 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://accesstonutrition.org/app/uploads/2021/06/GI_Global-Index_TGI-product-profile_2021-2-1.pdf

Disclaimer Global Index 2021

The user of the report and the information in it assumes the entire risk of any use it may make or permit to be made of the information. NO EXPRESS OR IMPLIED WARRANTIES OR REPRESENTATIONS ARE MADE WITH RESPECT TO THE INFORMATION (OR THE RESULTS TO BE OBTAINED BY THE USE THEREOF), AND TO THE MAXIMUM EXTENT PERMITTED BY APPLICABLE LAW, ALL IMPLIED WARRANTIES (INCLUDING, WITHOUT LIMITATION, ANY IMPLIED WARRANTIES OF ORIGINALITY, ACCURACY, TIMELINESS, NON-INFRINGEMENT, COMPLETENESS, MERCHANTABILITY AND FITNESS FOR A PARTICULAR PURPOSE) WITH RESPECT TO ANY OF THE INFORMATION ARE EXPRESSLY EXCLUDED AND DISCLAIMED.

Without limiting any of the foregoing and to the maximum extent permitted by applicable law, in no event shall Access to Nutrition Foundation, nor any of its respective affiliates, The George Institute, Euromonitor International, Innova Market Insights, or contributors to or collaborators on the Index, have any liability regarding any of the Information contained in this report for any direct, indirect, special, punitive, consequential (including lost profits) or any other damages even if notified of the possibility of such damages. The foregoing shall not exclude or limit any liability that may not by applicable law be excluded or limited.

Euromonitor International Disclaimer. While every attempt has been made to ensure accuracy and reliability, Euromonitor International cannot be held responsible for omissions or errors of historic figures or analyses and take no responsibility nor is liable for any damage caused through the use of their data and holds no accountability of how it is interpreted or used by any third party.

The George Institute Disclaimer. While the George Institute has taken reasonable precautions to verify the information contained in the report, it gives no warranties and makes no representations regarding its accuracy or completeness. The George Institute excludes, to the maximum extent permitted by law, any liability arising from the use of or reliance on the information contained in this report.

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.

