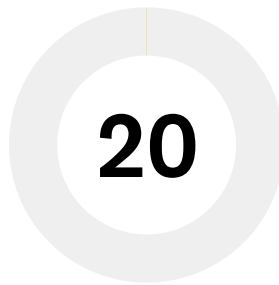


Kraft Heinz

BMS ⓘ¹

Reported product categories

Baby Food, Meal Replacement, Sauces, Dairy, Snack Bars, Ready Meals, Spreads, Concentrates, Juice, Hot Drinks



Rank 20 / Score 0

Rank 20 (2016)



Product Profile

Rank 7 / Score 5.7



BMS Marketing

Rank 6 / Score 0

Headquarters
U.S.

Market capitalization
106,983 m

Reported revenue by geography ⓘ³
North America 79%, Rest of World 21%

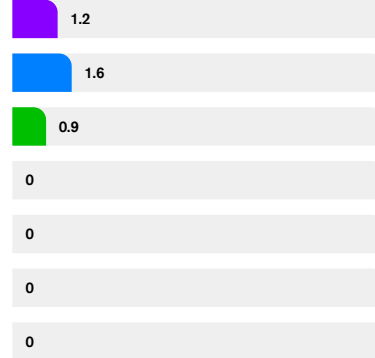
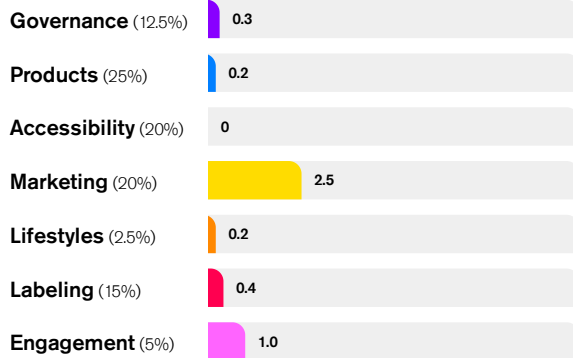
Number of employees
39,000

Total revenues ⓘ²
26,487 m

Corporate Profile

Nutrition 18/0.7

Undernutrition 13/0.7



Main areas of strength

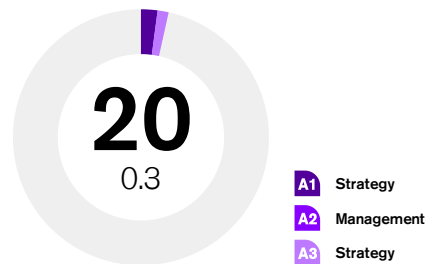
- The merged entity of Kraft Heinz is a new entrant to the 2018 Global Access to Nutrition Index. In previous Indexes, Kraft and Heinz were assessed as two separate companies. Thus, no comparisons can be made to the 2016 Index. The merged company did not engage with ATNF during the research process.
- Even though the company's score is very low on the Corporate Profile, and is zero out of ten once the BMS Marketing adjustment is made, it has put in place some commitments and taken action.
- In the U.S., Kraft Heinz participates in the Children's Food & Beverage Advertising Initiative (CFBAI) and the Children's Advertising Review Unit (CARU). Kraft Heinz does not market to children under the age of six where they make up more than 35% of the audience. Kraft Heinz is one of only a handful of companies that does not advertise in secondary schools or primary schools (but in the U.S. only).
- Kraft Heinz addresses undernutrition exclusively through its philanthropic activities. The Kraft Heinz Micronutrient Campaign aims to address micronutrient deficiencies among undernourished children in developing countries. It also partners with various stakeholders to improve the reach of its campaign such as Rise Against Hunger in developing countries.

Priority areas for improvement

- The company produces breast-milk substitutes (BMS), mostly but not exclusively in the form of complementary foods often labelled as suitable for consumption from four months of age, so its marketing of these products has been assessed in the BMS Marketing sub-ranking. Kraft Heinz ranked sixth (last) on BMS marketing and therefore the maximum adjustment of -1.5 was applied to its initial Corporate Profile score of 0.75 out of 10. Thus, Kraft Heinz scored zero out of ten and ranked joint last on the final 2018 Global Index ranking. It therefore has significant scope to improve its policies, practices and disclosure relating to nutrition and BMS marketing.
- To demonstrate to stakeholders that Kraft Heinz recognizes the substantial risks and challenges that nutrition issues pose to its business and society, the company should publish more about its nutrition-related commitments, policies and practices. Further, it is encouraged to engage with ATNF, as this would allow a more complete assessment of its policies and practices.
- Publishing its Nutrient Profiling System (NPS), which the company reportedly has but provides no details about, would lead to a better understanding of the company's approach to nutrition in its products.
- Commitments and examples of activity related to relevant nutrition topic areas, such as the affordability and accessibility of healthy products or the use of health and nutrition claims on labels are very limited or non-existent.
- Kraft Heinz should develop and report on commercial approaches to address undernutrition in developing countries.
- Kraft Heinz ranks seventh on the Product Profile with a score of 5.7 out of 10, based on an assessment of its major product categories in nine countries. Kraft Heinz was estimated to derive 41% of its total 2016 sales from healthy products, i.e. those that achieved a rating of 3.5 stars or more on the Health Star Rating (HSR) system. These findings illustrate that Kraft Heinz has significant scope to improve the healthiness of its portfolio through product reformulation, innovation and/or acquisitions or disposals.

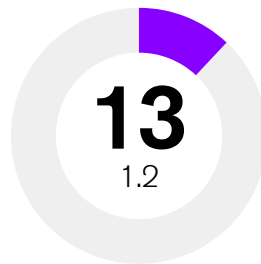
Category Analysis

Category A - Governance 12.5% - Nutrition



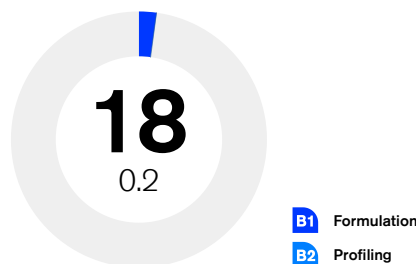
- Publicly available information about the company's nutrition governance was very limited at the time of the research for the Index. The only data available was related to nutrition-risk assessment published in its Annual Report. The company published only information on its website, separate nutrition-related reporting was not available at the time of the research. Consequently, Kraft Heinz's score on category A is low.
- As noted above, Kraft Heinz released its first CSR report, providing more information about the company's CSR governance, strategy and goals after the ATNI research process has been completed. Due to the late release, the information has not been taken into consideration for the scoring but was assessed to provide relevant recommendations. In the document, Kraft Heinz formulated a new CSR vision, "to be the best food company, growing a better world", which leads the company's CSR activities. However, there is no evidence that the company translates this CSR vision into a commitment to grow the business through a focus on nutrition health and wellness. Kraft Heinz now seems to have broad nutrition-related objectives on product reformulation, responsible marketing and labeling. Further, the Kraft Heinz' Board of Directors role is to oversee its global CSR objectives and framework which, among other topics, include nutrition. The company is encouraged to make nutrition and health a central commercial goal rather than treating it as a peripheral 'CSR' issue.
- There are a number of areas in which Kraft Heinz can strengthen its performance. The company is encouraged to translate its CSR vision into a commitment to grow the business through a focus on nutrition health and wellness, integrate nutrition as a driver in Kraft Heinz' acquisitions, generate high and increasing levels of sales of healthy products. The company should also develop a clear and comprehensive report on activities to prevent and address nutrition-related issues and on progress against nutrition-related objectives and targets, on a global basis.
- Overall, disclosure and public reporting on nutrition strategy remains weak despite its new CSR report. The company is encouraged to publish its CSR reports more frequently (i.e. annually), provide more information about its activities on nutrition in its major markets, and commission external verification of nutrition information published in its CSR report. It should also include commentary on its nutrition-related activities within its Annual Report and Accounts and show how these activities are adding value to the business.

Category A - Governance 12.5% - Undernutrition



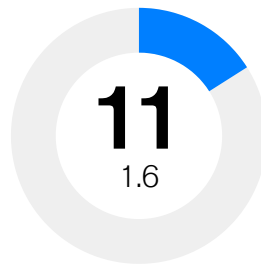
- Kraft Heinz addresses undernutrition through its philanthropic programs, rather than through its core business activities. Through the Kraft Heinz Micronutrient Campaign, the Kraft Heinz Foundation partners with various stakeholders including governments and NGOs to sponsor the development and distribution of micronutrient powders to infants and children suffering from anaemia, and vitamin and mineral deficiencies in lower-income countries. However, the company provides limited information about these activities. It could strengthen its performance by developing initiatives to address micronutrient deficiencies in high-priority countries through its core business.
- Specifically, the company is encouraged to set out clear, measurable objectives and targets both in terms of its core commercial business and for its philanthropic programs. Any approach it develops should be well-structured and focus exclusively on higher priority countries and on critical population groups. Activities should be based on extensive market research to identify different consumer needs with regards to micronutrient deficiencies. Leading practice includes Board-level oversight of such a strategy and activities.

Category B - Products 25% - Nutrition



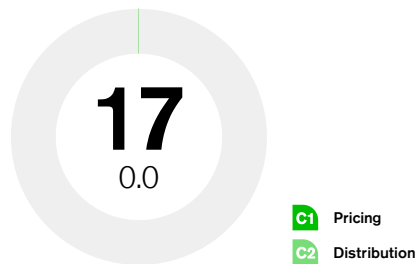
- At the time of the research process, information and disclosure on commitments and performance related to product formulation, nutrition targets and an NPS was limited. The only information available related to overall R&D spending, its initial product reformulation efforts and some examples of new product launches.
- In the new CSR report, Kraft Heinz provides more information relating to its internal guidelines for nutrition and wellness and a commitment to apply these guidelines globally and achieve 70% compliance by 2023. However, these are not reflected in its score. The company could improve by disclosing clear, SMART product reformulation targets and by reporting annually on progress in achieving these targets across its global portfolio.
- Kraft Heinz does not disclose or provide evidence of the percentage of products that meet its definition of healthy. The Product Profile found that 41% of its 2016 sales were generated by products that meet the definition of healthy based on the HSR system (i.e. those with 3.5 stars or more). Despite a considerably better score on the Product Profile compared to the Corporate Profile, Kraft Heinz should continue to innovate and reformulate its product portfolio to develop healthy products. The company should focus on improving product categories with high sales and low HSR scores, such as 'Baked Goods' and 'Sauces, Dressings and Condiments'.
- While the new CSR report shows that Kraft Heinz has some form of NPS it provides very limited information about it. The company is strongly encouraged to disclose more details about its system, and its guidelines for nutrition and wellness, to demonstrate its quality and comprehensiveness.

Category B - Products 25% - Undernutrition



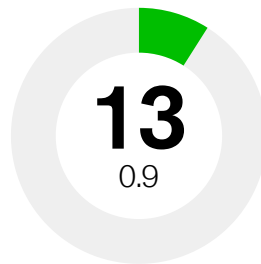
- Kraft Heinz continues to sponsor the development and distribution of micronutrient powders through the Kraft Heinz Micronutrient Campaign. Beyond this, there is no commitment to tackle undernutrition and micronutrient deficiencies in higher priority developing countries through targeted fortification of its own products.
- Kraft Heinz could use its market presence and expertise to develop and deliver fortified products based on international guidance, such as Codex or equivalent. Any approach it develops should embody a commitment to use ingredients with higher inherent levels of micronutrients and only to fortify products of high underlying nutritional quality. The company could also improve its practices by setting targets with respect to increasing its R&D spending on developing fortified products or with respect to the number of fortified products it intends to introduce to address undernutrition.

Category C - Accessibility 20% - Nutrition



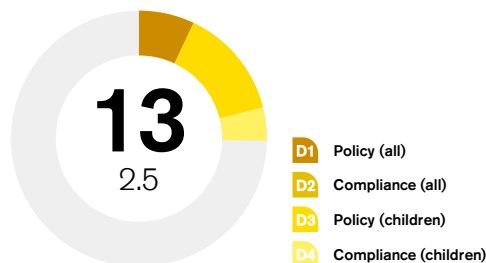
- Kraft Heinz provides limited information about any approaches it may have to enhance the accessibility or affordability of its healthy products through specific pricing and distribution initiatives. In 2017, the company established a joint venture, 'Mealtime Stories' with Oprah Winfrey, which aims to make affordable and nutritious meals accessible to all consumers in the U.S., although it is unclear whether these products are truly healthy and affordable for low-income, underserved populations. It is also unclear whether and how this activity relates to any affordability and accessibility strategy it may have for healthy products.
- The company has scope to strengthen its performance in this area by defining its commitment and specific related objectives to improve the accessibility and affordability of its healthy products globally, with specific consideration for low-income consumers in all markets.

Category C - Accessibility 20% - Undernutrition



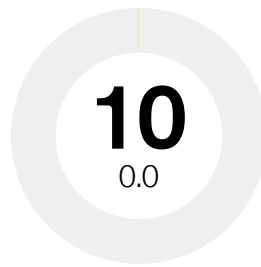
- There is no evidence that Kraft Heinz has articulated commercial or philanthropic policies or programs designed to improve the affordability of its fortified products for low-income populations in developing countries. In terms of accessibility of healthy products, the company and its Foundation articulated a goal to provide one billion meals by 2021 to eliminate global hunger by supporting NGOs that deliver them.
- Beyond this, there is limited evidence of some philanthropic programs but there is no evidence of a commercial strategy in this area. To improve its performance the company should develop and disclose details of its commitments, objectives, targets and performance on affordability and accessibility of fortified products in developing countries.

Category D - Marketing 20% - Nutrition



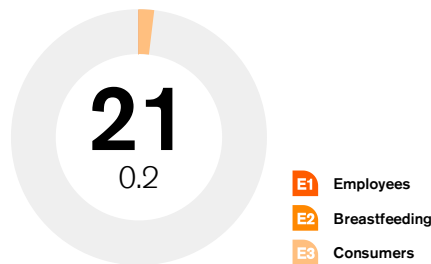
- Kraft Heinz' Code of Conduct includes a commitment to responsible marketing to all consumers in all markets. However, it does not fully encompass the International Chamber of Commerce (ICC) Code of Advertising and Marketing commitments, and it does not specify which media is covered. The company also does not seem to audit (or commission audits) of its compliance with these standards. More transparency about its advertising pledges and practices would allow a more complete assessment of Kraft Heinz' performance.
- Kraft Heinz is a member of the CFBAI and CARU. Kraft Heinz does not advertise to children under twelve when they represent 35% or more of an audience and clearly prohibits advertising in media primarily directed to children under six. Kraft Heinz is one of only a few companies that has adopted the best practice of not marketing in either primary or secondary schools.
- At the time of the research, only the company's commitment to CFBAI was available in the public domain. In its new CSR report, the company states that it participates in the Canadian Children's Food and Beverage Advertising Initiative and the Netherlands Code of Conduct on Kids Marketing. Kraft Heinz is strongly encouraged to adopt a comprehensive global policy applicable to all markets. In addition, it should also expand the scope of covered media and apply the policy when children make up more than 25% of a general audience. It should also set out how various marketing techniques will be used and expand commitments to prohibit marketing near primary or secondary schools or other places popular with children. Most importantly, marketing practice should be underpinned with an appropriate NPS.
- The Council of Better Business Bureaus (CBBB) conducts periodic audits through the CFBAI to ensure compliance with the pledge. However, Kraft Heinz does not report its individual compliance level. The company is encouraged to commit to doing so, as well as to commit to taking and reporting on corrective actions when non-compliance is identified.

Category D - Marketing 20% - Undernutrition



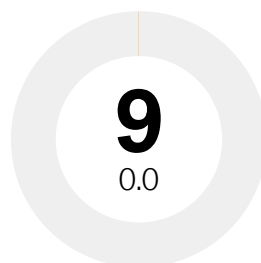
- Kraft Heinz does not disclose any commitments or examples of developing and delivering marketing strategies for its healthy fortified products appropriate to reaching undernourished populations in developing countries.

Category E - Lifestyles 2.5% - Nutrition



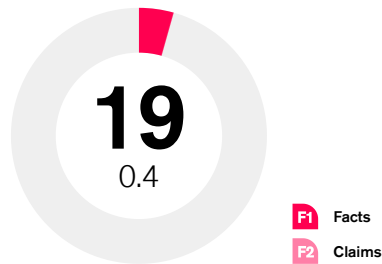
- At the time of the research process, Kraft Heinz did not disclose any information on how it supports its employee health and wellness. Kraft Heinz could improve by having a more robust, well-designed health and wellness program in place that incorporates nutrition, physical activity and healthy behaviors, and make it available to all employees and their family members worldwide. In addition, Kraft Heinz should commission independent evaluations of the effectiveness of its staff health and wellness programs, and report the results of such reviews.
- A commitment to providing breastfeeding mothers with appropriate working conditions and facilities at work is not evident. The company could strengthen its practices by formalizing such a commitment in a globally applicable maternity policy, including paid maternity leave for six months and offering suitable facilities to express and store breastmilk in all locations, as well as flexible working arrangements.
- While Kraft Heinz publishes a brief commitment on the types of programs it will sponsor through its philanthropic giving, a policy guiding its funding of healthy eating/nutrition education and physical activity programs is not evident. Kraft Heinz' approach could be strengthened by developing formal guidelines, committing to only support programs developed and implemented by third parties and which do not carry brand-level marketing. This would demonstrate that the company is taking responsibility for helping to improve consumers' lifestyles beyond the immediate scope of its business.

Category E - Lifestyles 2.5% - Undernutrition



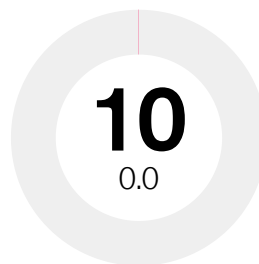
- While Kraft Heinz reports on activities related to undernutrition in developing countries, the company does not disclose whether it supports any consumer health and wellness education projects specifically related to undernutrition. To improve its performance, Kraft Heinz has scope to commit to educate lower-income consumers at risk of, or suffering from, undernutrition about the benefits of consuming foods high in nutritional value – without reference to specific branded products – through programs designed and implemented by independent organizations.

Category F - Labeling 15% - Nutrition



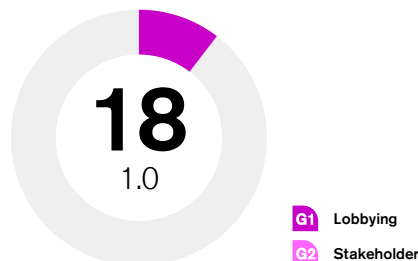
- In the new CSR report, the company commits to Facts Up Front and SmartLabel in the U.S., Traffic Light labeling in the UK and to using the HSR in Australia and New Zealand. As these labeling systems differ in their scope the company is encouraged to adopt one consistent global policy which extends its commitments relating to back-of-pack and to using one interpretative front-of-pack labeling format.
- The company could further improve its practice by disclosing a deadline for fully implementing its Facts Up Front and other local labeling systems commitments and by providing information on all nutrients in all markets, as recommended by the Codex, and to formalize this commitment in a publicly disclosed labeling policy.
- The company does not disclose details of its policy on using health and nutrition claims. The company could strengthen its performance by publicly disclosing a policy in which it commits only to placing a health or nutrition claim on a product when it complies with relevant Codex standards for countries where no national regulatory system exists, or standards are weaker than those of Codex.

Category F - Labeling 15% - Undernutrition



- The company does not appear to have a clear commitment to labeling products that have either naturally high levels of micronutrients or which are fortified with micronutrients for all markets.
- Commitment to use nutrition or health claims on fortified products only when they meet Codex standards in countries where the use of claims is not regulated or is weaker than those standards was not found in the public domain.

Category G - Engagement 5% - Nutrition



- While the company discloses its membership in U.S. trade associations to which it paid dues of \$50,000 or more, and its financial contribution to these organizations, its performance could be strengthened by being more transparent about its lobbying positions and activities in all markets.
- There is no evidence that Kraft Heinz has engaged with stakeholders to improve its nutrition related policies and practices. In the new CSR report, the company provides some commentary on stakeholder engagement especially for the purpose of its materiality assessment. The company could improve its performance by undertaking more structured and comprehensive engagement with key nutrition stakeholders in multiple markets and by publishing more details about how that engagement has shaped its nutrition-related policies and practices.

Category G - Engagement 5% - Undernutrition



- Kraft Heinz does not appear to support the efforts of developing country governments to introduce policies or regulation to address undernutrition.
- Through its philanthropic activities contributing to 'Better Communities', the company engages in partnerships with NGOs and government agencies in developing countries. However, it does not provide evidence of one-to-one meetings and regular dialogue with these organizations in key markets to solicit their input on how it could better tackle undernutrition through its core business.

Product Profile



Rank 7 / Score 5.7

Average HSR score products (sales-weighted)	Percentage of healthy products (sales-weighted)	Percentage of healthy products suitable to market to children (sales-weighted)	Number of products included in HSR and WHO EURO assessments		Number of countries included in the assessment
			HSR	WHO EURO	
2.8 stars	41%	12%	2077	2587	9

- Kraft Heinz' average sales-weighted HSR is 2.8 (2.9 unweighted), generating a Product Profile score of 5.7 out of 10, and it ranks seventh.
- A total of 41% of its sales of products assessed meet the healthy threshold (50% of its products by number). The proportion of its sales of products assessed suitable to market to children was 12% (19% of its products by number). The reductions in HSR scores illustrate that its products with slightly lower HSRs accounted for a relatively larger proportion of sales than those with higher HSRs.
- Kraft Heinz has the highest proportion of healthy products (HSR > 3.5) in New Zealand, U.K. and Australia (64%, 61% and 48% respectively), China had the least proportion of healthy products (6%). Kraft Heinz in China sold only products in the low-ranked 'Sauces, Dressings and Condiments' category which explains the low ranking in the country. The highest proportion of products eligible for marketing to children was found in the U.K. (48%) followed by South Africa (47%). None of its products were eligible for marketing to children in China and India.
- In terms of categories, Kraft Heinz' healthiest category on average is 'Processed Fruit and Vegetables' (HSR of 4.2), followed by 'Savory Snacks' (4.0) and 'Soup' (3.5), with 'Sauces, Dressings and Condiments' and 'Baked Goods' having the lowest mean HSR of all Kraft Heinz product categories of 2.3 and 2.2 respectively.
- Kraft Heinz ranks last on the Corporate Profile. The reason for such a low rank and score of zero out of ten is due to very limited reporting on nutrition-related policies and practices during the research process. It is additionally impacted by the BMS adjustment of -1.5 to the Kraft Heinz score. However, the company scores considerably better on the Product Profile – ranking seventh with a score of 5.7. The difference in score and rank between the two elements of the ATNI methodology show that while the company has very limited disclosure on its governance structure, management systems, policies and practices, the company offers healthy products in its product portfolio. Never the less, only 41% of products are considered healthy and only 12% can be marketed to children and there is room for improvement of health profile of its products.

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

Breast-milk Substitutes (BMS) Marketing



6

Rank 6 / Score 0

Rank	BMS Marketing	Adjustment to Global Index Score	BMS 1	BMS 2	Level of compliance in country studies	
		Max. of - 1.5			Thailand	Nigeria
6	0	1.5	0	0	NA	Low

- Kraft Heinz is one of four Index companies included in the BMS Marketing sub-ranking. Its score is based on two assessments: BMS 1 which assessed the company's BMS marketing policy commitments, management systems and disclosure and BMS 2 which assessed its marketing practices in Nigeria during 2017. None of its BMS products were found in Thailand; the company was therefore not included in that study.
- Kraft Heinz ranks last (sixth) on the BMS Marketing sub-ranking with a level of compliance with the ATNF methodology of zero.
- At the time of the research process, Kraft Heinz had not published any policy commitments nor provided any evidence of management systems to implement any commitments it may have. A broad statement recognizing the importance and the superiority of breastmilk in feeding infants and young children was published after the research process has been completed. The company referred to its Charter for Marketing Breast-milk Substitutes, but details of the scope and commitments are not in the public domain.
- To improve, Kraft Heinz should publish a policy and other information about its approach to BMS marketing aligned with The Code. It should apply its policies in all markets consistently, as recommended by The Code, and adopt the industry best practice of going beyond compliance with local regulation by following its own policies (once adopted and aligned with The Code) where local regulations are weaker than The Code or absent. Further, it should strengthen its management systems and make greater efforts to ensure they are applied consistently in all markets.
- In the study of marketing practices in Nigeria, Kraft Heinz was found to have only a low level of compliance with the ATNF methodology and scored zero on BMS 2.
- Many instances of non-compliance were identified in Nigeria in relation to point-of-sales promotions and incorrect labeling. However, the company did not respond to requests to review the findings of the study nor confirm whether the products found were intended for the Nigerian market (or whether they were parallel imports), nor whether it had commercial relationships with the online retailers monitored.
- To bring its marketing practices into line with The Code and local regulations in Nigeria, Kraft Heinz should ensure that all of its product labels include all necessary information. It should particularly take steps to ensure that all online retailers do not offer point-of-sale promotions.

For full details, see the company's BMS Marketing scorecard

Disclaimer

Global Index

2018

General Disclaimer

As a multi-stakeholder and collaborative project, the findings, interpretations, and conclusions expressed in the report may not necessarily reflect the views of all companies, members of the stakeholder groups or the organizations they represent or of the funders of the project. This report is intended to be for informational purposes only and is not intended as promotional material in any respect. This report is not intended to provide accounting, legal or tax advice or investment recommendations. Whilst based on information believed to be reliable, no guarantee can be given that it is accurate or complete.

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

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

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

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

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Footnotes

1. Kraft Heinz was evaluated on the BMS sub-ranking and its Global Index score has been adjusted by –1.5 to reflect its level of compliance with the BMS methodology of 0%. The company was created in 2015 after Heinz and Kraft Foods Group merged (the two companies were assessed separately in the 2016 Index). The company did not actively participate in the research process; its assessment is therefore based on publicly available information. Scorecard version 2, 31 October 2018.
2. Source: Morningstar, USD historic exchange rate
3. Source: Morningstar