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The Consumer Goods
FORUM

Health & Wellness Progress Report

Based on 2017 survey findings

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Health & Wellness at The Consumer Goods Forum

Empowered Healthy Consumers Globally

LIFE EXPECTANCY

People are **living longer** thanks to improvements in nutrition and hygiene, and advances in vaccines and medical treatments against communicable diseases.

HEALTHCARE COSTS

Healthcare costs **outpacing** growth by an average of **2%**.

OBESITY AND MALNUTRITION

Obesity rates have more than **doubled** since 1980. **2 billion people** worldwide are affected by malnutrition.

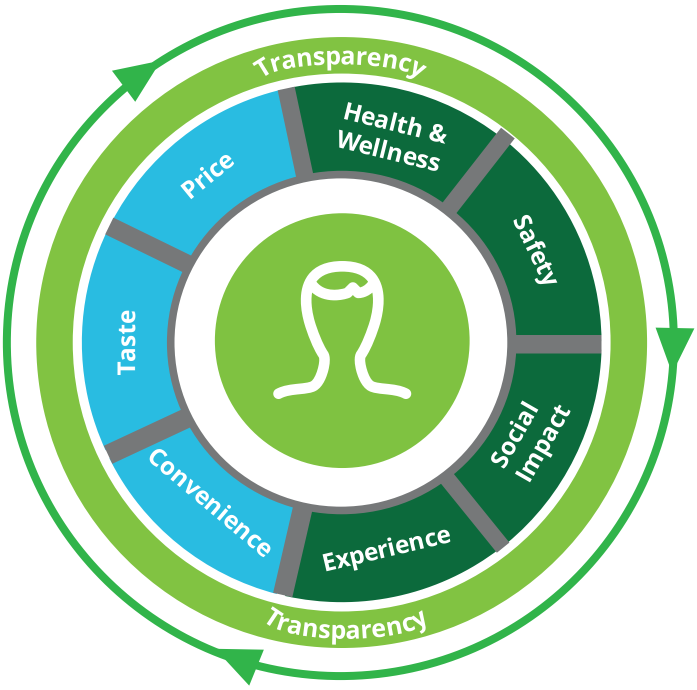
The Consumer Goods Forum's Health & Wellness Pillar focuses on supporting industry collaboration to provide solutions to today's biggest health and wellness challenges.

What's good for consumers is good for business

Changing consumer demands are driving preferences for products and services

TRADITIONAL PREFERENCES

- Price
- Taste
- Convenience

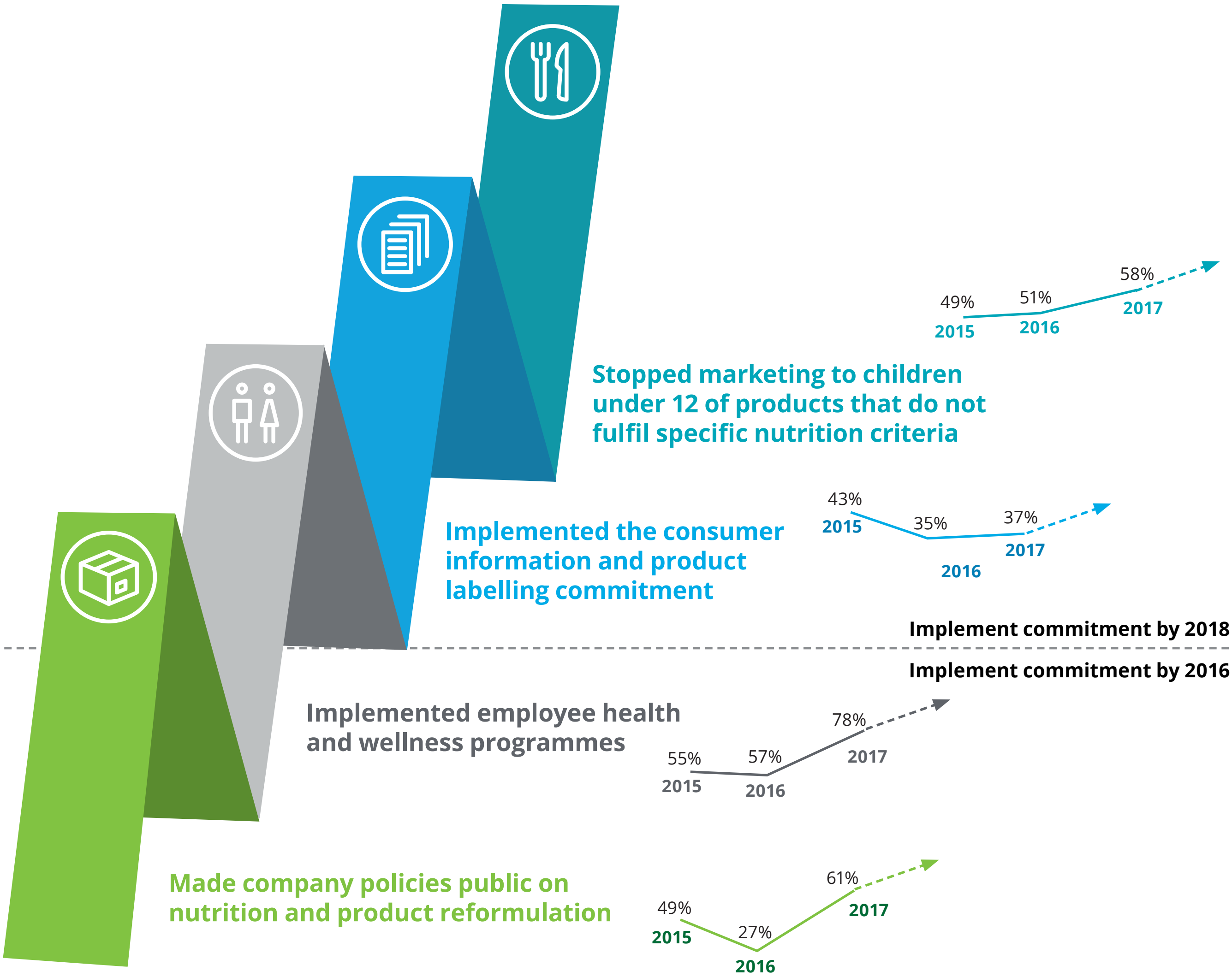


EVOLVING PREFERENCES

- Health & Wellness
- Transparency
- Safety
- Social Impact
- Experience

What our members are doing to support healthier lives

Progress against commitments (2015-2017)



Magnitude of CGF members' activities

CGF members continue to prove their commitment to health and wellness. This has been especially evident in two key areas. The first is in our members' contribution to help raise awareness of hygiene, nutrition and healthy lifestyles through partnerships with education authorities and institutions. Our employees are setting excellent examples, with up to 1.6 million employees taking part in Health & Wellness programmes, a 23% increase over last year.

In the communities where we conduct business, 58% of CGF members are helping combat hunger and promoting good nutrition with active participation in food bank programmes. Over 77,000 tonnes of food and 180 million meals were distributed by member companies during the year. These numbers reflect a trend toward external partnerships. In fact, in 2107, 85% of member companies were working with organizations in their communities, up from 72% in 2016.

88% of companies report reformulating products

68% of companies report reducing sugar (+12% since 2016)

75% of companies report reducing salt (+12% since 2016)

50% report reducing saturated fat/trans fat

58% partnered with food banks to donate **180 million** meals

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Over **1.6 million** employees participated in Health & Wellness initiatives

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85% have formed partnerships with community stakeholders

Health & Wellness programmes have reached over **527,000** schools

Message from our Board sponsors

The world over, people are increasingly aware of the importance of prevention to the maintenance of good health. This puts our industry in a unique position to help people in the communities where we do business make informed decisions. This is why we created the CGF Health & Wellness Pillar.

Since the Pillar's launch, in 2011, we have measured our progress against the resolutions and commitments outlined by our Board of Directors. This fifth edition of the Health & Wellness Progress Report offers a snapshot of how we, as an industry, are meeting the goals we set ourselves.

This year we can once again report steady progress. More companies are engaging with their employees and their communities to meet health and wellness needs. Employee participation in health and wellness programmes jumped by 26% last year. In 2017 our members partnered with public education authorities representing over 527,000 schools to help children learn healthy habits. We also responded to evolving consumer demand by reformulating more than 33,700 products.

Our stated ambition—to empower consumers to lead healthier lives—is an important long-term objective that requires sustained effort. We are helping to improve the health of the communities we serve, but we know that there is so much more we can do together. Building upon our initial five-year plan from 2013, we now intend to strengthen our leadership in this area for the next five years and beyond.

It is in this spirit that we have reinforced our existing resolutions and commitments by launching Collaboration for Healthier Lives, a shared initiative of retailers and manufacturers. This year, initiatives planned in Colombia, Costa Rica, Japan, Mexico, the UK, and the US are leveraging the power of industry collaboration to support the health of our consumers and employees. We believe that by working together as CGF members and by collaborating with community stakeholders, we will make a more significant impact than we would as individual companies.

Our aim at CGF is to inspire further action. This report is intended to do exactly that. We hope that you will join us in helping people lead healthier lives and securing our long-term business growth.

Mark Schneider
CEO Nestlé S.A.
Board Co-Sponsor of The Consumer Goods Forum
Health & Wellness Pillar

Dick Boer
President and CEO Ahold Delhaize
Board Co-Sponsor of The Consumer Goods Forum
Health & Wellness Pillar

Executive Summary

In the five years since The Consumer Goods Forum (CGF) launched its annual Health & Wellness progress report, we have seen a concrete shift in how our members are working together to show industry leadership, address changing consumer demands and empower consumers to adopt healthier lifestyles.

This year's edition builds on the success we have seen in previous years as more products are reformulated, more employees have access to wellbeing programmes and more children take part in nutrition and health education programmes in partnership with schools.

There is a clear opportunity for business to contribute to public health and to a culture of prevention. The CGF members acknowledge this as part of a multi-stakeholder action where the private sector can, and should, play a key role.

This report outlines the work the industry is doing in the area of Health & Wellness. It documents in full transparency the progress on the implementation of the CGF's Resolutions and Commitments as well as the challenges CGF companies encounter. Progress against the 2018 commitments needs a significant step up, if they are to be achieved.

Going forward, the Health & Wellness Steering Committee believes that manufacturers and retailers should sustain their collaboration to make a transformational contribution to addressing universal health challenges. We will continue to be inspired by the WHO Action Plan and the UN Sustainable Development Goals (SDGs) that relate to zero hunger (Goal 2), ensuring healthy lives and wellbeing (Goal 3), and creating mechanisms and partnerships to drive change (Goal 17).

The Board of Directors acknowledge the effort and would like to thank the companies who have contributed to advance the CGF agenda.

This year's highlights:

- Responding companies represent:
  - 83 participants, of which 15 are first-time reporters
  - US$3.1 trillion revenues
  - 6.8 million employees of which 1.6 million participated in health and wellness programmes
  - Retailers (39%)
  - Food and beverage manufacturers (47%)
  - Personal care product manufacturers (10%)
  - Others (4%)
- 26% increase in employees' participation in health and wellbeing programmes
- 88% of companies introduced products that have been formulated and/or reformulated to support healthier diets and lifestyles
- 50% of companies formulated or reformulated products specifically for certain regions/markets
- 24% of companies formulated or reformulated products as part of their product portfolio
- 12% increase over last year in the number of companies who are (re)formulating products to include less salt and less sugar
- More reporting from personal care companies on the reformulation of products including parabens, phthalates, microbeads and fragrances
- 58% of respondents participated in food bank programmes, with 180 million meals distributed and over 77,000 tonnes of food donated
- Respondents declared partnering with over 527,000 schools, up 37% since 2016

Survey participants*

* Some company logos have been excluded at their request

The findings

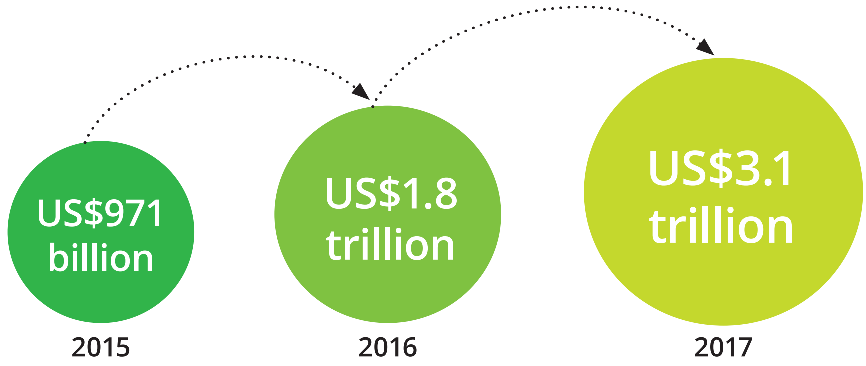
This report highlights the results of the 2017 Health & Wellness Survey, which is designed to help CGF members gauge their progress against the resolutions and commitments.

The annual reporting structure enables us to learn from our efforts and work step by step towards our goal of seeing companies and partners collaborate to empower both consumers and employees to live healthier lives. It presents our business as a force for good, driving shared values with new models for growth.

Participation

This year we noted an increase in total revenues of participating companies. We cover 83 companies, down from 102 last year. The report includes 15 new respondents and 69 returnees.

The total revenue of the companies who responded to the survey

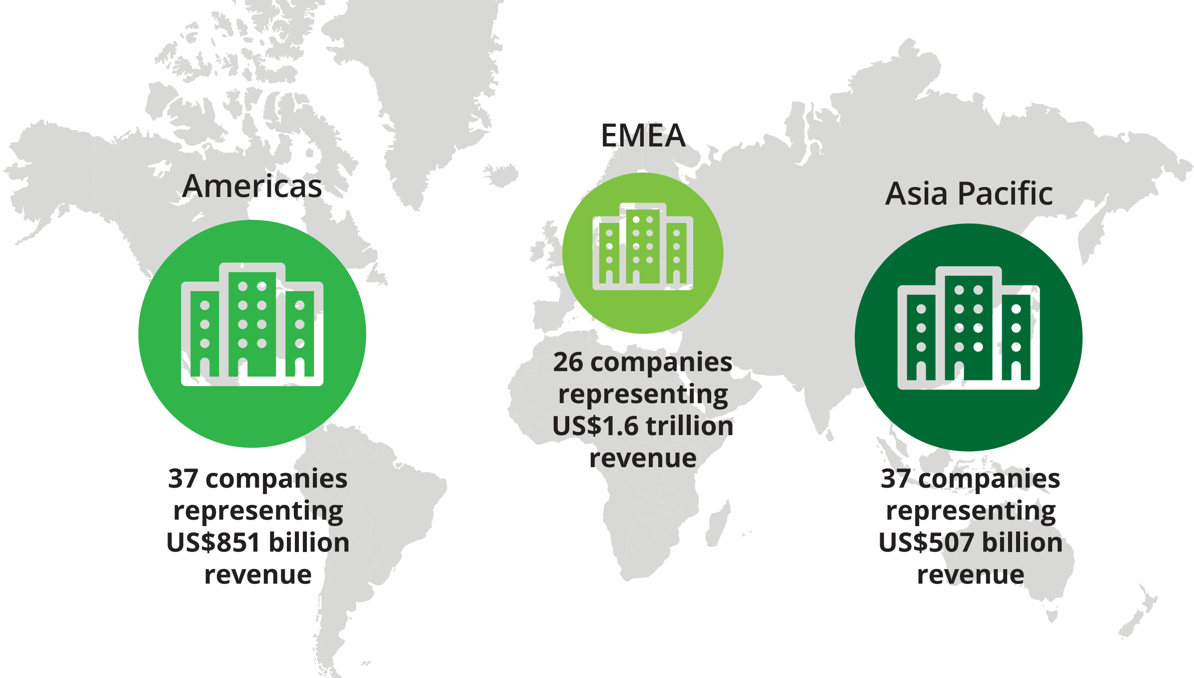


More employees of member companies participated in health and wellness programmes than ever before

2016 1.3 million

2017 1.6 million

Companies headquartered in the Americas and Asia Pacific were the most active respondents



Progress against resolutions

Steady advancements were seen over the year, with 82% of companies reporting progress against at least one of the resolutions (compared with 77% in last year's report) and 55% saying they'd made progress against all three Health & Wellness resolutions (versus 54% in 2016).

When repeat respondents are considered separately, we see even more positive results. For example, 82% of repeat respondents reported progress against two or more of the Health & Wellness resolutions in 2017, versus 70% in 2016.

Higher participation remains the goal and changes to the survey going forward will make participation easier. We anticipate that future results will reflect these dynamic new measures.

A closer look at each resolution reveals the following;

Resolution #1:
Access & Availability of Products and Services

Nearly all (97%) reporting companies said that they were running programmes to support healthier diets and lifestyles. This is consistent with previous surveys, even with all the new respondents, and shows an industry-wide commitment to this resolution.

The survey found that 72% of companies have set targets or goals that align with Resolution #1. Of these, nearly half have goals that are quantifiable, have deadlines, and are being shared publicly. There is notable regional variance on this point, as only 38% of Asia-Pacific companies report publically disclosing policies, while companies in EMEA (95%) and the Americas (82%) indicate they are more open with their policies.

Resolution #2:
Product Information & Responsible Marketing

Progress on the CGF's second resolution has been strong for several years now. For this year's report, 97% of participating companies said that they have implemented programmes to advance the resolution. Of these, 94% respondents say that the information provided goes beyond local legal requirements in at least some, if not all, markets.

It is also encouraging to note that, in 85% of the cases, policies on providing information is fully available to the public, mostly through voluntary channels.

Resolution #3:
Communication & Education about Healthier Diets and Lifestyles

With repeat respondents leading the way, the survey tells us that 92% of member companies are complying with the resolution. This is a tremendous improvement over the past two years. Once again, in the vast majority of cases (85%), the public has access to corporate policies on these programmes, not only through traditional channels but via voluntary reporting through websites, corporate social responsibility reports, etc.

https://www.theconsumergoodsforum.com/initiatives/health-wellness/about/our-commitments/

Commitment completion rates

The survey noted some improvements on commitment fulfilment rates this year. Once again, repeat respondents reported strongest results, while companies that are new to the survey indicated that they are working steadily toward completing the commitments by the end of the year.

Commitment A: Make company policies public on nutrition and product formulation

Among survey participants, 61% said that they have completed Commitment A.

The respondents reported that reformulation is an ongoing effort. It was reported that more than 34,000 food and beverage products across 30 companies were reformulated to improve the health benefits. On the personal care and hygiene side, 13 companies produced nearly 100 reformulated products. It should be noted, however, that responding to this question was optional in this year's survey, and so the actual number of reformulations may be higher.

Key targets for reformulation include sugar, sodium, saturated fat, and trans-fat. Several companies also cited artificial additives as a target. Companies that sell personal care products showed particular concern over microbeads in 2017.

Commitment B: Implement employee health and wellness programmes

78% of companies said they had completed Commitment B, a solid 38% increase from last year and a 42% positive change from 2015. What's more, of those companies that do not yet have programmes, about half plan to implement one in the next two years.

Encouragingly, many companies (85%) are taking health and wellness programmes to their communities to provide information that supports developing habits of sensible, balanced diets, good hygiene and regular physical activity.

Commitment C: Industry-wide implementation of consistent product labelling and consumer information to help consumers make informed choices and usages

Progress toward completion of this Commitment was steady in 2017, with 37% of companies reporting completion and a further 20% expecting completion by the end of the year.

Most food and beverage company products already offer nutritional information on much of their product labelling, according to local regulations. Personal care and hygiene manufacturers also report usage information on the majority (over 80%) of their labelling. We will continue to work collaboratively to encourage members to provide all the information consumers need to make healthier choices.

Commitment D: Stop marketing communications to children under 12 for food and beverage products that do not fulfil specific nutrition criteria based on scientific evidence and/or applicable national and international dietary guidelines

Adherence to this commitment, which also has 2018 as its target completion, showed promising progress, with 58% of reporting companies saying that they had stopped marketing communications to children under 12. Most of these companies have media policies that align with Commitment D and nearly two-thirds adhere to regional pledges that attempt to curtail advertising to children.

Interestingly, of those companies that have not made much progress toward the commitment, nearly half said it was because they were unsure how to start such an initiative. To combat this uncertainty, the CGF has introduced a Health & Wellness Learning Series to share best-practices. We also offer a number of case studies on our website and make these topics points of discussion at CGF's annual Sustainable Retail Summit. Most companies do plan to start to take action on this commitment in the near future.

Next steps

CGF members are collaborating to continue to leverage our position and influence to more positively and lastingly impact health and wellness in the communities we serve. This discussion will lead to a new five-year plan as the Health & Wellness Pillar enters the second half of its first decade. The Health & Wellness Steering Committee is co-building the future vision of the Pillar and the ideas tabled for further exploration will:

1. Leverage the store environment and digital platforms to drive healthier dietary and lifestyle behaviours through transformational models and tools

2. Build a framework for regional implementation through links to the global CEO-led agenda

3. Provide the industry's employees with healthy work environments

4. Be a key partner of choice in public-private partnerships that work towards structural change in health and wellness systems around the globe

5. Generate and share non-competitive knowledge, including data, to support the scaling-up of new opportunities across geographies that will help accelerate action with bold outcome

6. Encourage members to implement the CGF commitments (product formulation, responsible marketing, transparent on-pack and digital product information to consumers), measuring and reporting publicly on our progress annually

7. Demonstrate impact in contributing to the UN Sustainable Development Goals with a focus on SDG 2 (ending hunger), SDG 3 (good health and well-being), and SDG 17 (participating in partnerships to achieve the goals) in particular

Consumer products trends

Success in our industry depends on being able to identify, track, and respond to trends in the marketplace. While each region and product group is subject to their unique trends, below are some general observations. CGF members will benefit from understanding these trends as they seek to make products and services that enhance the lives and wellbeing of consumers.

DIFFERENTIATION

Always a key theme for CGF members, differentiation has grown even more prominent in recent years as a means to growth. This includes innovating and adapting for new consumers in emerging markets, who are expected to be the focus of growth for the next few decades.

DIGITAL

The omnipresence of digital technologies means that direct channels between companies and consumers have never been more open. Vital two-way learning is taking place, helping companies decide on strategic directions by responding to consumer demands.

PURCHASING POWER SHIFT

Globally, purchasing power will continue to shift to women, who are earning more and making more decisions on what to buy and where to buy.

YOUNG CONSUMERS

Millennials are a key and growing demographic, especially in emerging markets where they represent a larger portion of the population. These young consumers will play a greater role than ever in deciding how companies will innovate to meet their needs.

HEALTH AND WELLNESS

Health and wellness continues to be top-of-mind among many consumers, as revealed by the data below from a Nielsen survey*:

- 77% of global respondents said that all natural ingredients were a very or moderately important factor in their snacking choices.
- Consumers are cutting back on certain foods that are typically high in fat, sugar, or sodium.
- Consumers are adopting a back-to-basics mind-set, focusing on simple ingredients and fewer processed foods.
- More than half of consumers say they are avoiding artificial ingredients, hormones or antibiotics, genetically modified organisms (GMOs), and bisphenol A (BPA).

* The survey polled over 30,000 respondents from Asia Pacific, Europe, Latin America, the Middle East/Africa and North America
Source: Deloitte, 2018 Consumer Products Industry Outlook
https://www2.deloitte.com/us/en/pages/consumer-business/articles/consumer-products-industry-outlook.html

Retail trends

The trend among the retailers is towards greater engagement with consumers. Never before has the consumer been so empowered to decide what, where, and when to buy.

CUSTOMER EXPERIENCE

To retain and win new consumers, retailers are rethinking how to enhance the shopping experience. This includes utilizing technologies such as AR/VR and smart check-out to create more personalization and streamline the shopping process.

HEALTH AND WELLNESS

For companies whose products touch on health and wellness, the implications are significant as retailers make the transition from being a provider of products to a purveyor of experiences, services, and solutions. Health clinics, on-site experts offering diet, nutrition and other advisory services are becoming popular differentiators for retailers.

DIGITAL

The biggest trend of all continues to be the shift to online, especially by young consumers who are attracted to online shopping because of the huge selection of products, ease of purchase, and competitive pricing. The CGF's Health & Wellness Pillar is exploring leveraging digital platforms to drive healthier dietary and lifestyle behaviours. A digital work stream is under development as part of the 2023 goals.

YOUNG CONSUMERS

Young consumers' preferences, including knowledgeable customer service, quality products, flexible sales channels, and sustainability will help to shape the industry for years to come.

These consumer products and retail trends represent an opportunity for CGF member companies to open channels with consumers in order to serve their demands more effectively. This certainly includes demands related to health and wellness, where, through informal and formal collaboration, the industry and consumers alike can help create healthier communities.

This collaboration will be essential to a future that will have to find better and more sustainable ways to feed 9 billion people, and thus contribute to the UN's Sustainable Development Goals.

Source: Deloitte, Global Powers of Retailing 2018
www.deloitte.com/globalpowersretailing

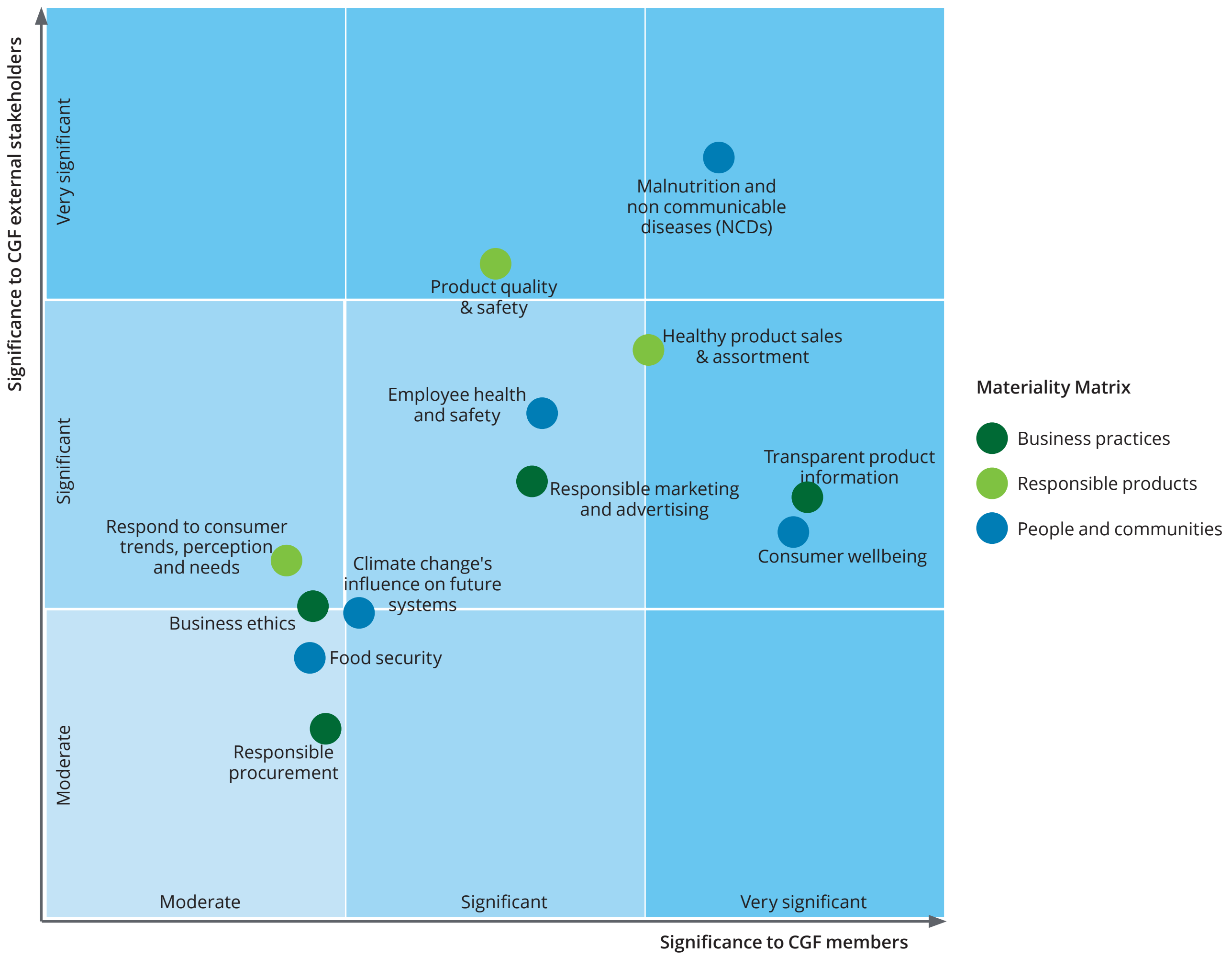
Materiality Matrix 2.0

The materiality matrix, which helped map the relative importance of 12 health and wellness issues according to the perspectives of internal and external stakeholders, respectively, was an important feature of last year's report.

The topics fell under one of three distinctly important themes: business practices, responsible products, and people and communities. In consultation with industry leaders and external stakeholders the issues were mapped. This map serves as a starting point to guide the CGF as it makes its plans and allocates its priorities for the future.

Results from the 2016 survey can be found below. The Matrix was a topic of discussion at the Sustainable Retail Summit* in Montreal in October 2017. With input from that meeting we will look to expand next year's matrix, to get a better understanding of how priorities have shifted for companies and consumers alike. These changes will help us formulate new resolutions and commitments to ensure that our members remain on top of health and wellness issues around the world.

Materiality Matrix from the 2016 survey



* www.tcgfsrs.com

Collaboration for Healthier Lives

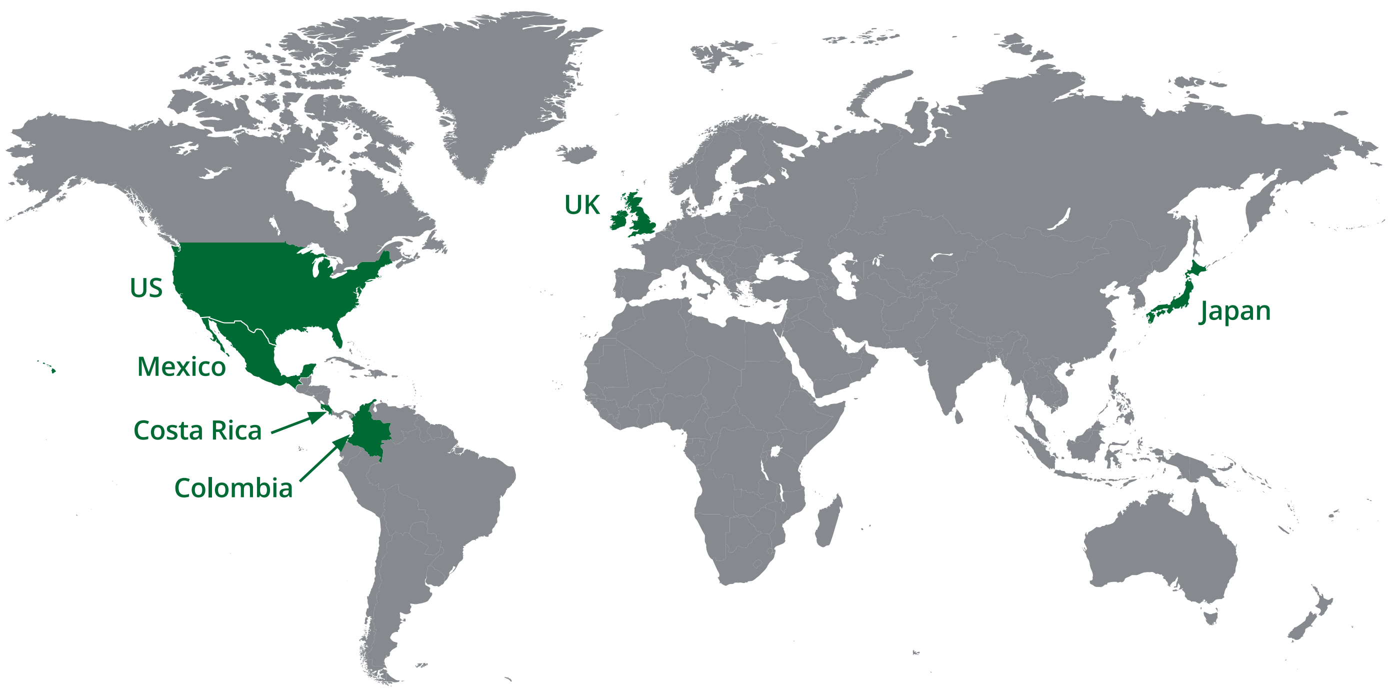
There is a clear opportunity and need for business to contribute to public health and a culture of prevention, and members of the CGF acknowledge this fact as part of a shared responsibility.

The Collaboration for Healthier Lives (CHL) initiative started as a desire by Health & Wellness members*, as well as guidance from the CGF Board, to explore ways to impact positively communities across a broad and more holistic set of health indicators. People want to live healthier lives and expect the consumer goods industry to play a role to help them meet their health and wellbeing needs.

Through the CHL initiatives, our approach is to:

- Be a convening power for stakeholders to learn and positively impact communities
- Contribute to reinvent our growth model in H&W with Innovations and new business models
- Track progress towards healthier baskets and long term behaviour change
- Engage consumers to increase awareness & wellbeing of people and access to preventative services.

Regional initiatives are currently planned in Colombia, Costa Rica, Japan, Mexico, the UK, and the US



* https://www.theconsumergoodsforum.com/initiatives/health-wellness/key-projects/collaboration-for-healthier-lives

Changes in the future

The Health & Wellness Pillar five-year plan comes to term at the end of 2018. This Pillar will also complete five years of examining our industry and its efforts to address health and wellness issues. We will therefore re-examine the processes underlying this survey and how we report the results. As such, we are working on a new format for the survey, set to debut this year.

The CGF is the only CEO-led global association that connects retailers and consumer goods companies. It is uniquely positioned to lead a fruitful health and wellness conversation, and spearhead public/private partnerships to ultimately deliver tangible health outcomes for consumers.

The survey is important to those goals. It not only gives us a picture of the industry's progress, but can help individual companies' direct policies and practices in the areas of health and wellness. Despite our ongoing efforts, many global health indicators remain a challenge. It is more important than ever for companies to consider the health and wellness of their customers when manufacturing and marketing products to them. Collaboration is key and the CGF wants all of its members to help us shape our efforts to make the world a healthier place. It is a long incremental journey, but in the end, it will prove rewarding for all.

Acknowledgments

Health & Wellness Measurement and Reporting Taskforce

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Health & Wellness Steering Committee

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About The Consumer Goods Forum

The Consumer Goods Forum (CGF) is a global, parity-based industry network that is driven by its members to encourage the global adoption of practices and standards that serves the consumer goods industry worldwide. It brings together the CEOs and senior management of some 400 retailers, manufacturers, service providers, and other stakeholders across 70 countries, and it reflects the diversity of the industry in geography, size, product category and format. Its member companies have combined sales of EUR 3.5 trillion and directly employ nearly 10 million people, with a further 90 million related jobs estimated along the value chain. It is governed by its Board of Directors, which comprises more than 50 manufacturer and retailer CEOs. For more information, please visit: www.theconsumergoodsforum.com

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