

Collaboration for Healthier Lives: Healthier and Sustainable Diets Factbase

November 2021



BAIN & COMPANY 

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Document Overview

- In interviews with the Healthier and Sustainable Diets (HSD) working group (in the Collaboration for Healthier Lives), members expressed interest in **understanding the existing research and work already underway on this topic**
- **This document was created for the Consumer Goods Forum and its members, and is only to be used in that context**
- This document is intended **to ensure the Healthy and Sustainable Diets Working Group has a common baseline for discussion** and is up to date on the common definitions and key developments in this space. This document is not intended to be exhaustive.
- **Four themes** are covered in this document:
 - ① Healthy and Sustainable Diet (HSD) definitions
 - ② Global Regulations impacting Healthier and Sustainable Diets
 - ③ Approaches across the HSD ecosystem
 - ④ Consumer facing solutions
- This document is **current as of mid-November 2021**

AGENDA

Healthy and Sustainable Diet (HSD) definitions

Global Regulations impacting Healthier and Sustainable Diets

Approaches across the HSD ecosystem

Consumer facing solutions

Definitions of Heathy and Sustainable Diets

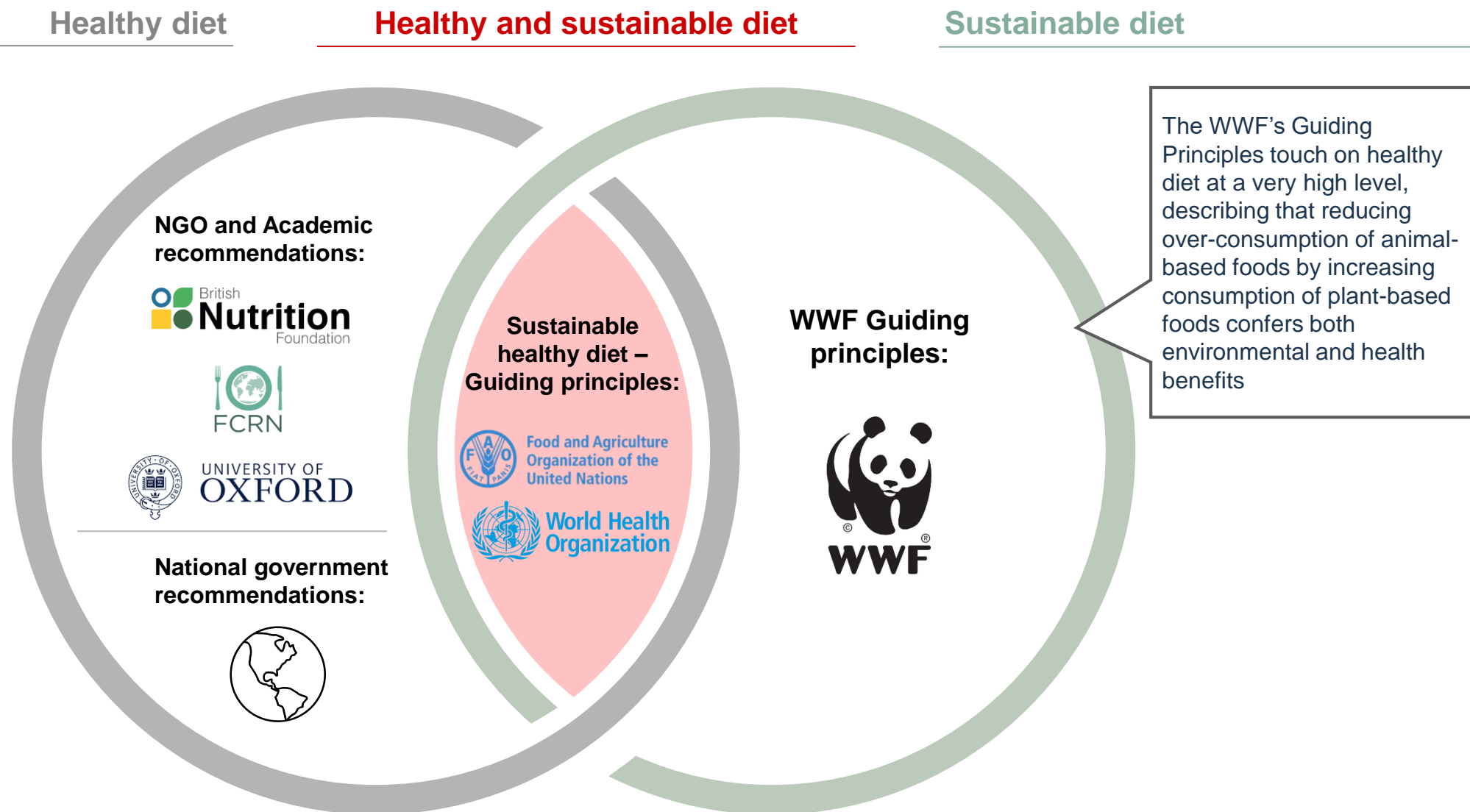
Executive Summary



- **Definitions of healthy AND sustainable diets are still emergent**, given historical focus having been on healthy diets and sustainability separately
- Definitions of a **healthy diet** has long been a mainstay of medical and cultural discourse in developed countries and today, many local governments and some NGOs have their own guidelines for healthy diets; however there are **clear common elements**:
 - Inclusion of wholegrains, fruits and vegetables
 - Inclusion of a variety of unprocessed or minimally processed food
 - Limited consumption of red meat and HFSS foods
- Definitions of **sustainable diets** are relatively new as well but are likely to take on greater importance given continued trends towards sustainable consumption; NGOs (e.g. WWF, FAO and WHO) have generally led the charge on defining sustainable diets but **similarly to healthy diets, there are a number of common elements**:
 - Reduces environmental impact
 - Preserves biodiversity
 - Is accessible, economically fair and affordable
- Today, the most significant attempt to define a healthy and sustainable diet is the “**Guiding principles for Sustainable healthy diets**” – a joint effort between the **FAO and WHO** - this definition is relatively high level and focuses on 16 guiding principles to account for the range of local dietary requirements and nutritional landscapes
- There is an expectation that these guiding principles **need to be translated into more concrete local recommendations** based on the local context and **may further evolve** as our scientific understanding of both healthy and sustainable diets increases





Definitions of Healthy and Sustainable Diets

Globally, only the FAO & WHO have defined a healthy AND sustainable diet



Healthy diet definitions

There are a common elements included across most organisations' definitions

| |  Food and Agriculture Organization of the United Nations |  FCRN |  UNIVERSITY OF OXFORD |  British Nutrition Foundation |
|--|---|--|---|--|
| Includes wholegrains, fruits and vegetables | ✓ | ✓ | | ✓ |
| Limited HFSS foods | ✓ | ✓ | | ✓ |
| Variety of unprocessed food | ✓ | ✓ | | ✓ |
| Limited amounts of red meat | ✓ | ✓ | | ✓ |
| Safe and clean drinking water | ✓ | | | |
| Dairy, Poultry and Fish in moderation | ✓ | ✓ | | |
| Oils/fats with beneficial Omega 3:6 ratio | | ✓ | | |
| Expanded protein intake to include plant-based sources | | | | ✓ |

Source: FAO & WHO Sustainable Healthy Diets Guiding Principles; WWF position on healthy and sustainable diets;

Healthy diet definitions

A healthy diet has...

World Health Org./Food & Agriculture Org. (United Nations)

- A **great variety** of **unprocessed food**
- **Wholegrains, legumes, nuts, fruits and vegetables** in abundance
- **Safe and clean drinking water**
- **Adequate amounts of energy and nutrients** to sustain an active and healthy life
- **Eggs, dairy, poultry, and fish** in moderation
- **Small amounts of red meat**
- Breastfeeding in early life
- Reduced the risk of diet-related NCDs

“A healthy diet is health-promoting and disease-preventing. It provides adequacy without excess, of nutrients and health promoting substances from nutritious foods and avoids the consumption of health-harming substances.”

United Nations Food Systems Summit, March 2021

Food Climate Research Network (Oxford University)

- A **wide variety** of **minimally processed** foods
- **Tubers, whole grains; legumes; fruits and vegetables, seeds and nuts** as the basis
- **Tap water prioritised** over other beverages
- **Energy intake balanced with energy needs**
- **Dairy products in moderation** (or alternatives if rich in calcium and micronutrients)
- **Small quantities of fish** and aquatic products sourced from certified fisheries
- **Meat only in moderate quantities, if at all**
- **Oils/fats with beneficial Omega 3:6 ratio**
- **Very limited HFSS foods** low in micronutrients

British Nutrition Foundation

- **Plentiful and varied vegetables and fruits**, (at least 5 portions a day) **beans, pulses and whole grain foods**
- **Small amounts of fish** with at least 1 of every 2 portions being **oily fish**
- **Minimal foods high in fat, salt, and sugar**
- **Expanded protein intake to include plant-based sources** e.g. beans, pulses, nuts, seeds, and synthetic meat alternatives

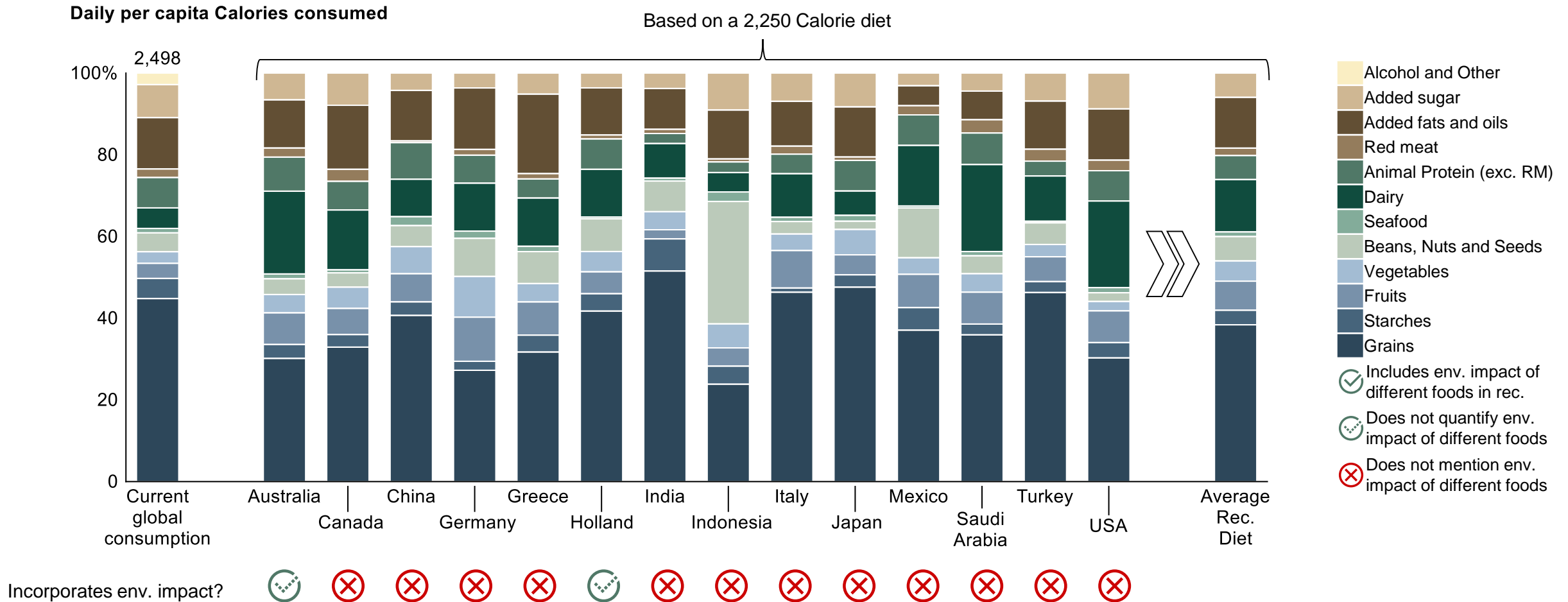


UNIVERSITY OF
OXFORD



Source: FAO Sustainable Healthy Diets Guiding Principles; BDA Association of UK Dieticians, Food Climate Research Network (FCRN), British Nutrition Foundation

Government guidelines are being rethought to better reflect nutritional health, and a few are also starting to incorporate environmental sustainability






Note: Daily Caloric recommendations vary by height, weight, age, health conditions and a number of other factors – as a result, governments don't recommend a specific caloric intake. The DRIs for each food group were taken as recommended by 14 governments and scaled from their implied daily Calories to 2,250 daily Calories; the average rec. diet was created based on the average of the middle 10 government recs for each food group; Most governments made recommendations on animal protein or all proteins as one grouping – in such cases, the country's 2013 consumption was used to split the category into more granular groupings; Other made up largely of spices, teas and cocoa

Source: FAO Food Balance Sheets (2013), Government websites

Sustainable diet definitions

There are a common elements included across key organisations' definitions








| | | |
|--|---|---|
| Reduces environmental impacts |  |  |
| Preserves biodiversity |  |  |
| Healthy and nutritionally adequate |  |  |
| Is accessible, economically fair and affordable |  |  |
| Culturally acceptable |  | |
| Minimizes consumption of antibiotics and hormones in food production |  | |

Source: FAO & WHO Sustainable Healthy Diets Guiding Principles; WWF position on healthy and sustainable diets;

Sustainable diet definitions

A sustainable diet...

World Health Org. and Food & Agriculture Org. (UN)

-  **Limits (in line with set targets) greenhouse gas emissions**, water and land use, nitrogen and phosphorus application and chemical pollution
-  **Preserves biodiversity**, including that of crops, livestock, forest-derived foods and aquatic genetic resources and **avoids overfishing and overhunting**
-  **Minimizes consumption of antibiotics and hormones** in food production
-  **Minimizes foods with plastics and derivatives** in packaging, and reduces food loss and waste
-  **Is accessible, economically fair and affordable**

“Sustainable diets are those diets with low environmental impacts which contribute to food and nutrition security and to healthy life for present and future generations. Sustainable diets are protective and respectful of biodiversity and ecosystems, culturally acceptable, accessible, economically fair and affordable; nutritionally adequate, safe and healthy; while optimizing natural and human resources.”

Food and Agriculture Organisation of the UN



WWF

-  **Reduces environmental impacts** while improving human health
-  **Protects, conserves and restores biodiversity** and **sustainably uses natural resources**
-  Embraces **flexible food choices** that are healthy and sustainable
-  Embody **rich and diverse diets and traditions globally**
-  Enables **fair and equitable sharing of the costs and benefits** arising from the transition to healthier more sustainable diets



Environmental principle



Socioeconomic principle



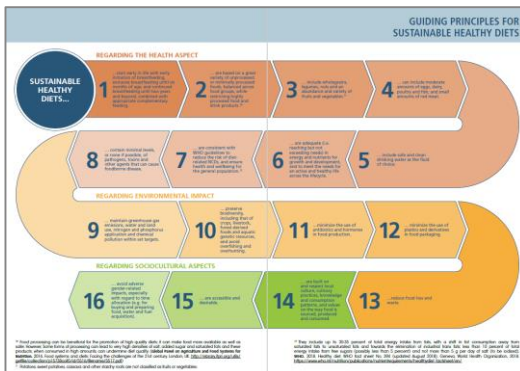
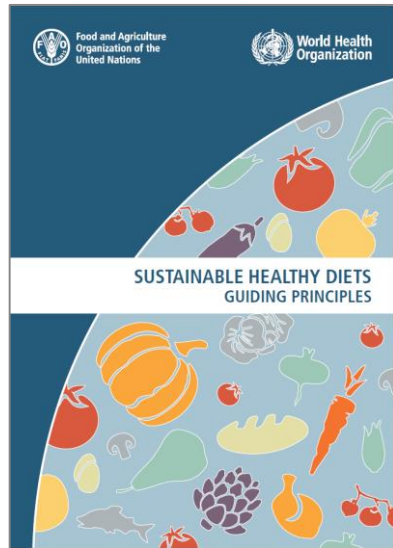
Health principle

Source: FAO & WHO Sustainable Healthy Diets Guiding Principles; WWF position on healthy and sustainable diets;

FAO and WHO Sustainable and Healthy Diets

Sixteen Guiding Principles

SHD report



[Link to report](#)

Sustainable Healthy Diets should...

Health

- 1 "...start early in life with early initiation of breastfeeding, exclusive breastfeeding until six months of age, and continued breastfeeding until two years and beyond, combined with appropriate complementary feeding"
- 2 "...are based on a great variety of unprocessed or minimally processed foods, balanced across food groups, while restricting highly processed food and drink products"
- 3 "...include wholegrains, legumes, nuts and an abundance and variety of fruits and vegetables"
- 4 "...can include moderate amounts of eggs, dairy, poultry and fish; and small amounts of red meat"
- 5 "...include safe and clean drinking water as the fluid of choice"
- 6 "...are adequate (i.e. reaching but not exceeding needs) in energy and nutrients for growth and development, and to meet the needs for an active and healthy life across the lifecycle"
- 7 "...are consistent with WHO guidelines to reduce the risk of diet-related NCDs, and ensure health and wellbeing for the general population"
- 8 "...contain minimal levels, or none if possible, of pathogens, toxins and other agents that can cause foodborne disease"

Environmental

- 9 "...maintain greenhouse gas emissions, water and land use, nitrogen and phosphorus application and chemical pollution within set targets"
- 10 "...preserve biodiversity, including that of crops, livestock, forest-derived foods and aquatic genetic resources, and avoid overfishing and overhunting"
- 11 "...minimize the use of antibiotics and hormones in food production"
- 12 "...minimize the use of plastics and derivatives in food packaging"

Socio-cultural

- 13 "...reduce food loss and waste"
- 14 "...are built on and respect local culture, culinary practices, knowledge and consumption patterns, and values on the way food is sourced, produced and consumed"
- 15 "...are accessible and desirable"
- 16 "...avoid adverse gender-related impacts, especially with regard to time allocation (e.g. for buying and preparing food, water and fuel acquisition)"

WWF Report



[Link to report](#)

WWF defines Livewell Principles as “the basis of a sustainable diet and a well functioning food system, which enables people and nature to thrive”

Eat more plants

“Enjoy vegetables and whole grains”

Waste less food

“One third of food produced for human consumption is lost or wasted”

Buy food that meets a credible certified standard

“Consider MSC, free-range and fair trade”

Eat a variety of foods

“Have a colourful plate”

Moderate your meat consumption, both red and white

“Enjoy other sources of proteins such as peas, beans and nuts”

Eat fewer foods high in fat, salt and sugar

“Keep foods such as cakes, sweets and chocolate as well as cured meat, fries and crisps to an occasional treat. Choose water, avoid sugary drinks and remember that juices only count as one of your 5-a-day however much you drink”

AGENDA

Healthy and Sustainable Diet (HSD) definitions

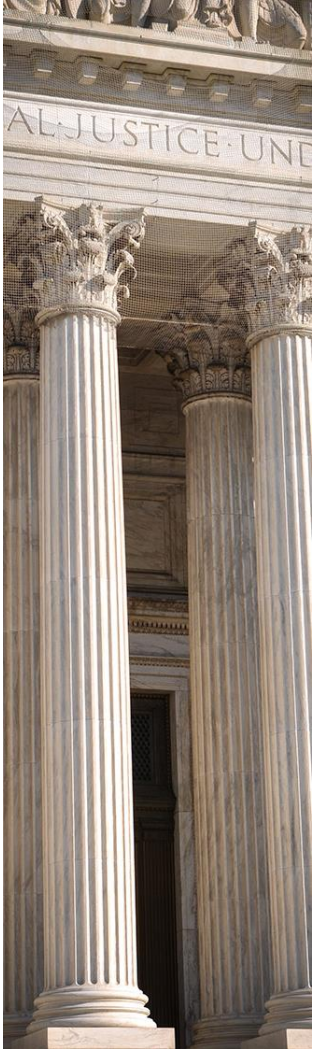
Global Regulations impacting Healthier and Sustainable Diets

Approaches across the HSD ecosystem

Consumer facing solutions

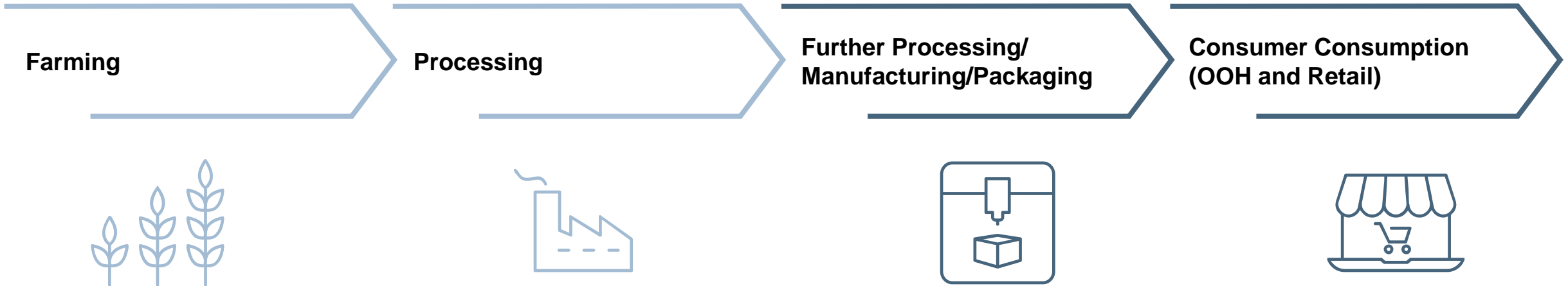
Global regulations impacting HSD

Executive Summary



- Globally, **regulations continue to tighten around both health and sustainability issues**, driven by commitments towards the UN Sustainable Development Goals (in particular: #3 Good Health and Well Being, #12 Responsible Consumption & Production, and #13 Climate Action)
- **Healthy diet regulations and sustainability regulations have typically proceeded separately**, reflecting their historical status as separate issues
- However, across both healthy and sustainable diet regulations, **much of the focus has been on downstream portions of the value chain** (actual consumption, purchasing, packaging, advertising and promotion)
- Upstream, **the EU Green Deal stands out for the special attention given to sustainability issues in agriculture**. The EU Green Deal will work via the **existing 2018 Common Agricultural Policy and a new 'Farm to Fork' Strategy** with ambitious 2030 targets (specific regulations and details tbc)
- Downstream, for healthy diets in particular, governments have **focused on three key levers**:
 - **Taxation**: Taxes designed to discourage consumption of specific food types / formulas (UK Soft drinks Levy – 2018)
 - **Limits on advertising and promotions**: Regulations on promotional pricing, advertising format/requirements/placements etc to reduce consumption of specific food types / formulas (UK HFSS regulations – 2022 and France EGalim law – 2018)
 - **Front of Pack labelling regulations**: Regulations on more transparent labelling of nutritional content, provenance, sustainability and welfare etc. (EU Farm to Fork Strategy – date of implementation TBC, Chile Law of Food Labelling and Advertising – 2016)
- In the sustainability space, **recent regulations have focused on more sustainable packaging** given the ease, tangibility and impact of such measures. Across a number of geographies, **ambitious targets to improve the recyclability and reusability of plastic packaging have been put in place**

More recent healthy and sustainable diet regulations appear to be concentrated downstream at the front end of the value chain



- **Most health-linked regulations continue to focus on safety** as opposed to driving better nutritional outcomes
- On the sustainability front, the upstream value chain **continues to be impacted by general sustainability/emissions regulations**
- However, **the EU Green Deal is expected to have a significant impact on agriculture** as sustainable agriculture is one of the 8 themes in the deal
- Recent regulatory trends impacting HSD have **focused more on downstream areas of the value chain**
- In healthy consumption specifically, **focus has been on shaping consumer demand to encourage healthier consumption** via three main levers:
 - Taxation of specific foods/formulas
 - Regulations on advertising and promotions
 - Front-of-pack labelling to clearly articulate health impact of food
- On the sustainability front, **sustainable packaging regulation has emerged as a major trend** given a mix of relative ease and high impact

EU Green Deal

Eight major themes, of which one is sustainable agriculture



1 Climate Action: Increasing the EU's Climate ambition for 2030 and 2050

- Become the world's first **climate-neutral continent by 2050**
- **Cut GHG emissions 55%** by 2030 compared to 1990 levels



2 Zero Pollution: A zero pollution ambition for a toxic-free environment

- **Drive more action** to prevent pollution from being generated as well as measures to clean and remedy it
- **Adopt in 2021 a zero-pollution action plan for air, water and soil**



3 Clean Energy: Supplying clean, affordable and secure energy

- Prioritize **energy efficiency** and develop a power sector based largely on **renewable sources**
- Ensure a **secure and affordable energy supply** by developing an energy market that is fully **integrated, interconnected and digitalized**



4 Sustainable Industry: Mobilising industry for a clean and circular economy

- **Transform the industrial sector and value chains** to **reduce carbon** emissions and **embed circularity** principles
- Leverage the potential of the **digital transformation** as a key enabler



5 Sustainable Mobility: Accelerating the shift to sustainable and smart mobility

- Reduce **transport emissions by 90%** to achieve climate neutrality by 2050
- Providing consumers with more **affordable, accessible, healthier and cleaner** alternatives to their current mobility habits



6 Building and Renovating: Building and renovating in an energy and resource efficient way

- Engage in a **'renovation wave' of public and private buildings**
- Commission will **rigorously enforce the legislation** related to the energy performance of buildings



7 Agriculture: From 'Farm to Fork': designing a fair, healthy and environmentally-friendly food system

- Implement from **'Farm to Fork' measures** to ensure more sustainable food system
- Continue to drive sustainability in agriculture and rural areas across the EU through the common agricultural policy (CAP)

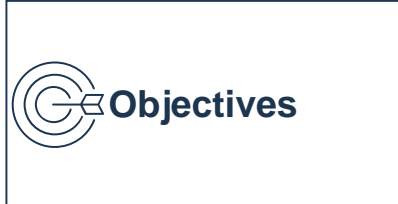


8 Biodiversity: Preserving and restoring ecosystems and biodiversity

- Make the EU a **world leader in addressing the global biodiversity** crisis
- Establish protected areas for at >30% of land and sea in Europe and restore degraded ecosystems

Source: EU Green Deal, EU Commission

EU Green Deal | Agriculture theme has clear objectives and will be enacted via the Common Agricultural Policy and Farm to Fork strategy



- Design a **fair, healthy and environmentally friendly** food system
- Will **combine social, economic and environmental approaches**
- Will **tackle the E2E value chain**



Major Initiatives

Common Agricultural Policy

- 2018 CAP expected to continue to be **compatible with the Green Deal**
- CAP will be critical to **help in sustainability transition and strengthen the efforts of European farmers** to tackle climate change
- In particular, '**Green Architecture**' scheme consisting of Eco- schemes, Agri-environment-climate measures and investments, Farm Advisory Service will be a critical component

Farm to Fork strategy

- **Key 2030 targets will include:**
 - Take action to **reduce the use and risk of chemical and more hazardous pesticides by 50%**
 - Reduce **nutrient losses >50%** and **fertilizer use >20%**
 - Reduce the **sale of antimicrobials for farmed animals & in aquaculture by 50%**
 - **25%** total farmland being used for **organic farming**
- **Four key clusters** covering the e2e value chain
 - Sustainable food production
 - Food processing and distribution
 - Food consumption
 - Food loss and waste prevention
- **Legislative proposals to follow by 2023**

This law looks at both the upstream and downstream parts of the value chain

Context for EGAlim law

Ordinances of the French ‘Egalim’ (National Food Conference) law : Cooperative farmers are calling for a stop to the planned dismantling of their businesses

- In the early 2010s France saw increasingly aggressive **price wars between supermarket retailers**
- This competition **lowered the price of food** for consumers, but as **retailers were viewed to maintain their profit margins**, there was a perception that the farmers’ ability to **earn enough to cover costs** was restrained
- As pressure to put an end to these deflationary price wars became stronger, sceptics feared retailers would keep the additional profit and **not pass it on to producers**
- Hence calls were made to impact both **downstream and upstream** along the value chain in order to protect farmers

Source: Government France; Lit Search

The EGAlim Law

Achieving a balance in trade relations in the agricultural sector and healthy and sustainable food

—
The bill to achieve a balance in trade relations in the agricultural sector and healthy and sustainable food, a result of the French National Food Conference, has been definitively adopted by Parliament.

- In November 2018 the French government adopted the **EGAlim law** based on the recommendations of the **Etat Généraux de l’Alimentation** (France’s food and drink industry summit conference)
- The law takes an **overarching holistic approach to sustainable and healthy food** with three main objectives:
 - Pay fair prices to producers, allowing them to earn a decent living from their work
 - Improve the health, environmental, and nutritional quality of products
 - Promote healthy, safe and sustainable food for all

EGAlim | This holistic law aims to both balance trade relations in the agricultural sector better, and promote more sustainable, healthier food



Ensuring fairer compensation for farmers

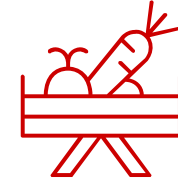
- Farmers now offer contracts and prices to buyers, **based on their production costs**
- Collective producer organisations established to develop and disseminate **benchmarks and market indicators** to be used in **trade negotiations**
- Minimum retailer selling price set at **10% above the purchase price**
- Maximum retailer **price reduction capped at 34%** of the product's value
- **25% maximum volume cap** of product allowed to be sold at promotional prices
- Ban on BOGOF* promotions, only **Buy Two Get One Free** allowed

Note: Buy one get one free
Source: Gouvernement France



Environment and quality of products

- Tightened regulations on **harmful pesticides**
Ban on **neonicotinoids** and all products with the same mode of action
- Ban on the use of **titanium dioxide**, which has no nutritional value and only used for aesthetic colouring purposes
- **Protection measures** for people living near phytosanitary treatment areas
- Stricter controls and higher penalties concerning **animal welfare**
- **Ban on plastic food containers** for cooking, reheating, and serving in mass catering and restaurants



Promoting healthy and sustainable food

- Schools to offer at least **one lunch a week containing no meat or fish**
- Ban on **plastic water bottles** being sold in school canteens
- Ban on **plastic bags, straws, and stirrers** in shops, restaurants, canteens and take-away outlets
- 50% of products will be **local or origin and quality certified** in school and university catering from 1 January 2022
- **Preventing waste** with restaurants obliged to allow diners to take home leftover food and any already opened bottles
- Making **food waste donations extended** to the mass catering sector and agrifood industry

Three levers are typically used to drive healthy diet agenda at the front end of the value chain

1 Taxation

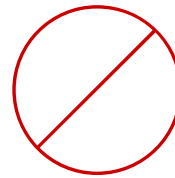


Goal: Reduce consumption and drive recipe reformulation

Example:

- 1a UK soft drinks levy

2 Limits on advertising and promotions

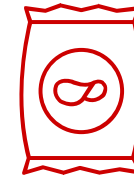


Goal: Limit incentivisation of consumption of specific food types, typically HFSS foods

Examples:

- 2a UK restrictions on HFSS promotions and placement
- 2b Chile HFSS product restrictions on marketing to children

3 Front of pack labelling



Goal: Help consumers make more informed decisions and nudge them towards better dietary choices

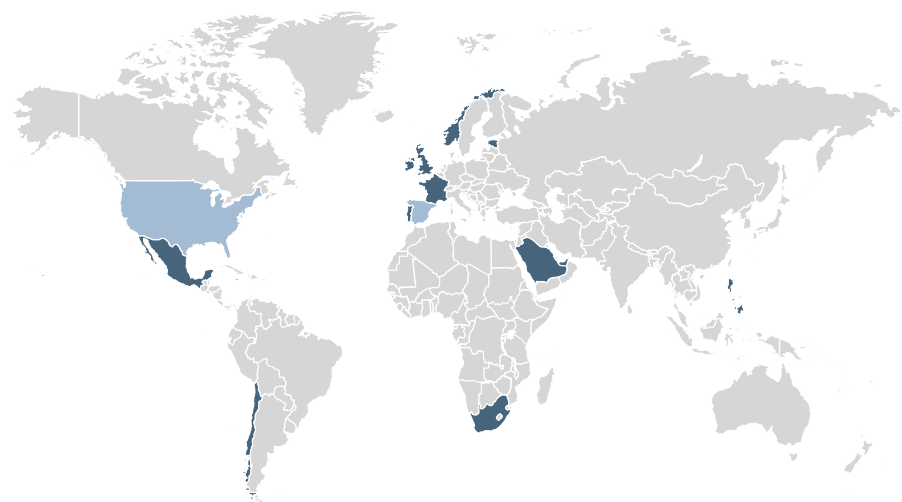
Examples:

- 3a Chile black warning labels
- 3b European Commission harmonized FOP labelling

Sugar taxes are spreading across the world, with significant uptick in activity in recent years

1 TAXATION

Sugar taxes are a global phenomenon, impacting most regions, particularly Western Europe



■ National level taxes

■ Regional/city level taxes

Sugar taxes continue to spread and accelerated in 2017/18 in particular



Source: Sydney Morning Herald, Cancer Research UK, American Medical Association, Australian Medical Association

UK | Soft drinks levy implemented in 2019 resulted in ~10% decrease in sugar consumption from soft drinks, no change in volumes

1a TAXATION UK EXAMPLE

UK implemented a tiered approach, levied at soft drinks manufacturers specifically

Description

- **Levy applied to manufacturers**, who could reformulate, absorb the cost or pass through to consumers
- Initially **announced in 2016** and **implemented in April 2018**
- 2 year period between announcement & implementation **enabled brands to plan a response** e.g. via reformulation, bottle size

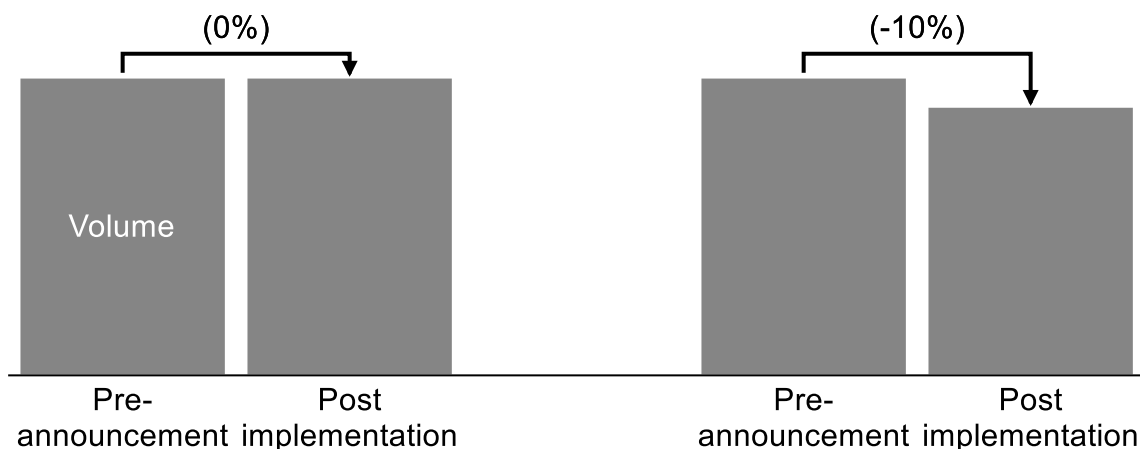
Tax rates & exemptions

| Sugar content (gms/100mL) | Levied rates (2019) |
|---------------------------|---------------------|
| No Levy: <5g/100 mL | 0 |
| Low: 5-8g/100 mL | £0.18/L |
| High: ≥ 8g/100 mL | £0.24/L |

- **Pure fruit and vegetable juices exempt** as they don't contain added sugar
- **Milk based drinks that have a high milk content exempt** as they contain calcium and other nutrients that are vital for a healthy diet

Early results indicated no change in overall vol of drinks, but a meaningful decrease in sugar consumption from drinks

Indexed volume (mL) and sugar in soft drinks (g) purchased per HH per week



Vol of soft drinks

- **No change in overall soft drinks volume** with decreases in high/low consumption compensated with increases in no-levy drinks consumption

Vol of sugar in soft drinks

- **Mix shift still resulted in decrease in overall sugar consumed**
- **Equivalent to one ~250ml serving of a low tier drink per person per week**

Source: Pell, Mytton et al, BMJ 2021 "Change in soft drinks purchased by British households associated with the UK soft drinks industry level: controlled interrupted time series analysis

UK | Regulation has steadily moved to push for healthier diets, starting with sugar taxes and now moving to HFSS promotions and placement regulations



2a ADVERTISING AND PROMO LIMITS

UK EXAMPLE

2018

Soft drink sugar tax comes into effect

Levy applied to manufacturers

2019

FPH makes 10 policy recommendations to public health officials

Recommendations aimed to improve health and sustainability of UK diets

2020

UK HFSS promotions and advertising regulations announced

Including requirement of calorie labelling in food service outlets, banning HFSS ads pre watershed & HFSS food placement at checkout points and aisle ends in retailers

2022-2023

New legislation on HFSS foods comes into effect

Note: Faculty of Public Health (FPH) is the standard setting body for public health specialists within the United Kingdom

Source: Faculty of Public Health, March 2019 - Sustainable Food Systems for a Healthier UK: A discussion paper; UK government website; Spectrum consortium website; BBC; Plos Medicine Journal, BMJ

UK | HFSS law to be implemented in 2022, focused on promotions and placement of HFSS foods



2a ADVERTISING AND PROMO LIMITS UK EXAMPLE

Status

- Effective date: **October 1, 2022**, in England and Wales
- Detailed final regulation still unknown

Scope

- **Pre-packaged food in thirteen categories:** breakfast cereals, cakes, chips and similar potato products, confectionery, crisps and savoury snacks, ice cream and similar frozen products, morning goods, pizza, puddings and desserts, ready meals, sweet biscuits and bars, sweetened yoghurts, prepared drinks with added sugar
- **Only those defined as HFSS** based on UK's 2004-2005 Nutrient Profiling Model (**Pre-packaged food scoring 4+** and **beverages scoring 1+**)
- Excludes: Micro and small businesses (<50 employees), specialist retailers and stores with less than 2,000 sq ft (waived from placement restrictions)

Restrictions

- **Promotions:** Volume promotions ('multibuy' promotions and 'extra free' promotions) of pre-packaged HFSS products, and free refills of sugar-sweetened beverages in OOH sector
- **Placement:** Prohibit placements in-store at entrances, aisle ends, checkouts and prohibit their online equivalents (e.g. entry pages, landing pages when customer is browsing other food categories, and pages where customers view their shopping basket or proceed to payment)



In 2016 Chile implemented the Law of Food Labelling and Advertising

2b ADVERTISING AND PROMO LIMITS

CHILE EXAMPLE

Chile's high obesity and overconsumption created an impetus for stricter health regulations

Chile 2nd in OECD Rank of Most Obese Countries, US Leads

- Chile is one of the countries in the Americas with the **highest obesity rates** and **largest consumers of sugary beverages**
- This prompted the government to create a **national regulation** to reduce obesity and help increase consumption of healthier food
- In **2013 the formulation of the regulations began**
- **Members of parliament, universities, academic institutes, international organizations, civil society, the media, and the food industry** all heavily collaborated in its formulation in order to ensure transparency

Chilean Food Act, Law No. 20,606 implemented in 2016 with a focus on FoP and advertising to children

APPROVAL OF A NEW FOOD ACT IN CHILE: PROCESS SUMMARY

Entry into force: June 2016

- In 2016, Chile implemented Law No 20,606, the **Law of Food Labelling and Advertising**
- It is the **first law in the world** to simultaneously regulate **three measures together under the same terms**
- **Any food or beverage product** exceeding the Chile Ministry of Health's **nutrient and calorific thresholds** in four categories
 - added sugar, sodium, saturated fat, or calories, is:
 - Banned from marketing and advertising to under 14s
 - Banned from being sold at schools
 - Subject to mandatory front-of-pack warning labels

Deep dive
consumer facing
solutions section

Chile | High (saturated) Fat, Salt and sugar products banned from schools and from advertising to under 14s as a result of the Food Act



2b

ADVERTISING AND PROMO LIMITS

CHILE EXAMPLE

Advertising campaigns to disseminate the Food Act



Restrictions on HFSS products

How Chile Banned Junk Food Advertising to Children

- Under the law, **HFSS products are banned from being distributed, sold, promoted and advertised at all schools nationwide** (preschools, elementary, high schools)
- The Food Act also **prohibits any advertising specifically targeted at children under 14**, such as:
 - Offering free products, toys, contests, stickers, or games
 - Using children's characters, figures, cartoons, childlike voices, children's own language or expressions, situations that represent children's daily lives
 - Websites or programs where more than 20% of the target audience are under 14

Source: Chile Ministry of Health; FAO; PAHO; WHO; Lit. search

Chile | Black FOP warning labels today are mandatory on all packaged products that exceed HFSS or calorie thresholds



3a FOP LABELLING CHILE EXAMPLE

- In Chile, **FOP warning labels** are mandatory on any packaged product that exceeds the Ministry of Health's **threshold limits** for either **calories, sodium, sugar, or saturated fat**
- Black octagonal warning labels were chosen because they are **easy to understand, direct, look like a stop sign**, and **sets the warning label apart from colourful packaging**

| Energy or ingredient | Stage 1: entry into force, June 2016 | Stage 2: 24 months after entry into force | Stage 3: 36 months after entry into force |
|-----------------------|--|---|---|
| Energy kcal/100g | 350 | 300 | 275 |
| Sodium mg/100g | 800 | 500 | 400 |
| Total sugar g/100g | 22,5 | 15 | 10 |
| Saturated fats g/100g | 6 | 5 | 4 |

- To ensure a smooth transition, and encourage manufacturers to change recipes to make products healthier in the future rather than just punish them, the thresholds **gradually became stricter across a 3-year transition period from 2016**
- **By 2019** products had to meet **the strictest thresholds** for nutrient content



High in calories



High in sodium



High in sugar



High in saturated fats

EU | Farm to Fork Strategy under the Green deal will include a harmonised and mandatory FOP labelling scheme across all EU countries (details TBC)



3b FOP LABELLING EU EXAMPLE

/ PRELIMINARY



Food labelling to empower consumers to choose healthy and sustainable diets



The Commission will propose mandatory harmonised front-of-pack nutrition labelling and develop a **sustainable food labelling framework** that covers the nutritional, climate, environmental and social aspects of food products.

- As part of the Farm to Fork Strategy, the European Commission has announced that it will submit a proposal for a **mandatory harmonised front-of-pack labelling scheme**
- The proposal will be submitted to the EU at the **end of 2022**
- It is **not yet clear** what this harmonised labelling scheme will cover, but there is **speculation** as well as **demand** for it to encompass:
 - Sustainability
 - Animal welfare
 - Origin or provenance information for certain products
 - Revision of the rules on date marking (“use by” and “best before” dates)

Source: European Commission



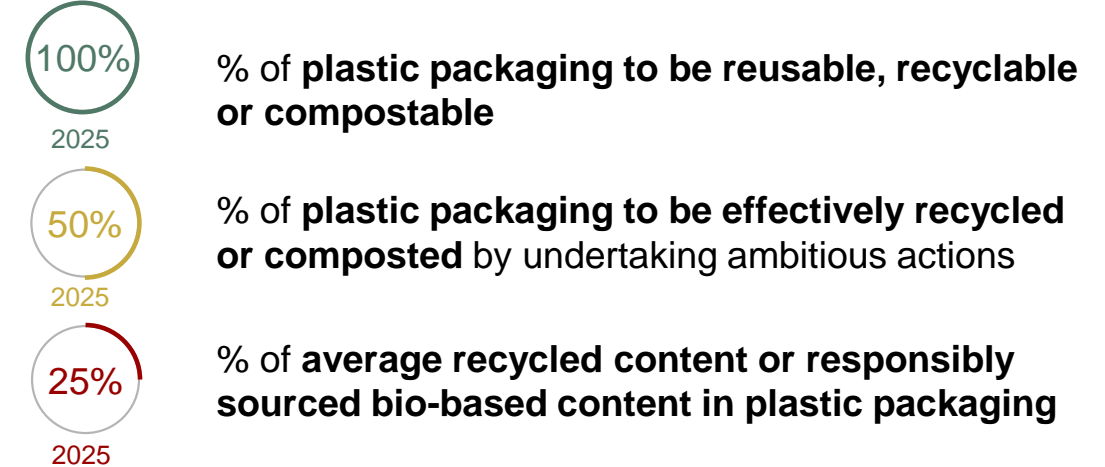
Sustainability regulations | Ambitious 2025/2030 targets have been set around plastic packaging in many key geographies

/ NOT EXHAUSTIVE

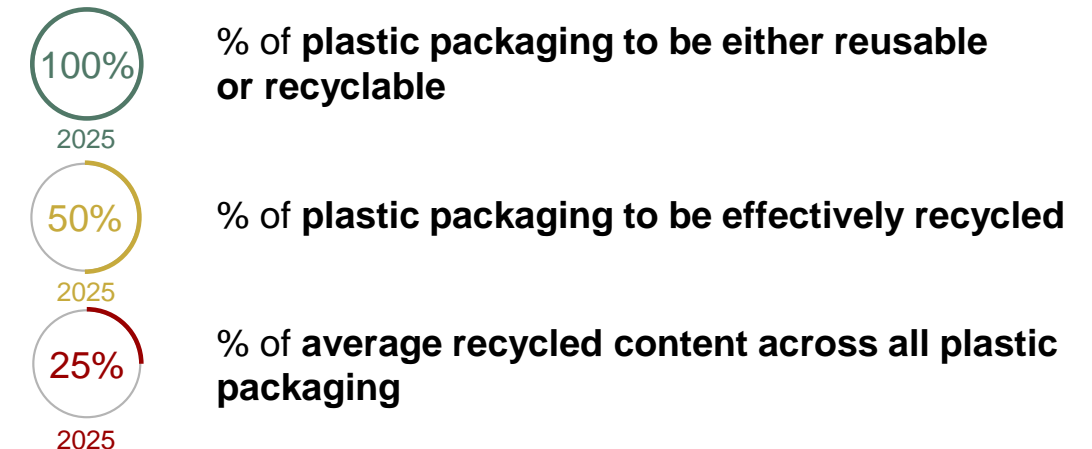
European Union



USA



India



Note: Targets shown for USA as specified under "The U.S. Plastics Pact" and for India as specified under "The India Plastics Pact"
Source: European Commission, Lit. search

AGENDA

Healthy and Sustainable Diet (HSD) definitions

Global Regulations impacting Healthier and Sustainable Diets

Approaches across the HSD ecosystem

Consumer facing solutions

Approaches across the HSD Ecosystem

Executive Summary



- Given long term consumer and regulatory trends towards healthier and more sustainable living, **numerous players across the value chain and food ecosystem are already working on the topic; collaboration between players** is a common trend, with **NGOs and Industry bodies** featuring heavily as focal points for collaboration
- **CPGs and Retailers** are taking a variety of **approaches across both sustainability and health**
 - Most companies typically deploy **a wide breadth of tools**, with maturity of each varying at a company level, **but commitments to global sustainability targets** (typically set by NGOs) are very common
 - **Impetus for change largest in the EU** where regulatory pressure and consumer trends are accelerating change efforts
- **Insurgent brands** take a native approach, with **health and/or sustainability a core part of their brand purpose and messaging**
 - **~50% of US insurgent brands have health or sustainability** as a core part of brand messaging; ~25% use both
 - They typically **benefit from the lack of legacy** issues in these spaces and **utilise messaging to appeal to younger consumers** who care more about health and sustainability issues, driving greater growth
- **Industry bodies** leverage their **pan-industry networks** in five different ways:
 - **Data and benchmarks:** Conduct research around health and sustainability topics
 - **Advisory and policy influence:** Influence government policy and regulations on particular health and sustainability issues
 - **Drive members commit to change:** Drive members to sign up to concrete, quantified targets (e.g. reduction of HFSS foods consumed)
 - **Industry-body led initiatives:** Develop programmes and initiatives to directly affect consumers
 - **Consumer interventions:** Consumer-oriented interventions that are collaborations between multiple manufacturers and retailers
- **NGOs** are perhaps the most diverse in their approach, reflecting the underlying diversity of this group
 - At the highest level, **large international NGOs play an important role in defining what healthy and sustainable diets means** and setting common, independent and well respected standards and frameworks for all players in the ecosystem to follow
 - Another common approach is **focusing on monitoring and reporting**, using that as a tool to create pressure for change
 - **Engaging stakeholders (whether collaboratively or using public pressure)** to create a case for change is also often used, including sharing key learnings
 - Lastly, **some NGOs collaborate deeply with industry** to actively drive change, lending their expertise to ensure the right results emerge

Sustainability covers a wide range of environmental, social & economic issues

Environment



Waste

Safe disposal, recycling, reuse or recovery of materials



GHG Emissions

Reducing & offsetting emissions contributing to the greenhouse effect



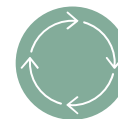
Air & water quality

Lowering emissions & effluents impacting air and water quality



Water management

Responsible water use throughout operations



Biodiversity and animal welfare

Protecting and enhancing ecosystems, mitigating negative impacts



Land use

Ensuring long-term productive potential of land, using it to offer environmental "services"



Material use

Responsible use of natural resources, from extraction to end use

Social



Product safety

Safe products & services for customers



Health & wellness

Positive health implications of products and services on customers



Digital privacy & security

Trustworthy management of customer & other stakeholder data



Employee health & safety

Work environment safety for direct (employees) and indirect (supply chain) workers



Decent work

Correct labour standards for both direct & suppliers' workforce



Community relations

Equitable interactions with communities and society beyond the workforce



Diversity & inclusion

Practices and culture promoting diversity and inclusion

Economic



Fair sourcing

Fair practices for suppliers



Anti-competitive behaviour

Non-predatory practices related to market position



Indirect economic impacts

Sensitivity to indirect impacts on external populations of firm's economic activity



Transparency & risk management

Responsible disclosure and management of risks



Governance & corruption

Norms and practices relating to good governance and ethics, e.g. bribery



Tax

Fair tax payment and practice



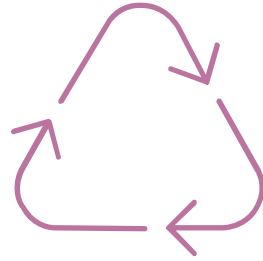
Geopolitics

Sensitively navigating complex geopolitical issues and dynamics

Across the food industry value chain, there are seven core ESG disruptions



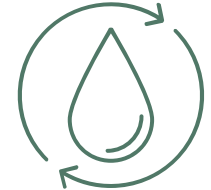
Health & Wellness



Waste



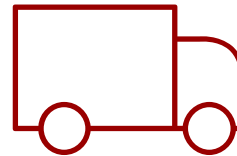
GHG Emissions



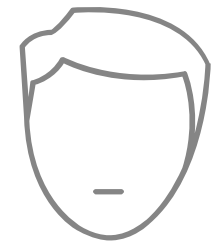
Water Management



Decent Work



Sustainable & Fair Sourcing



Diversity & Inclusion

CPGs and Retailers | Disruptions and typical levers (1/3)

/ NON-EXHAUSTIVE

| Disruption | Approaches | Description |
|-------------------|---------------------------------------|---|
| Health & Wellness | Accessible, affordable, healthy food | • Ensure consumers have access to healthier food , with a focus on affordability for consumers with historically poorer access to healthy food |
| | Launch of healthy ranges / sub-brands | • Launch new ranges under existing brands / healthy sub-brands to improve overall portfolio mix |
| | Improving nutrient density | • Reformulation of core product recipes to improve nutritional density, reduce HFSS, and improve health outcomes |
| | Commitment to reduce HFSS consumption | • Set public targets to reduce HFSS consumption , sometimes in alliance with other industry players e.g. reduction of sugar consumption, calories from soft drinks etc. |
| | Employee wellbeing | • Promoting corporate initiatives and behaviours fostering the health and wellbeing of employees within the organisation in a broad manner (e.g. covering nutrition, psychological health) using a variety of levers (e.g. special corporate programmes, regular surveys to monitor performance, subsidies for health, and wellbeing activities) |



Large CPGs and Retailers typically deploy most of the levers above, but level of maturity may vary

CPGs and Retailers | Disruptions and typical levers (2/3)

/ NON-EXHAUSTIVE

| Disruption | Approaches | Description |
|-----------------------------|------------------------------|---|
| Waste | Food waste reduction | <ul style="list-style-type: none"> Commitments and initiatives to reduce food loss and waste across the e2e food lifecycle (i.e. through the supply chain to post-purchase consumption) to improve efficiency, reducing overall environmental footprint for the same output |
| | Circular packaging | <ul style="list-style-type: none"> Programmes / actions to limit impact of packaging waste on the environment e.g. usage of recyclable / reusable materials, product take-back schemes, etc. |
| GHG Emissions | Emissions target commitments | <ul style="list-style-type: none"> Commitments to reducing emissions and becoming carbon neutral / negative through international frameworks typically developed by NGOs e.g. Climate Pledge, SBTi (Science based targets initiative) |
| | Plant-based food | <ul style="list-style-type: none"> Diversification of range / portfolio to include plant-based foods and focused efforts to drive sales of plant-based foods due to lower overall environmental impact |
| Sustainable & Fair Sourcing | Sustainable supply chains | <ul style="list-style-type: none"> Broadening of sustainability efforts to include the e2e supply chain (typically overlapping with other measures e.g. scope 3 emissions targets typically require sustainable supply chains) |



Large CPGs and Retailers typically deploy most of the levers above, but level of maturity may vary

CPGs and Retailers | Disruptions and typical levers (3/3)

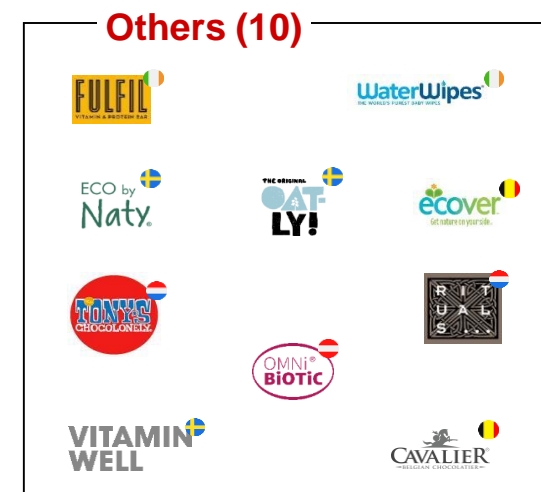
/ NON-EXHAUSTIVE

| Disruption | Approaches | Description |
|--|--|--|
| Sustainable & Fair Sourcing | Deforestation commitments | <ul style="list-style-type: none"> • Commitments to deforestation-free supply chains with clear public targets and programmes / partnerships in place to drive the change |
| | Regenerative agriculture | <ul style="list-style-type: none"> • Usage of lower / net positive environmental impact farming practices through the value chain that restore soil organic matter and sequester carbon in the ground |
| | Economically fair supply chains | <ul style="list-style-type: none"> • Commitments and actions to ensure that supply chains are free from human rights violations (e.g. forced labour) and provide employees with economically fair compensation for their work |
| Water Management | Water stewardship | <ul style="list-style-type: none"> • Engaging in innovation and collective action to preserve and protect water resources, to create a future where everyone has access to a safe and resilient water supply |
| Diversity & Inclusion | E2E diversity | <ul style="list-style-type: none"> • Efforts to diversify across the entire supply chain from diversifying suppliers, diversity within companies, and products suitable for diverse profiles of consumers |



Large CPGs and Retailers typically deploy most of the levers above, but level of maturity may vary

Insurgent Brands | ~100 Insurgent brands across the UK, France, Italy and Germany are outgrowing their category by >5x



European Insurgents are FMCG brands born in Europe in the last ~25yrs, with €5M+ RSV in at least one European country, outgrowing their category by min. 5x, and that are not owned by large CPGs (or have been acquired only in the last 2 years)

Insurgent Brands | In the US, young, high growth brands are proving even more disruptive, outgrowing their category by >10x



/US ONLY

2016 Insurgent Brands maintaining high growth



2018-19 Insurgent Brands maintaining high growth



2020 Insurgent Brands new to the list



Insurgent Brands criteria



>10x

Category growth



>\$25M

Revenue

Median Insurgent Brand metrics

\$46M

Revenue

29x

Growth vs Category

3.2x

Price premium to Private Label

43%

ACV weekly distribution

1.1x

Velocity vs Category

<5%

Household penetration

Source: IRI Reviews US MULO; Euromonitor; Bain analysis

Insurgent Brands | Health and Sustainability are a critical part of insurgent brand messaging - ~50% use at least one, ~26% utilise both



/US ONLY



Health & Wellness

“**Better for you**” alternatives to traditional products with **simple ingredients** rather than artificial chemicals



Sustainable/ locally sourced

Products highlighting **sustainability in farming and/or local ingredient sourcing**



Functional benefits

Ingredients to **support specific function** (e.g. active lifestyle)



Convenience

Meets specific **consumer convenience need** (e.g. high quality at home, or easy on-the-go consumption)

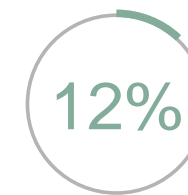
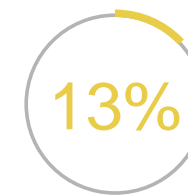
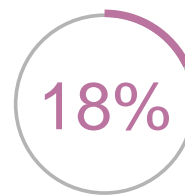
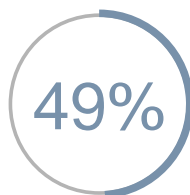


Focus on DE&I

Minority owned, or showing **support for DE&I initiatives**



— Percent of insurgents with this messaging —



~26% use both
in brand messaging

Source: Company websites

Insurgent Brands – Pukka | Pukka is an organic tea brand with sustainability and health at the core of its brand and products



About Pukka

- UK organic tea brand **founded in 2001**
- Built around **100% certified, organic and ethically sourced** ingredients from day one
- Certified **B corp**

Financial results

- Achieved **>£30M revenue by ~2017**
- **Fastest growing organic tea company** in the world in 2016¹
- **Acquired by Unilever** in 2017

Note: 1 - Euromonitor 2016. Source: Company website

Sustainability and health are core elements of the Pukka brand

Supporting healthy lives and sustainability are core elements of the Pukka mission

“Our herbal creations are crafted to connect as many people as possible to the beauty & power of nature.

*We **share our knowledge & campaign for a healthier world**, always trying to lead by example.*

*Pukka people are truly connected to this mission and to bring it to life without compromise; from the quality of our organic practitioner-grade herbs **fairly and sustainably sourced from around the world**, to the organic cotton string used to stitch our tea bags together. We continually challenge ourselves to be better.”*

Pukka Mission

Pukka proudly advertises multiple sustainability certifications



The UK's leading organic certification body



We give 1% of turnover to environmental and social initiatives



The gold standard in fair trade certification



A fair trade system for wild-collected plants



Encouraging businesses to be a force for good



CO2 neutral
Proud to be a carbon neutral company

Pukka voluntarily publishes an annual impact report, focused on four key areas



Insurgent Brands – Whole Earth | Established organic nut butters and foods brand that started deploying insurgent brand like tactics in 2015

WHOLE EARTH.

About Whole Earth

- UK **organic food brand** tracing its roots back to London's first organic, vegetarian, macrobiotic restaurant founded in 1967
- Core product is **healthy nut butters**
- However, portfolio also covers **breakfast cereals, baked beans, coffee alternatives and drinks**
- **Acquired by Dutch food group Royal Wessanen (now Ecotone) in 2003**
- **Brand was refreshed in 2015** to refocus on its organic roots

Whole Earth doubled down on its core organic and sustainability messages, updated with a more modern approach mimicking insurgent brand tactics



- Whole Earth **positions its products as “Good for You”**
- Specifically, marketing focuses around **natural protein, good fats, lack of added sugar and abundant vitamins and minerals** due to usage of nuts as the core ingredient in their nut butters



- Whole Earth **seeks to reduce environmental impact of their supply chain**
- Initial focus appears to have been on **removing plastic seals from peanut butter jars**



- Lastly Whole Earth also has **measures in place to help restore the environment** (moving beyond just impact reduction)
- This includes **sustainable sourcing of Palm oil, replanting Sumatran rainforests** in partnerships with NGOs, etc.

Industry bodies generally tackle health and sustainability in five ways; The **CHL** uniquely brings together **manufacturers & retailers for consumer action**

/ NON-EXHAUSTIVE

Consumer-facing action

Data and benchmarks

- **Conduct research** around health and sustainability topics
 - e.g. IGD three year research to understand consumer appetite for healthy, sustainable diets
- **Collect data** and formula **benchmarks**
 - e.g. WBA measures and ranks 350 food companies on their environmental, nutritional and social impact
- **Publish information** to empower stakeholders and stimulate action



Advisory and policy influence

- **Influence government policy and regulations** on particular health and sustainability issues
 - e.g. SFT written response to the National Food Strategy
- Have impact at the **local, national, and international level**



Drive members to commit to change

- Drive members to sign up to **commitments to drive change, typically against concrete quantified targets**
 - e.g. Retailer members committed to the BRC climate action roadmap aiming for a Net Zero retail industry by 2040
- May be at local, regional or international levels and **typically focused on one industry**



Industry-body led initiatives

- Develop **programmes and initiatives** to directly affect consumers
 - e.g. GAIN Better Diets for Children programme launched in eight third world countries
- **Implement and run these projects**, typically with NGO affiliation and support
 - E.g. GAIN Better Diets for Children programme partnered with UNICEF, World Health Organization (WHO), and the World Food Programme (WFP)







Consumer interventions

- Cross-industry, consumer-oriented interventions that are **collaborations between multiple manufacturers and retailers**
 - e.g. CHL “Dale un Giro Saludable a tu Vida” in Colombia, running campaigns with CHL manufacturer members across sixty retail stores in Bogotá and Medellín



Industry bodies | Variety of approaches, from data collection (IGD), to helping drive commitments to action (IFBA), to projects on specific initiatives (CGF, GAIN) (1/3)





/ NON-EXHAUSTIVE

| Industry body | Industry Body Description | Approach/actions taken |
|--|--|---|
|  Institute of Grocery Distribution | <ul style="list-style-type: none"> • Trade association for UK grocery retailers founded >100 years ago | <ul style="list-style-type: none"> • Conduct research (sometimes in collaboration with other stakeholders) across key topics in healthy and sustainable diets (e.g. ongoing research with the University of Leeds and ~20 industry organisations/players on behavioural levers to make it easier for people to transition to healthier and more sustainable diets) • Aggregate and share learnings from across the industry e.g. case studies on specific initiatives from major grocers and CPGs • Conducts work on creating a strategic framework for an environment labelling scheme that will provide consistent and transparent information for consumers, enabling them to make more informed choices at point of sale |
|  World Benchmark Alliance | <ul style="list-style-type: none"> • Non-profit organisation working to shape the private sector's contributions to achieving the SDGs¹ | <ul style="list-style-type: none"> • Assesses and ranks the world's most influential companies on their contribution to the SDGs • Publishes free and publicly available benchmarks to empower all stakeholders, from investors to consumers, to hold the private sector accountable on the role in building a more sustainable world • For its members ('Allies') provides a collaborative and solutions-oriented platform to highlight successful models of action, share best practices and facilitate cross-sector partnerships to achieve broader transformations towards SDGs |
|  National Retail Federation | <ul style="list-style-type: none"> • World's largest retail trade association, based in the US | <ul style="list-style-type: none"> • Share information on latest insights, innovations and sustainability practices by engaging with members and other sustainability stakeholders • Acts as an advocate for public policy that impacts retailers • Educates lawmakers, the press, and the public about the role of retail and its economic impact |
|  Food Standards Agency | <ul style="list-style-type: none"> • Independent government department responsible for food safety | <ul style="list-style-type: none"> • Conducts work to protect public health and consumers' wider interests in relation to food in the UK, as well as to reduce the economic burden of foodborne illness • Oversees packaging and labelling requirements, as well as food labelling e-learning course designed to provide food manufacturers with a general understanding of current food labelling legislation |
|  Sustainable Food Trust | <ul style="list-style-type: none"> • Charity organisation working to accelerate the transition to more sustainable food and farming systems | <ul style="list-style-type: none"> • Influencing government policy on sustainable agriculture • Advocacy for true cost accounting • Development of an internationally harmonised framework and metric for measuring on-farm sustainability • Campaigning for the re-localisation of supply chains, including small abattoirs |

Notes: 1 - Sustainable Development Goals. Source: Industry body websites

Industry bodies | Variety of approaches, from data collection (IGD), to helping drive commitments to action (IFBA), to projects on specific initiatives (CGF, GAIN) (2/3)





/NON-EXHAUSTIVE

| Industry body | Industry Body Description | Approach/actions taken |
|--|--|--|
|  American Beverage Association | <ul style="list-style-type: none"> Industry body for major beverage manufacturers in the US | <ul style="list-style-type: none"> Represents the beverage industry's interests in discussions about new US public policy at all levels of government Set a goal of reducing calories consumed from beverages by 20% by 2025 in the US via implementation of clearer calorie labelling on containers, eliminating full-calorie beverages from K-12 schools and introducing a larger variety of reduced calorie beverage options |
|  EAT Foundation | <ul style="list-style-type: none"> Global, non-profit startup dedicated to transforming our global food system through sound science, impatient disruption and novel partnerships | <ul style="list-style-type: none"> Work with cities and local governments, such as Copenhagen, to focus on how global challenges take shape in urban environments and drive relevant local action Co-ordinate the Good Food Finance Initiative (GFFI) in partnership with FAIRR Initiative, aimed at providing actionable insights — including specific new investable opportunities and transformational innovations—to high-level financial decision-makers in government, the private sector, and multilateral institutions Annual Eat Cook Club campaign, to raise awareness of the positive impact of healthy and sustainable food choices by leveraging: <ul style="list-style-type: none"> experts to provide bite-size explanations of some of the challenges and opportunities connected with the food we eat and our global food systems chefs from around the world to show consumers how we can all make a positive contribution to human and planetary health from our very own kitchens social media platforms to disseminate informative resources from various sources |
|  Sustain Alliance | <ul style="list-style-type: none"> Alliance advocating food and agriculture policies and practices that enhance the health and welfare of people and animals, with >100 members | <ul style="list-style-type: none"> Run campaigns, advocacy, networks and demonstration projects, aiming to catalyse permanent changes in policy and practice, and to help equip more people and communities with skills as change-makers Advise and negotiate with governments, local authorities, regulatory agencies, funding bodies and other decision-makers to ensure that legislation and policies on food, fishing and agriculture are publicly accountable and socially and environmentally responsible Develop networks of people and organisations to devise and implement projects and campaigns, and provide a platform for recognition and replication of pioneering work |
|  British Retail Consortium | <ul style="list-style-type: none"> Trade association for UK retailers, including all major UK grocery retailers | <ul style="list-style-type: none"> Developed a Climate Action roadmap to provide retailers with guidance on a path to decarbonise both their operations and supply chains with support from key retail players Climate action roadmap aims for a Net Zero retail industry by 2040 based around five key pathways: <ul style="list-style-type: none"> Placing GHG data at the core of business decisions Operating efficient sites powered by renewable energy Moving to low carbon logistics Sourcing sustainably Helping employees and customers live low carbon lifestyles |

Source: Industry body websites

Industry bodies | Variety of approaches, from data collection (IGD), to helping drive commitments to action (IFBA), to projects on specific initiatives (CGF, GAIN) (3/3)

/NON-EXHAUSTIVE

| Industry body | Industry Body Description | Approach/actions taken |
|---|--|---|
|  <p>International Food & Beverage Alliance</p> | <ul style="list-style-type: none"> Global CEO-led organisation of over leading food and non-alcoholic beverage companies | <ul style="list-style-type: none"> Work with member companies to develop commitments against specific topics below Healthier Product Formulation: Reducing sodium, sugar and calories, saturated fats, eliminating trans fats and adding beneficial ingredients Nutrition: Helping consumers make more informed choices via transparent FOP labelling systems and/or collaborating with other organisations to improve nutritional literacy Responsible marketing: Commitments to either not advertise products to children under 13 OR only advertise products that meet common nutrition criteria based on accepted science based dietary guidance to children under 13 |
|  <p>World Business Council for Sustainable Development</p> | <ul style="list-style-type: none"> Global CEO-led organisation of over 200 leading companies across all industries (e.g. Danone, Nestle, Walmart) | <ul style="list-style-type: none"> Running several programs and projects with an impact on Healthy and Sustainable diets Food and Agriculture Roadmap: Transformational targets, key action areas and solutions including Healthy and Sustainable Diets as a key chapter Food Reform for Sustainability and Health (FReSH): Develops, implements and scales food production solutions that improve both nutrition and environmental outcomes by working with companies across the value chain Nature Action: Helps companies prepare to be nature positive by 2030 by prepping them to implement science-based monitoring and reporting frameworks (e.g. SBTN¹, TNFD²), prepare narratives, roadmaps and solutions |
|  <p>Global Alliance for Improved Nutrition</p> | <ul style="list-style-type: none"> Foundation dedicated to tackling human suffering caused by malnutrition | <ul style="list-style-type: none"> Focus on women; children from earliest infancy to age nine, and their caregivers; adolescents (ages 10 to 19) themselves and as influencers in their communities; workers, farmers, and their households Launch programmes to better diets for everyone, predominantly in ten countries with high burdens of malnutrition – Bangladesh, Ethiopia, India, Indonesia, Kenya, Mozambique, Nigeria, Pakistan, Rwanda, and Tanzania Work with governments, businesses and civil society, to transform food systems so that they deliver more nutritious foods for all people, especially the most vulnerable Collaborate with national, regional, and global alliances that provide technical, financial and policy support to a wide range of public and private organisations, focusing attention on achieving Sustainable Development Goal 2: ending malnutrition in all its forms by 2030 |
|  <p>Consumer Goods Forum</p> | <ul style="list-style-type: none"> Global, CEO-led organisation that links consumer goods retailers and manufacturers | <ul style="list-style-type: none"> Focused on addressing key industry challenges including environmental sustainability, social sustainability, health and wellness, e2e value chain, food waste and food safety Does so by establishing coalitions of action, driving actions and implementation by providing tools, guidelines, case studies etc, engaging and collaborating all stakeholders including governments and NGOs, and supporting networking and knowledge sharing |

Notes: 1 - Science-based targets for nature; 2 - Taskforce on Nature-Related Disclosures. Source: Industry body websites

Demand Generation Alliance | World's food sustainability leaders launch a new alliance to put tight focus on changing consumer demand for HSD mission



Recently established, global alliance

- In **June 2021**, food sustainability leaders launched a new super group called the **Demand Generation Alliance (DGA)**
- It aims to make nutritious, sustainable food the **preferred consumer choice**
- The leadership consists of 7 entities: the **Consumer Goods Forum (CGF)**, **World Business Council for Sustainable Development FRESH Program (WBCSD)**, **Global Alliance for Improved Nutrition (GAIN)**, **Global Business School Network (GBSN)**, **World Food Programme (WFP)**, **EAT Foundation**, and **Thunderbird School of Global Management**



- **DGA membership will open in 2022** to institutions or organisations at global, regional or country level that seek to address topics that align with the **DGA's mission**

The importance of consumer demand in HSD

A collaborative initiative towards more sustainable and nutritious foods.



- The bulk of actions for food system transformation have traditionally concentrated on **supply-side measures**
- The DGA's objective is to encourage pressure from **consumers, and wider society, to demand the urgent shift to more sustainable and nutritious foods**

*"Unless we **address the underlying consumer preferences**, policy and education efforts **are unlikely to be enough** to shift consumption habits for nutritious and sustainable foods."*

Global Alliance for Improved Nutrition (GAIN)

NGOs | NGOs are active across both sustainability and health topics, generally tackling the topic from four perspectives

Covered in
earlier section

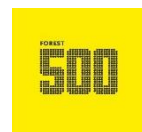
Define what healthy and sustainable means

- **Issue guidelines, principles or specific recommendations** on what healthy and/or sustainable diets mean
- **Creates common frameworks/goals** that all actors can work towards
- Typically **independent and based on accepted science/other academic research**



Measure, track and report performance independently

- **Measure how companies and governments perform** on health and sustainability issues
- **Issue reports on performance** to hold governments and companies to account and create pressure for change
- Typically **working with accepted definitions of healthy/sustainability**



Stakeholder engagement

- **Engagement with key stakeholders** (companies, governments, individuals) to drive a HSD agenda forward
- Typically **using a mix of collaboration and public pressure** to drive for change
- Often involves **developing and sharing research, learnings, etc.** to stakeholders



/ NON-EXHAUSTIVE

Partner with industry/government to drive change

- **Partner directly with CPGs or retailers** to implement initiatives/change that direct improve performance against health and sustainability metrics
- **Leverages NGO expertise** in these areas to ensure meaningful change



Deep dive example to follow



M&S

Sainsbury's



Many NGOs (especially larger NGOs) deploy more than one approach

NGOs – WWF | Leading UK supermarkets have partnered with the WWF to halve the environmental impact of the average shopping basket by 2030



Overview

- In 2018 the WWF and Tesco **launched a four year partnership to halve the environmental impact** of the average UK shopping basket
- In 2021, during the COP26 event, **Co-op, M&S, Sainsbury's and Waitrose** also joined in this pledge
- All retailers committed to **reporting data annually to WWF** against set measures, and **reporting publicly on taken actions**
- Each partnership **extends to other more focused initiatives** as well



M&S

Sainsbury's



WAITROSE
& PARTNERS

Environmental impact assessed via 7 key areas



Climate Change



Deforestation



Sustainable Diets



Sustainable Agriculture



Marine Sustainability



Food Waste



Packaging Waste

Tesco "average UK shopping basket"

Bananas, loose
Salad tomatoes, six pack
Clementines, "Easy peeler" 600g pack
Maris piper potatoes, 2.5kg
Blueberries, 150g pack
Iceberg lettuce
Tesco Crisps, ready salted (25 x 6 pack)
Rice, tbc
Tesco Diet Cola, 2 litres
Tesco Bourbon Creams Biscuits 296G
Tesco bread, soft white medium
Milk, semi-skimmed 4 pints
Chicken, breast portions 650g
Eggs, free range 12 pack
Salmon, two boneless fillets 260g
Lean beef steak mince, 500g (5% fat)
Tesco Just Ham Sandwich
Tesco tikka masala w. rice ready meal
Tesco Cream of Tomato Soup 400G
Tesco tuna chunks in spring water 4x160g

20 products chosen to reflect popular choices across different food categories

Tesco have already achieved material results¹



11% of the target has been attained as per 2021 Tesco company report

Other ongoing Tesco initiatives (non-exhaustive)



80% seed subsidy for sustainable dairy cattle feed



Ongoing research into Insect protein as a component of animal feed



Sustainable tuna via adoption of a 'Seascope' approach and adoption of the SSB40 metric through the supply chain







Note: 1 - Since launching partnership in November 2018. **Source:** WWF & Retailer websites

NGOs – WWF | Total environmental impact reduction is assessed in 7 key areas with different weightings based on scope, urgency, directness, & governance



Sustainable Basket Metric

- To measure the total environmental impact reduction, the **Tesco-WWF Sustainable Basket Metric** was devised¹
- The metric assesses 7 key areas with different weightings based on:
 - Scope:** environmental issues with a global impact are weighted higher than regional issues (e.g. climate change)
 - Irreversibility and urgency:** issues requiring urgent action to ensure impacts do not become irreversible are also weighted higher (e.g. climate change, loss of forest habitats)
 - Direct impact:** the more direct an environmental impact the higher the weighting (e.g. greenhouse gas emissions directly contribute to climate change)
 - Governance:** issues with the most effective governance are weighted lower
- When **all the targets for a key area are achieved** e.g. the targets for Sustainable Agriculture; Tesco and WWF would therefore consider themselves to be **12% of the way towards their goal of halving the environmental impact of the average UK shopping basket**

| Key Area & Weighting ¹ | Targets to be achieved by 2030 | |
|---|--|---|
|  Climate Change (25%) | <ul style="list-style-type: none"> Achieve GHG reduction across all scopes in line with 1.5-degree SBT | |
|  Deforestation (20%) | <ul style="list-style-type: none"> 100% deforestation and conversion-free agricultural commodity supply chains by 2025, with a cut-off date of 2020 at the latest | <ul style="list-style-type: none"> Require first importers to have deforestation and conversion-free supply chains by 2025, with a cut-off date of 2020 at the latest |
|  Sustainable Diets (15%) | <ul style="list-style-type: none"> 50/50 plant-animal protein sales split | |
|  Sustainable Agriculture (12%) | <ul style="list-style-type: none"> At least 50% of whole produce and grains certified or covered by a robust envr. scheme 100% meat, dairy and eggs, including as ingredients sourced to 'Better' standard | <ul style="list-style-type: none"> At least 50% of fresh food from areas with sustainable water management Agricultural emissions lowered inline with 1.5 - degree SBT |
|  Marine Sustainability (10%) | <ul style="list-style-type: none"> 100% of seafood from sustainable sources | <ul style="list-style-type: none"> Reduce fishmeal and oil usage to FFDR<1 by using sustainable fishmeal and fish oil subs. and increasing the use of trimmings |
|  Food Waste (10%) | <ul style="list-style-type: none"> Reduce food loss and waste in all aspects of the supply chain by 50% | |
|  Packaging Waste (8%) | <ul style="list-style-type: none"> 100% recyclable packaging 40% reduction in material use | <ul style="list-style-type: none"> All materials sustainably sourced and use of recycled content maximised |

Note: 1 – Weightings in partnership with Tesco only, no further information regarding weightings for the other 4 new WWF-retailer partnerships as of 18 November 2021. **Source:** WWF & Retailer websites

AGENDA

Healthy and Sustainable Diet (HSD) definitions

Global Regulations impacting Healthier and Sustainable Diets

Approaches across the HSD ecosystem

Consumer facing solutions

Consumer Facing Solutions

Executive Summary



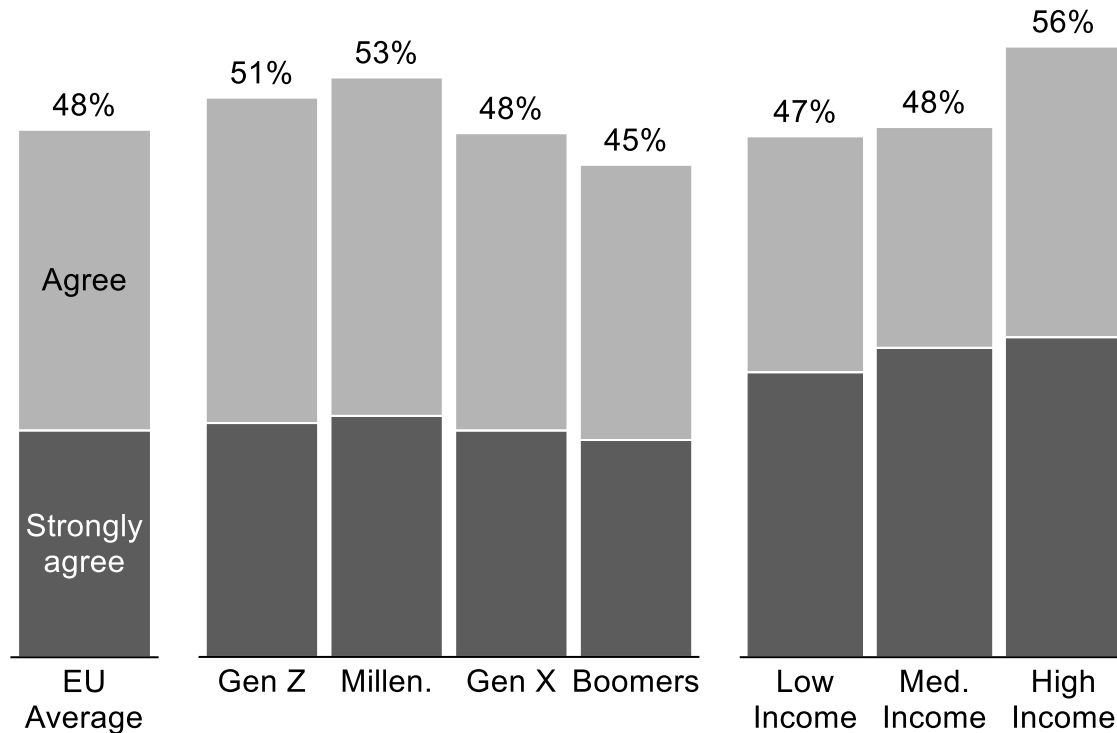
- **Consumer demand for healthier and more sustainable food options is expected to increase** given changing consumer attitudes towards their health following the pandemic and increasing awareness of the environmental impact of their dietary choices, **however consumers sometimes struggle to understand which options to choose**
- To date, there have been a number of **consumer facing solutions whose objective is to push consumers towards healthier and more sustainable consumption** by providing them with easy access to data they need to make informed decisions
- Generally, these solutions have taken two forms:
 - **Information sharing:** data/ratings information to help consumers make more informed decisions at the point of purchase
 - **Insight provision:** typically leveraging apps that use inputs from the consumer to support long-term behavioural change
- Within **information-sharing solutions** consumers are typically provided with **three types of information:**
 - **Rating schemes:** evaluating the nutritional quality of products and operating on a scale e.g. scored from A-E, or 1-5
 - **Threshold-based pass/fail systems:** products receive a label if they exceed a set threshold e.g. over 15g of sugar per 100g, no animal testing
 - **Quantified dietary impact:** data on how a product contributes to recommended daily consumption government guidelines
- Insight provision **typically aggregate data** (e.g. over time, for an entire basket) to **help consumers understand their overall diet or overall environmental impact**
- Currently these solutions reach consumers via **apps** or **front of pack (FOP) labelling**
 - FOP labelling solutions are **voluntary in most places**, excluding **Chile** where it has become mandated by law since 2016
- These solutions typically aim to **support consumers to either have more sustainable OR healthier diets**, but most do not do both. The **two exceptions** to this rule are the Giki Badges app and the Cool Food Meals badge
- The challenge CPs and Retailers face is that **a number of different systems are being used**, creating consumer confusion around how to use them and which sources to trust, as well as driving supply chain complexity; the EU Farm to Fork initiative is exploring a potential unified system that could be used across countries

Consumers care more about their health now vs pre-COVID and have increased spend on health and wellness products and services



/ EUROPEAN AVERAGE

How would you rate the following statement: “I care much more about my health (physical and or mental) now than I did before the COVID-19 pandemic started (March 2020)”



54%

Fitness apps (e.g. Running, Workout, Fitness trackers) within the Top 100 downloaded



+27%

YoY growth in Wellness app installs in 21Q1



18%

Europeans report spending more on healthcare during the pandemic



93%

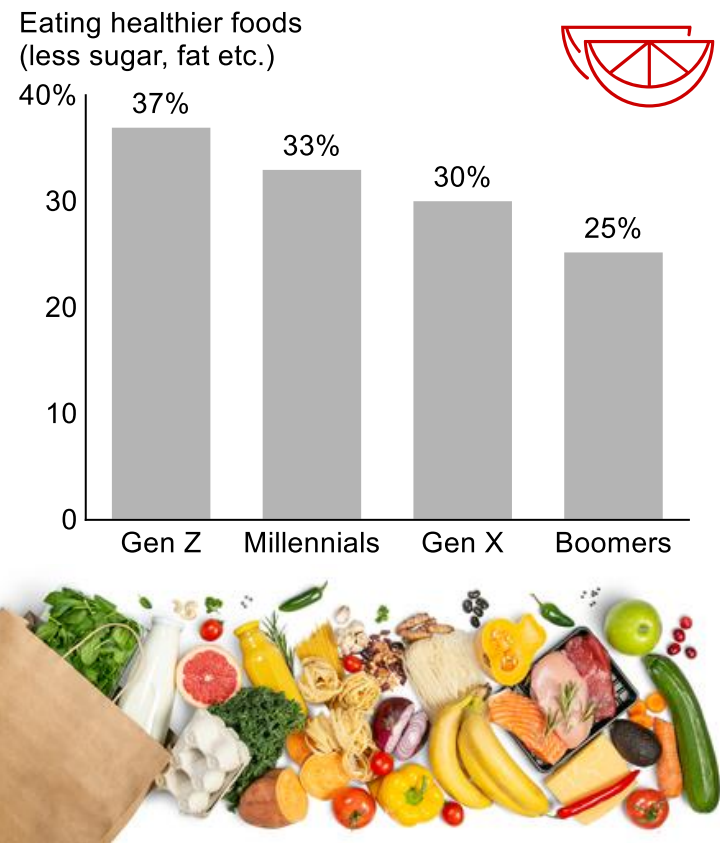
Growth in UK multivitamin sales leading up to the first lockdown (March 2020)

Note: 1 - Income cuts exclude those who answered “Prefer not to answer”

Source: Sensor Tower; Medscape News UK; Bain EMEA COVID-19 Consumer/Shopper Survey, powered by Dynata; Wave 4 = Mid May 2021, N=7750

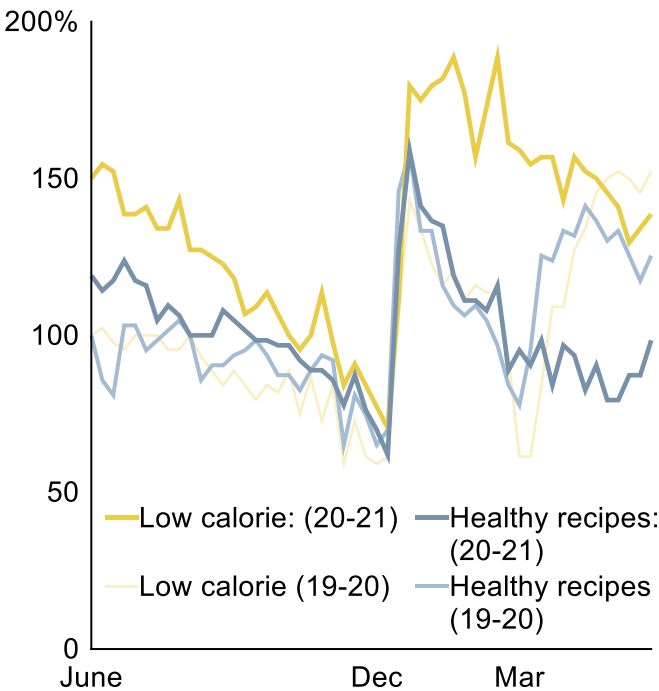
As a result, Consumers are eating healthier vs pre-COVID especially the young, a trend that is expected to stick as the pandemic wanes

Have you made any of the following lifestyle changes as a direct result of the COVID-19 pandemic?



YoY Interest in Healthy and Low Calorie Recipes

Indexed interest over time (w/c 14 Jun 2019 = 100), 7 day avg., Search vol, worldwide



Healthier eating is reflected in recipe and purchasing behaviour

34% Respondents state “a healthy diet will matter more post-pandemic” vs 5% less²

30% % stating “Buy more health and wellness products” is expected to be a permanent change¹

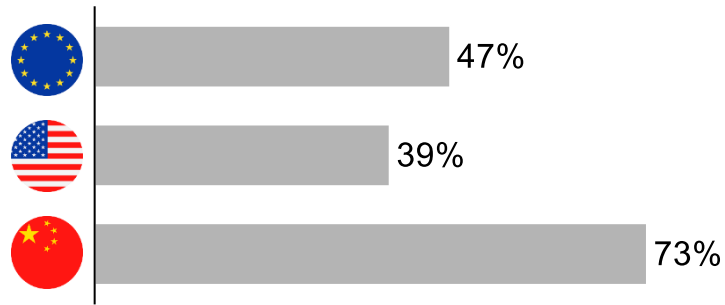
10% Switched to meat-free diet, or eating less meat³

Note: Excludes “N/A – I did not buy this/shop here prior to COVID-19” | **Source:** Bain EMEA COVID-19 Consumer/Shopper Survey, powered by Dynata; Wave 4 = Mid-May 2021, N=7750; 1. Wellness Redefined: Healthy Eating In A Post-coronavirus World, Euromonitor 2. COVID-19 impact on consumer food behaviours in Europe; Google trends data

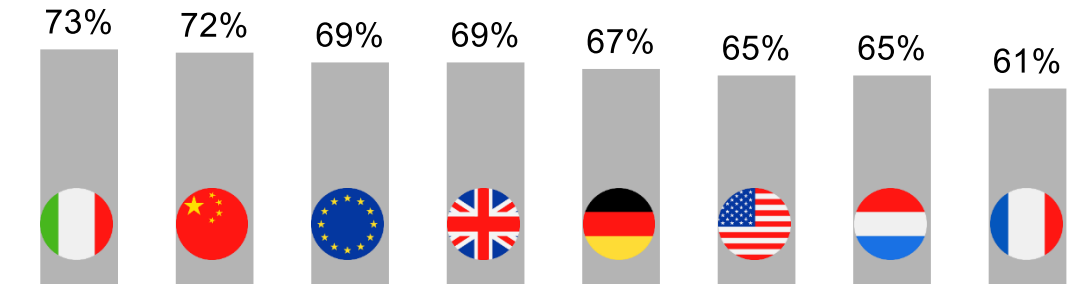
Consumers increasingly care about sustainability and want to become more sustainable in their day-to-day lives

Consumers concerned with climate change and believe own behaviour can make difference

Share of citizens who consider climate change a major threat to society



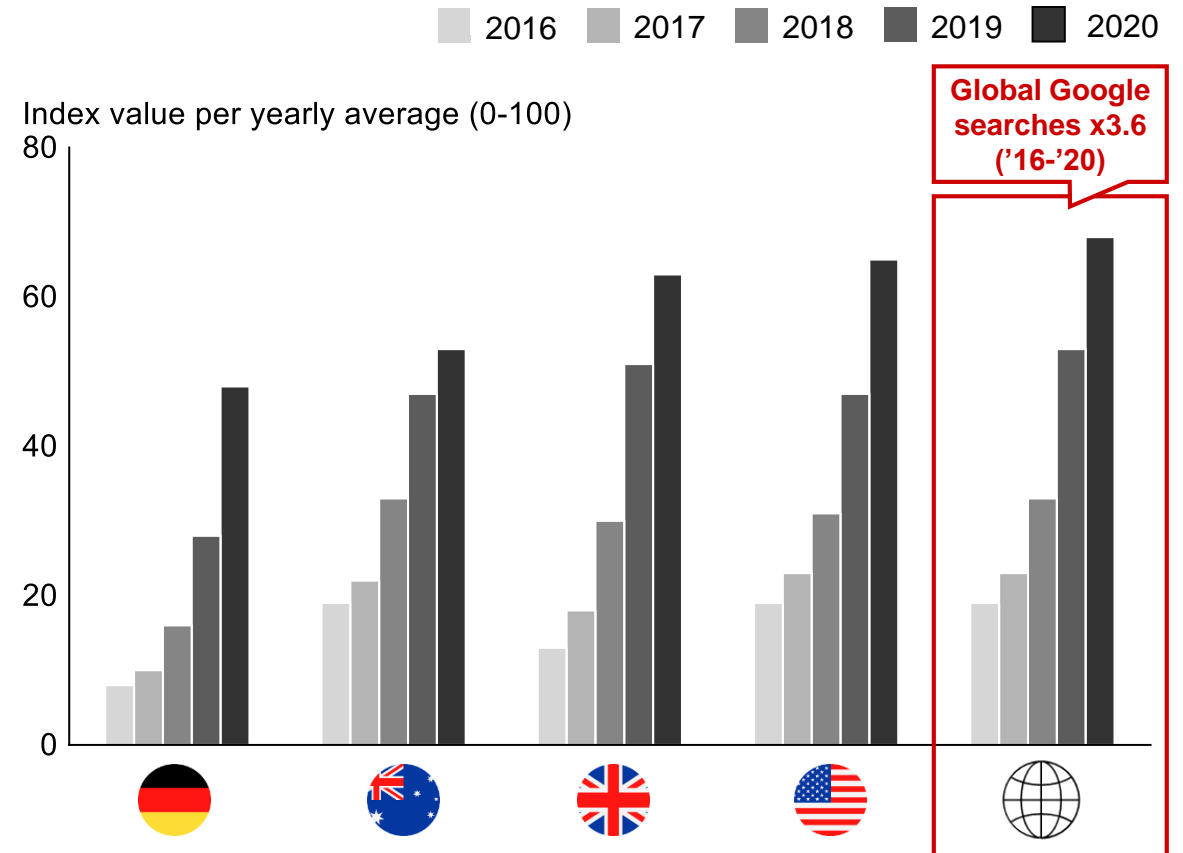
Share of citizens who think their own behaviour can make a difference in tackling climate change



Note: In the second graph on the left hand side, countries are Italy, China, European Union, United Kingdom, Germany, United States, Netherlands and France respectively. The graph on the right hand side provides data on the popularity or interest level around sustainable products in the shopping category, and search data were normalised in order to facilitate comparisons. Source: European Investment Bank: The EIB Climate Survey (2020); The Economist Intelligence Unit: An Eco-wakening (2021)

Consumers increasingly search for sustainable products

Google searches for sustainable products in the “shopping” category



When embedding sustainability, brands cannot compromise on quality and health, since they are the most important criteria for consumers

Q: You will each time see a set of statements that may or may not be important to you while grocery shopping. In each question, please indicate which item is most important to you and which item is least important to you when deciding which product and/or brand to purchase.

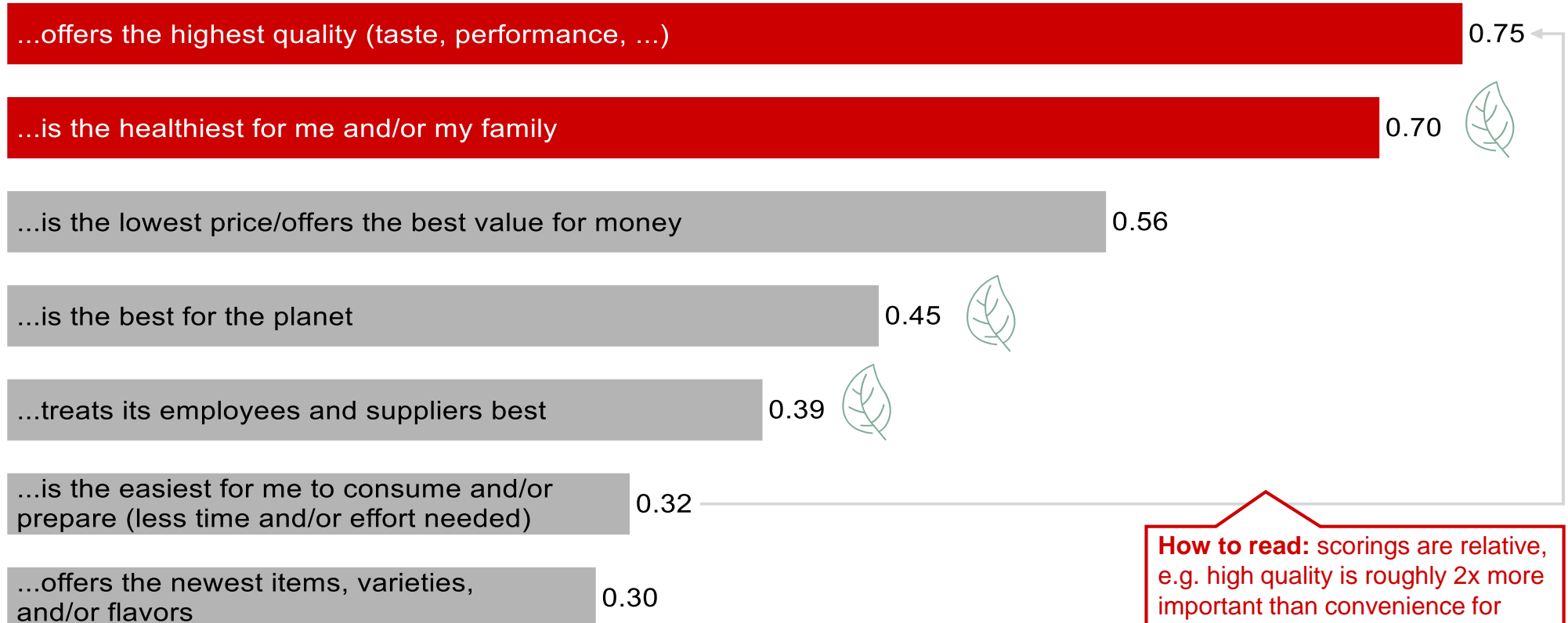
Relative importance of key purchasing criteria

Relative score resulting from maximal difference analysis (MaxDiff)



Sustainability criteria

The brand and/or product...



How to read: scorings are relative, e.g. high quality is roughly 2x more important than convenience for consumers

Source: Bain Elements of Value Consumer survey, UK, France and NL, N=8,304 (June 2021)

Importance of key sustainability concerns and consumers' main motivation differ by country



1. **Health & Wellbeing**
2. **Waste**, specifically plastic
3. **Organic produce**



1. **Health & Wellbeing**, incl. organic
2. **Local produce**, with fair remuneration for local suppliers
3. **Adopt sustainability across product categories**



1. **Health & Wellbeing**
2. **Animal welfare**
3. **Local produce**, more artisanal and support local suppliers



1. **Local produce**, limiting emissions
2. **Health & Wellbeing**
3. **Waste**, specifically recycled and biodegradable



1. **Health & Wellbeing**
2. **Packaging**, avoid it and recycle
3. **Local produce**, support local suppliers

Source: Bain Consumer Survey


This information is confidential and was prepared by Bain & Company solely for the use of our client; it is not to be relied on by any 3rd party without Bain's prior written consent


Consumers **don't always find** the more sustainable alternatives and they often **struggle to understand** which products are sustainable

Consumers don't always find what they look for

Unavailability


- Some stores **don't carry a more sustainable offering** and many categories have **smaller option range** for sustainable products (e.g., flavours)


*"We are still **limited compared to the large choice** you have for regular products."* Magali 

*"They don't produce **coconut milk** in Europe, so it's **always flown in** from Asia."* Hanna 

Lower perceived quality


- Sustainable products are frequently perceived to have a **lower quality and be less effective**, and consumers are **not willing to compromise** on this


*"I have to use a **specific (unsustainable) shampoo** for my grey hair, to avoid that yellow glow."* Yvonne 

*"I didn't transition to **organic dishwasher product** yet because it's **not as effective**."* Mylène 

Not all-round sustainability

- Some products that are **promoted as sustainable** are **unsustainable in another area**


*"Even in the **organic shop**, I read the same **harmful elements on the ingredients list**."* Sonia 

*"I love this organic tea, but I am really **disappointed** to see that it is **wrapped in plastic**."* Lisa 

They often don't understand what is sustainable

Rely on look & feel of packaging

- Consumers **rely on the visual cues that suggest sustainability** to identify sustainable products (e.g., green brand name, nature images, glass packaging)


*"This detergent comes in a **cardboard which I just think is really good, and it has a green leaf** on it."* Ruxshin 


*"I use this product from Therme, it looks fairly natural and has this **nice picture, so it must be natural**."* Marijke 

Focus of this section

Rely on labelling

- Consumers rely on **sustainability labels & certificates** on packaging (e.g. recyclable, eco-friendly)
- Yet, they **often don't understand** what these mean or **don't have the time to read everything**

*"I assume the **label** gives an indication on whether the product is sustainable, but **no one ever has the time to read it**."* Sindujan 










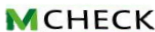









*"My coffee is **organic and Fairtrade**."* Mylène 

Consumer solutions provide information to help make more informed purchases, and some are starting to use insights to drive behavioural change

/ NON-EXHAUSTIVE

Product information to help consumers make more informed decisions
(provided by Front of Pack (FOP) labelling, or apps)

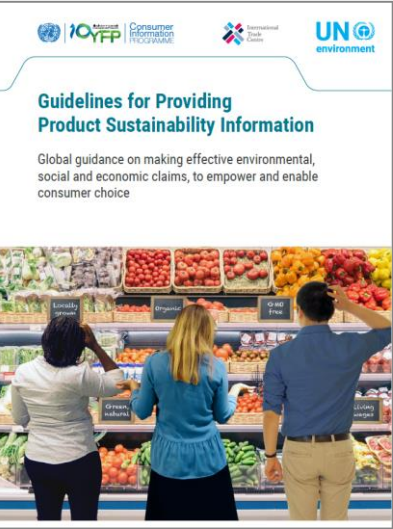
Personalised insights to shape overall behaviour (apps)

| Type | Rating schemes | Threshold-based pass/fail systems | Quantified dietary impact | Apps driving long-term consumer change |
|-------------------------|--|---|--|---|
| Description | Evaluative rating system (e.g. A-E or 1-5) that looks at the nutritional quality of a product or its environmental impact | Products receive a label if they meet a set threshold or criteria , e.g. over 15g of sugar per 100g, no animal testing | Data on how a product contributes to government recommended daily consumption guidelines | Apps that monitor purchase data and other metrics, and use insights to encourage long-term behavioural change |
| Health examples | <div></div> <div></div> <div></div> <div></div> | <div>Chile Warning Labels</div> <div></div> <div></div> <div>UK Traffic Light System</div> <div></div> <div>NutrInform Battery</div> <div></div> | <div></div> | |
| Sustainability examples | <div></div> <div></div> <div></div> <div></div> <div></div> | <div></div> <div></div> <div></div> <div></div> | <div></div> | |

Health and Sustainability ratings systems typically assessed in isolation from one another

For sustainability FOP labels, the UN recommends five fundamental principles which should be met, and five aspirational principles that are good to meet

UN Guidelines



Fundamental Principles

| Principle | Description |
|---|---|
| “Reliability: Build your claims on a reliable basis | <ul style="list-style-type: none">• Accurate and scientifically true• Robust and consistent• Substantiated data and assumptions |
| Relevance: Talk about major improvements, in areas that matter | <ul style="list-style-type: none">• Significant aspects (‘hotspots’) covered• Not masking poor product performance, no burden shifting• Genuine benefit which goes beyond legal compliance |
| Clarity: Make the information useful for the consumer | <ul style="list-style-type: none">• Exclusive & direct link between claim & product• Explicit and easy to understand• Limits of claim clearly stated |
| Transparency: Satisfy the consumer’s appetite for information, and do not hide | <ul style="list-style-type: none">• Developer of the claim and provider of evidence published• Traceability and generation of claim (methods, sources, etc.) published• Confidential information open to competent bodies |
| Accessibility: Let the information get to the consumer, not the other way around | <ul style="list-style-type: none">• Clearly visible: claim easily found• Readily accessible: claim close to the product, and at required time and location” |

Aspirational principles

| Principle | Description |
|---|---|
| “Three dimensions of sustainability: Show the complete picture of product sustainability | <ul style="list-style-type: none">• Environmental, social, and economic dimension considered• Burden shifting between dimensions avoided• Complementary certification schemes combined |
| Behaviour change & longer term impact: Help move from information to action | <ul style="list-style-type: none">• Insights from behavioural science applied• Consumers actively encouraged to play a role, where appropriate• Longer-term relationship built with consumer |
| Multi-channel & innovative approach: Engage with consumers in diverse ways | <ul style="list-style-type: none">• Various complementing communication channels used• Different user groups addressed with different channels• Information complementary and not overloading the consumer |
| Collaboration: Work with others to increase acceptance & credibility | <ul style="list-style-type: none">• Broad range of stakeholders included in claim development and communication• Joint communication channels employed• Inclusive language used to make consumers feel part of a movement |
| Comparability: Help consumers choose between similar products | <ul style="list-style-type: none">• Product comparisons substantiated and helpful for consumers• Approaches initiated by government or third parties followed• Specific guidance followed” |

[Link to Guidelines](#)

Source: UN





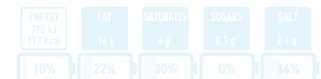







Rating schemes

Provide a single overall score based on specific product attributes

/ NON-EXHAUSTIVE

Product information to help consumers make more informed decisions
(provided by Front of Pack (FOP) labelling, or apps)

Personalised insights to shape overall behaviour (apps)

| Type | Rating schemes | Threshold-based pass/fail systems | Quantified dietary impact | Apps driving long-term consumer change |
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| Description | Evaluative rating system (e.g. A-E or 1-5) that looks at the nutritional quality of a product or its environmental impact | Products receive a label if they meet a set threshold or criteria , e.g. over 15g of sugar per 100g, no animal testing | Data on how a product contributes to government recommended daily consumption guidelines | Apps that monitor purchase data and other metrics, and use insights to encourage long-term behavioural change |
| Health examples | <div><div><div>NUTRI-SCORE</div><div><div>A</div><div>B</div><div>C</div><div>D</div><div>E</div></div></div><div></div><div><div><div>3.5</div><div>HEALTH STAR RATING</div></div></div><div><div></div><div><div>GUIDING STARS</div><div>NUTRITIOUS CHOICES MADE SIMPLE</div></div></div></div> | <div><div>Chile Warning Labels</div><div></div></div> <div><div>UK Traffic Light System</div><div></div></div> <div><div>NutriInform Battery</div><div></div></div> | <div></div> | |
| Sustainability examples | <div><div><div>MCHECK</div></div><div></div></div> <div><div><div>ENVIROSCORE</div><div><div>A</div><div>B</div><div>C</div><div>D</div><div>E</div></div></div></div> <div><div><div>ECO SCORE</div><div>A</div></div></div> <div><div><div>ECO IMPACT</div><div>A+</div></div></div> | <div><div></div><div></div><div></div><div></div></div> | <div></div> | |

Health and Sustainability ratings systems typically assessed in isolation from one another

Nutri-Score

French FOP rating scheme used in 7 countries across Europe



HEALTH FOCUSED

Introduction

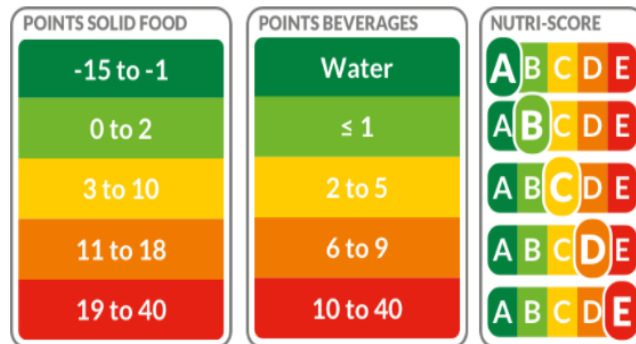
- **Nutri-Score** is a French devised **voluntary FOP label** that **rates the overall nutritional quality of products** in a simple code consisting of **5 grades and colours**
- It was designed by Santé Publique France, the **French public health agency**
- Ratings are calculated **per 100g/100mL**, allowing for easy comparison within the same product category

Scoring Methodology

1 Different nutrients receive points and are classified as:

| Unfavourable | Favourable |
|----------------|--|
| Energy(kCal) | Fruits |
| Sugar | Vegetables/pulses, nuts, rapeseed, walnut and olive oils (%/100g or 100mL) |
| Saturated fats | Proteins |
| Sodium | Fibers |

2 The unfavourable nutrients points, minus the favourable nutrients points, gives **one overall total points score** and a **corresponding Nutri-Score rating grade**



Scale and Impact

Adoption

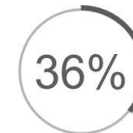
Governments in 7 countries have officially recommended Nutri-Score as their voluntary labelling scheme of choice (France, Germany, Belgium, Netherlands, Luxembourg, Spain and Switzerland)

| Country ¹ | France | Belgium | Spain |
|------------------------------------|--------|---------|-------|
| No. of Brands Adopting Nutri-Score | 977 | 183 | 130 |

Purchasing Behavior²



of the people surveyed (in France) **changed purchasing habits** due to the presence/absence of a Nutri-Score label



of the people who changed purchasing habits **chose a product with a better score** rather than another with a lower score within the same product category

Note: 1 - Data only available for select countries on Open Food Facts; 2 - Nutri Score Monitoring Survey by Oqali France; Numbers mentioned are directional | **Source:** Colruyt Group; Open Food Facts, Oqali France; Lit. search

HEALTH FOCUSED

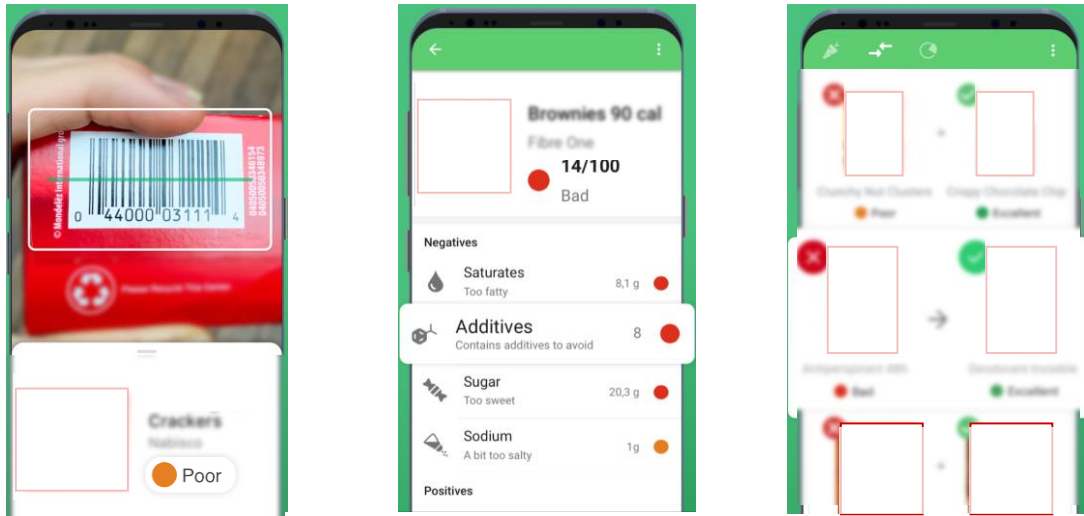
Introduction

- Yuka is a **free application** that helps consumers evaluate the health impact of food products and cosmetics by scanning barcodes
- It is available in **11 countries** (Australia, Belgium, Canada, France, Germany, Ireland, Italy, Luxembourg, Spain, Switzerland, UK, US)
- It uses a simple **four colour rating system**

● Bad ● Poor ● Good ● Excellent

How it works

- 1 Scan the bar code
- 2 View the product rating and analysis
- 3 See alternative recommendations



Scoring Methodology

60%

Nutritional Quality
calculation method is based on the European Nutri-Score method



30%

Presence of Additives
referenced to latest scientific data

10%

Organic Aspect
whether product has the European organic label

Scale and Impact



1.5 million listed products



94%

of users have stopped buying certain products after using Yuka¹



25 million users



92%

of users put products back on the shelf when the rating is red¹

Note: 1 - Figures collected from a sample of 200,000+ French users in 2019 by Yuka; For cosmetics Yuka has a different score evaluation methodology. Numbers are approximate. **Source:** Company Website, Lit. Search

Health Star Rating

Australian and New Zealand FOP rating scheme gives a score out of 5 stars



HEALTH FOCUSED

Introduction

- **Health Star Rating (HSR)** is a **voluntary FOP label** that rates the **overall nutritional quality of products from 0.5 to 5 stars**, in intervals of 0.5
- It was designed by **Australian, state, and territory governments and the New Zealand government** in collaboration with **industry, public health and consumer groups**
- Ratings are calculated **per 100g/100mL**, allowing for easy comparison within the same product category



Scoring Methodology

| ① | Category | ② | ③ | ④ |
|----|-----------------------|--|--|--|
| | | Baseline Points | Modifying Points | Health Star Rating |
| 1 | Non-dairy beverages | Baseline points ¹ are given for the Energy, Sodium, Total Sugars, and Saturated Fats content of the product per 100g/100mL | Modifying points are given for protein and dairy fibre content, and the percentage of the product that is fruits, vegetables, nuts and legumes | The baseline points minus the modifying points gives an overall score and corresponding rating |
| 1D | Dairy beverages | | | |
| 2 | Other non-dairy foods | | | |
| 2D | Other dairy foods | | | |
| 3 | Oils and spreads | | | |
| 3D | Cheeses | | | |

Scale and Impact²

Adoption and Awareness



Australia



NZ

% of eligible products adopting HSR

31%

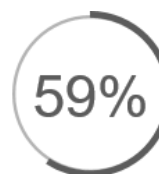
21%

Consumer awareness and understanding when prompted

83%

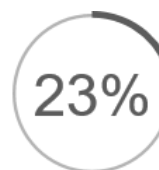
76%

Impact on consumer behaviour



59%

Of consumers in New Zealand made new purchases due to HSR



23%

Of consumers in Australia say their purchasing decisions are influenced by HSR

Note: 1 - For category 1 only energy, total sugars, and FVNL (%) is taken for HSR calculation; 2 - Impact metrics as of June 2018; Numbers mentioned are approximate | **Source:** Company Website, Lit search

Guiding Stars

North American FOP label rates products as “good”, “better”, and “best”

HEALTH FOCUSED

Introduction

- **Guiding Stars** is a **voluntary FOP label** that rates the **overall nutritional quality of products**
- It is used in the **US** and **Canada**
- All foods are evaluated and earn a rating internally at Guiding Stars, but **only those with a positive rating** containing more of the qualities they want to encourage, are assigned “**good**”, “**better**”, and “**best**” stars to be put on the front-of-pack
- Ratings are calculated **per 100g/100mL**, allowing for easy comparison within the same product category



Where to look



Online



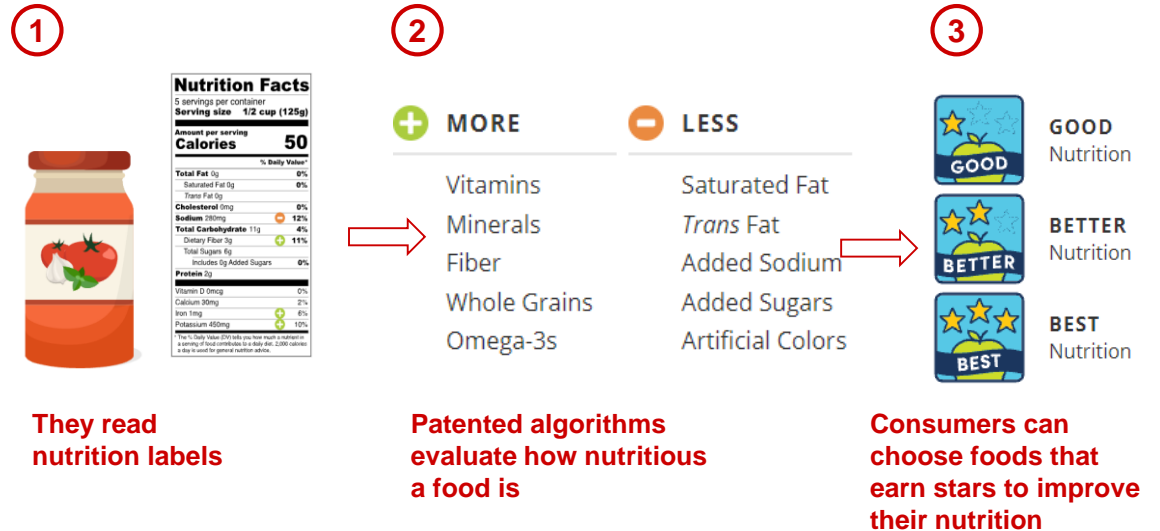
On Shelf



On Pack

Notes: 1 - The SAP monitors current Dietary Guidelines for Americans, as well as the recommendations of leading national and international health organizations such as the U.S. Food and Drug Administration, U.S. Department of Agriculture, the National Academy of Sciences, and the World Health Organization | **Source:** Company website; Lit. search

Scoring Methodology



- The algorithms are designed by Guiding Stars' **Scientific Advisory Panel (SAP)**, an independent team of scientists and nutrition experts from leading institutions
- **Algorithms are continually adjusted¹** as scientific consensus agrees on new reasons to **promote, limit, or avoid certain nutrients or ingredients**
- **Four separate algorithms** are used to evaluate
 - general foods and beverages
 - meats, seafood, dairy, and nuts
 - fats and oils
 - infant and toddler foods



SUSTAINABILITY FOCUSED

Introduction

Foundation Earth project to debut environmental scores on food labels

TWO PILOTS – ONE GOAL

- **Foundation Earth** is an independent, non-profit organisation established with the aim of devising a **harmonised European-wide FOP rating scheme** to assess the **environmental impact** of food products
- Currently **two pilot scoring systems have been launched** across the UK and EU
- **Both pilot systems** allow products to be **compared on their individual merits** via a complete product life cycle analysis, as opposed to using secondary data to estimate the environmental impact of an entire product group
- In parallel, a **nine-month R&D programme** is being run that will combine findings of both pilots to **develop an optimal, fully automated scoring system**
- Foundation Earth aims to have this **harmonised model and FOP label** for application across the UK and EU by the autumn of 2022

Notes: 1 - Mondra is a data-driven insights platform that supports food system players to meet their carbon neutrality goals, communicate their performance and drive planet-positive profits; 2 - EIT Food is a European Knowledge and Innovation Community (KIC), which was set up to transform our food ecosystem; 3 - The score takes 16 categories into account: Climate Change, Ozone Depletion, Ionizing Radiation (HH), Photochemical Ozone Formation (HH), Respiratory Inorganics, Non-cancer Human Health Effects, Cancer Human Health Effects, Acidification Terrestrial and Freshwater, Eutrophication Freshwater, Eutrophication Marine, Eutrophication Terrestrial, Ecotoxicity Freshwater, Land Use, Water Scarcity, Resource Use (Energy Carriers), Resource Use (Mineral and Metals)

Source: Company website; Lit. search

Scoring Methodology

Two pilots, alongside an intensive R&D programme, were launched in Sep'21 to test consumer response to front-of-pack environmental scores and develop an optimum scoring system and label for full roll-out in 2022

1 Pilot 1 (proprietary approach; front-of-pack environmental scores of A+ - G)



- This pilot will **use the Foundation Earth method**, developed by Mondra¹, borne out of research within an academic paper by Poore & Nemecek (2018)
- It assesses the environmental impact of a product through **4 key criteria** - water usage, water pollution, biodiversity and carbon – and awards the score of **A+ to G**

2 Pilot 2 (third-party approach; front-of-pack “traffic-light” system of A — E)



- This pilot uses a **method developed by an EU-funded EIT² Food consortium** of Belgium's Leuven University and Spanish research agency AZTI
- The system produces a 5-scale label (A-E) to communicate the environmental impact of products based on the Product Environmental Footprint (PEF)³ European Methodology developed by DG ENV (EU Commission)

M-Check

Migros has its own FOP sustainability rating



SUSTAINABILITY FOCUSED

Introduction

- M-Check is a **FOP label** that rates **all Migros products** to show customers how a product performs in terms of **animal welfare** or **climate protection** with a **rating of 1–5 stars**
- It was launched in March 2021 with climate and animal welfare dimensions, because these were the **two areas that their customers attached the most importance to** in their purchasing decisions. Other elements will be added over time.
- By 2025, all Migros own brands - also in the non-food sector - will have the new M-Check. This corresponds to **around 80 percent of the entire Migros range**.

M-Check: 100% transparent



Generation M

External partners used to rate each element

- Animal welfare: The School of Agronomic Forestry and Food Science (HAFL)** analysed all animal species and breeding systems according to various comprehensive criteria to then establish a classification



- Climate: Treeze** (specialising in eco-assessments) does the initial assessment, with an additional check of the valuation carried out by the **MyClimate** Foundation. A final value is then calculated from these scores, which is mathematically rounded to a star value from 1 to 5

| # of stars | Kg CO ₂ eq/kg |
|------------|--------------------------|
|------------|--------------------------|

| | |
|---|---------|
| 5 | 0–0.9 |
| 4 | 1-1.9 |
| 3 | 2-4.7 |
| 2 | 4.8-9.9 |
| 1 | >10 |

French rating scheme for sustainability using the life cycle analysis method

SUSTAINABILITY FOCUSED

Introduction

- **Eco-Score** is a **rating scheme** from A (very low impact) to E (very high impact) which makes it **easy to compare the impact of food products on the environment**
- It was **developed by a consortium of independent French players** committed to better nutrition - *ECO2 Initiative, Etiquettable, FoodChéri, Marmiton, Open Food Facts, ScanUp, Season, Frigo Magic, Etiquettable* and *Yuka*
- Several European retailers, including **Lidl, Carrefour, and Colruyt**, have adopted the Eco-Score
- Several apps (**Open Food Facts, SmartWithFood, Bioplanet**) allow consumers to view an Eco-Score by scanning product barcodes, whilst website versions allow consumers to see and compare the Eco-Score of ~1m food products

How it works

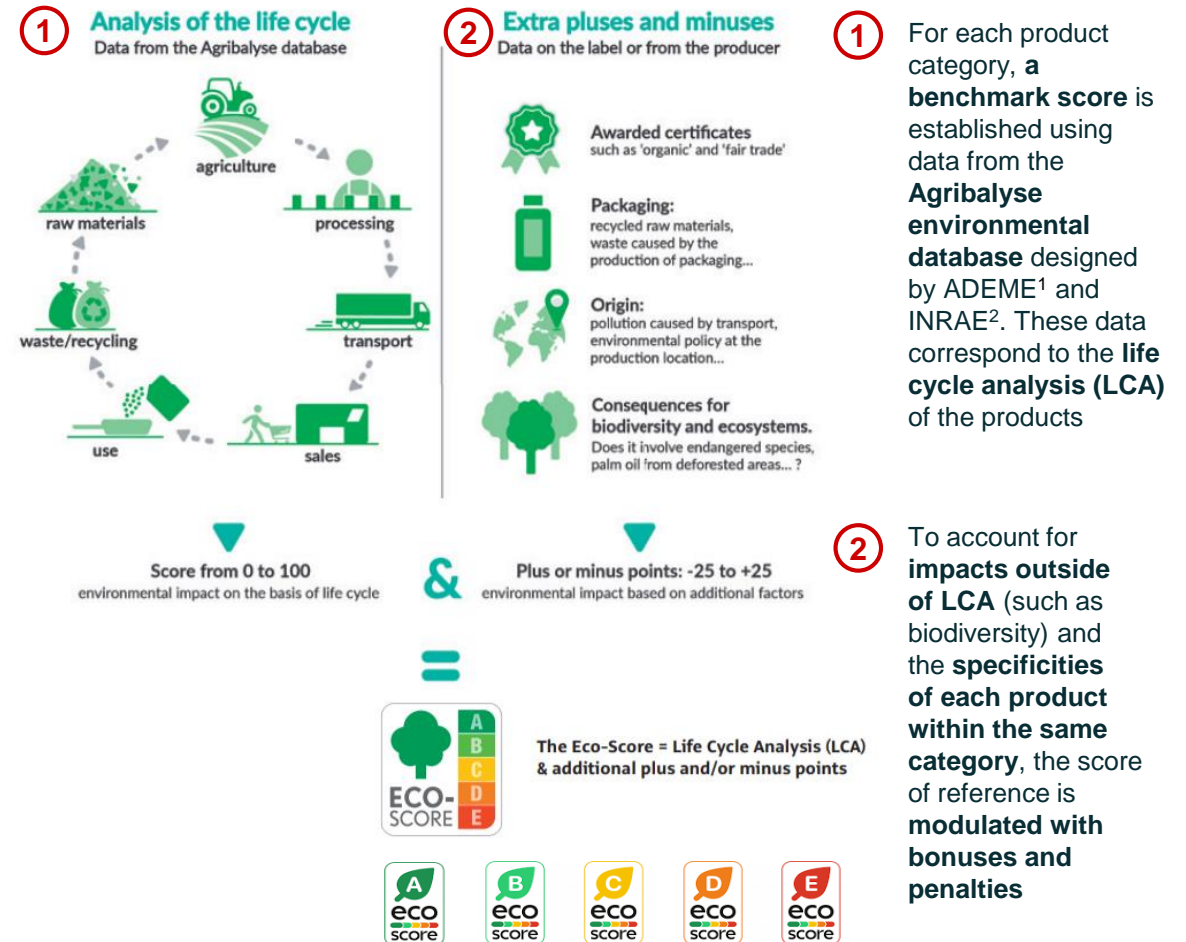
1 Scan the bar code



2 See Eco-Score rating



Scoring Methodology



Notes: 1-ADEME - the French Agency for Ecological Transition, a public agency; 1-INRAE – the French National Research Institute for Agriculture, Food and Environment

Source: Company website; Lit. search

HowGood | American app that rates products as “good”, “great”, and “best” based on the HowGood Latis database ratings



SUSTAINABILITY FOCUSED

Introduction

- **HowGood** is a **free application** that helps consumers evaluate the sustainability of food products
- It is available in the **US**
- It is a **positive only rating scheme**, with three simple tiers of rating, and bronze, silver and gold colours

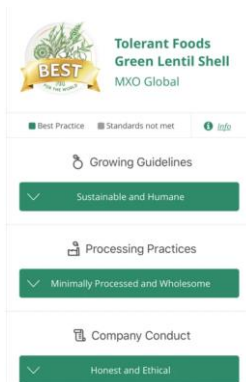


How it works

1a Scan the bar code

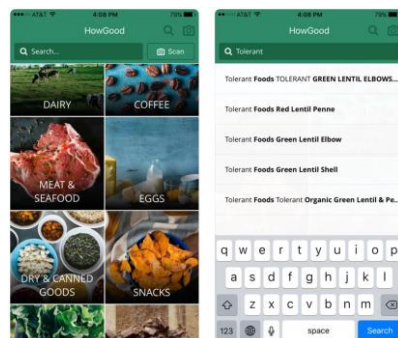


2a See the HowGood rating



OR

1b Search the app and read about the sustainability of food products, anywhere



HowGood Database and Scoring Methodology

Founded in 2007

HowGood is an **independent research organization** that rates products on their environmental impact

200,000+

Developed for over 10 years, HowGood's **Latis database has analysed more than 200,00 food products**

350+ sources

Analysis is based on **data aggregation** from over 350 certifying bodies and research organizations

- HowGood's research framework uses insights from farmers, industry experts, NGOs, scientists, academics, and data sources to assign ratings across three benchmarks: **Growing Guidelines**, **Processing Practices**, and **Company Conduct**

| HowGood App Rating | Criteria |
|--------------------|-------------------------|
| Standards not met | Meets 0 of 3 benchmarks |
| Good | Meets 1 of 3 benchmarks |
| Great | Meets 2 of 3 benchmarks |
| Best | Meets 3 of 3 benchmarks |

Source: Company website; Lit. search

Threshold-based pass/fail systems

Identify when products meet certain health thresholds or sustainability criteria

/ NON-EXHAUSTIVE

Product information to help consumers make more informed decisions
(provided by Front of Pack (FOP) labelling, or apps)

Personalised insights to shape overall behaviour (apps)

| Type | Rating schemes | Threshold-based pass/fail systems | Quantified dietary impact | Apps driving long-term consumer change |
|-------------------------|--|--|--|---|
| Description | Evaluative rating system (e.g. A-E or 1-5) that looks at the nutritional quality of a product or its environmental impact | Products receive a label if they meet a set threshold or criteria , e.g. over 15g of sugar per 100g, no animal testing | Data on how a product contributes to government recommended daily consumption guidelines | Apps that monitor purchase data and other metrics, and use insights to encourage long-term behavioural change |
| Health examples | <div><div>NUTRI-SCORE</div><div>ABCDE</div></div> <div><div>Yuka</div><div></div></div> <div><div>HEALTH STAR RATING</div><div>3.5</div></div> <div><div>GUIDING STARS</div><div>NUTRITIOUS CHOICES MADE SIMPLE</div></div> | <div><div>Chile Warning Labels</div><div></div></div> <div><div>UK Traffic Light System</div><div></div></div> <div><div>NutrInform Battery</div><div></div></div> | <div><div>Kroger</div><div>OptUP</div></div> | |
| Sustainability examples | <div><div>MCHECK</div><div></div></div> <div><div>ECO SCORE</div><div>A</div></div> <div><div>HowGood</div><div></div></div> <div><div>ENVIROSCORE</div><div>ABCDE</div></div> <div><div>ECO IMPACT</div><div>A+</div></div> | <div><div>giki.</div><div></div></div> <div><div>COOL • FOOD MEAL</div><div></div></div> <div><div>RAINFORREST ALLIANCE</div><div>PEOPLE & NATURE</div></div> <div><div>FAIRTRADE</div><div></div></div> | <div><div>giki zero.</div><div></div></div> | |

Health and Sustainability ratings systems typically assessed in isolation from one another

Giki Badges

UK app that awards badges for both healthy and sustainability metrics



HEALTH FOCUSED

SUSTAINABILITY FOCUSED

Introduction

- **Giki Badges** is a **free application** that helps consumers find **healthy and sustainable products in UK supermarkets**
- **15 badges** covering health and sustainability are used to evaluate each product
- If the product meets Giki's criteria in a category, it is **awarded a badge**
- Over **280,000 supermarket products** are featured on the app
- Giki Badges can currently be used in **six UK supermarkets**

Sainsbury's

TESCO

Waitrose

ASDA

co op

Morrisons

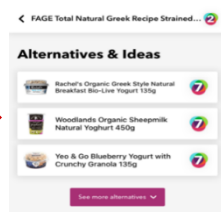
How it works



Scan at Store



Check the number of badges in app



See alternatives

15 key areas are evaluated in the form of badges



Organic

Less chemicals, less pesticides, better for the birds, the bees and the soil too.



No Chemicals of Concern

Cuts chemicals linked to health issues.



Free from Additives

Cuts down on processed food.



Greener Cosmetics

More natural, fewer chemicals, kinder to you and the planet.



UK Made

Less transportation is better for the environment. Some people also prefer to buy UK made products.



Healthier Option

Lower fat, sugar and salt.



Responsibly sourced

Better for the environment and better for workers.



Animal Welfare

Higher welfare standards, no factory farms.



Kinder Cleaning

Better for the environment, kinder to you.



Plant Based

Plant based foods are a key part of a sustainable diet.



No Animal Testing

No Animal Testing!



Low Carbon Footprint

Less carbon, better for climate change.



Sustainable Palm Oil

Less deforestation, better for nature, climate change and animals too.



Better Packaging

Less Plastic, less rubbish, more recycling!



Hero Products

The most sustainable and healthy products in the supermarket.

Source: Company website; Lit. search

WRI Cool Food Meal Badge

Badge awarded for dishes with a low carbon footprint and high nutrition



HEALTH FOCUSED

SUSTAINABILITY FOCUSED

Introduction

- Cool Food Meals is an initiative launched in 2020 to complement the 'Cool Food Pledge'
- Cool Food Meals aims to help dining facilities (i.e. foodservice players) a to reduce total GHG emissions by 25% by 2030 (38% per calories) vs 2015 levers
- A Cool Food Meal badge is thus awarded if a dish meets BOTH a GHG emissions threshold and a nutrition threshold
- Panera Breads was the first Cool Food Meal badge partner, but additional partners have since been onboarded



Cool Food Meal badge awarded on passing thresholds



Example partners who have received Cool Food Meal badges

Emissions thresholds per meal

| Max allowable emissions (Kg CO ₂) | Dinner / Lunch | Breakfast |
|---|---------------------------|---------------------------|
| North America | ≤ 5.38 Kg CO ₂ | ≤ 3.59 Kg CO ₂ |
| Europe | ≤ 3.70 Kg CO ₂ | ≤ 2.47 Kg CO ₂ |

- Meal emissions calculations based on recipes submitted by vendors inputted into a 'Cool Food Calculator' that takes into both agricultural supply chain / LCA emissions and 'Carbon opportunity costs'

Nutrition thresholds per meal

- Cool Food Meal badge leverages existing Nutriscore system
- All meals scoring in the D and E category are excluded from holding a Cool Food Meal badge



Additional provider criteria (at least one of the three below)

- Provider has taken the Cool Food Pledge
- Provider is a Cool Food "Hero" (emissions per calorie ≥ 38% below regional average diet in 2015)
- ≥20% of provider's annual sales satisfy Cool Food Meal criteria

Mandatory FOP label for foods exceeding HFSS or calorie thresholds

HEALTH FOCUSED

- In Chile, **FOP warning labels** are mandatory on any packaged product that exceeds the Ministry of Health's **threshold limits** for either **calories, sodium, sugar, or saturated fat**
- Black octagonal warning labels were chosen because they are **easy to understand, direct, look like a stop sign**, and **sets the warning label apart from colourful packaging**
- To ensure a smooth transition, and encourage manufacturers to change recipes to make products healthier in the future rather than just punish them, the thresholds **gradually became stricter across a 3-year transition period from 2016**
- **By 2019** products had to meet **the strictest thresholds** for nutrient content

| Energy or ingredient | Stage 1: entry into force, June 2016 | Stage 2: 24 months after entry into force | Stage 3: 36 months after entry into force |
|-----------------------|--|---|---|
| Energy kcal/100g | 350 | 300 | 275 |
| Sodium mg/100g | 800 | 500 | 400 |
| Total sugar g/100g | 22,5 | 15 | 10 |
| Saturated fats g/100g | 6 | 5 | 4 |



High in calories



High in sodium



High in sugar



High in saturated fats

Healthier Choice Symbol

South-East Asian FOP labelling endorsed by four separate governments



HEALTH FOCUSED

Introduction

- **Healthier Choice Symbol (HCS)** is a **voluntary FOP label** in South-East Asia
- It operates on a **pass/fail system** with products receiving a Healthier Choice label and corresponding taglines if they are **above or below set thresholds**
- The label and taglines are an **easy way to indicate to consumers** that the product is a **healthy option and better for their diet than others**
- It was developed by **Singapore's Health Promotion Board**
- Initially endorsed by the **Singaporean government**, it has now also been supported by **Brunei, Malaysia and Thailand governments**

Scoring Methodology

- There are currently **100 food and beverage categories** each with **their own thresholds and corresponding taglines** set by the Singaporean Health Promotion Board
- Thresholds are standardized looking at the **nutritional quality per 100g/10mL** in categories including beverages, cereals, protein, fats and oil, fruits and vegetables, sauces and spreads, snacks, convenience meals, and desserts



Higher in Wholegrains



Higher in Calcium







Lower in Sugar



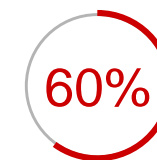
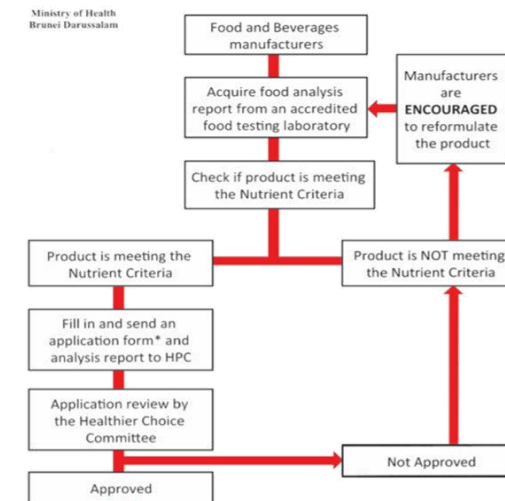
Lower in Sodium

Scale and Application Process

| Adopted in | Country |
|------------|---|
| 2001 |  Singapore |
| 2016 |  Thailand |
| 2017 |  Malaysia |
| 2017 |  Brunei |



supported the implementation of HCS and agreed that the use of HCS would increase one's **confidence in choosing food products**¹



would choose to buy products that had HCS **even if it may cause price increase** on the products¹

Note: 1 - Malaysian study by Biomedical before HCS was implemented
Source: Company Website; Lit. search

Rainforest Alliance Seal

Two labels merged to form the Rainforest Alliance Certification Program



SUSTAINABILITY FOCUSED

Two organisations merge into one

- Previously the international environmental NGO **Rainforest Alliance**, and the **UTZ Certification Program**, had separate FOP labels to identify sustainable farming and initiatives to improve the opportunities for farmers and their families
- The logos were recognised by **companies and consumers around the world** as a symbol of **social, economic, and environmental sustainability**



UTZ Certification (Now Part of the Rainforest Alliance)

- In 2018 both organisations **merged**, whilst still **running both labelling schemes in parallel**
- In 2020 a new **Rainforest Alliance Certification Program** was announced alongside the new **Rainforest Alliance Seal**, replacing the two older Rainforest Alliance Certified and UTZ Certified labels

The seal can be used on FOP labels and promotional materials

- The seal means that the certified product or ingredient was **produced using methods that support social, economic, and environmental sustainability**
- Independent, third-party auditors evaluate farmers** against requirements in all three areas before awarding Rainforest Alliance certification



Food product categories the seal is applicable

| | | | |
|-----------|-----------------|-------|---------------------------|
| Cocoa | Tea | Fruit | Herbs and Spices products |
| Hazelnuts | Flower products | Juice | Palm and Coconut oil |

SUSTAINABILITY FOCUSED

Introduction

- Fairtrade International is a global system of **certification** that aims to ensure **a set of standards are met** in the **production and supply** of a product or ingredient
- Over **1.7 million farmers and workers, in 71 countries**, are Fairtrade certified



- A Fairtrade FOP label signifies that the Fairtrade Standards have been met across the entire supply chain
- Alternatively, products may carry a different label if only one ingredient is sourced on Fairtrade terms



Farmers and workers:

- workers' rights
- safer working conditions
- fairer pay
- local sustainability

Source: Company website; Lit. search



Companies:

- Fairtrade Minimum Price safety net
- Fairtrade Premium



Consumers:

- ethically produced products
- independently certified by Fairtrade

Fairtrade Premium is given directly to farmers and workers



- To become Fairtrade certified, farmers must join together with other farmers to form a **co-operative**
- The **Fairtrade Premium** is paid at the co-operative level so that the farmers' democratically elected representatives can **decide how the money is spent**
- Fairtrade believes that **farmers know best how to spend this money**. They are in a much better position to decide what investments will improve the quality of their lives than businesses far away

- On top of the fair price farmers and workers receive for their produce or labour, they also receive **an extra sum of money** to invest in improving the quality of their lives
- Companies pay this **Fairtrade Premium** payment, which goes into a communal fund for workers and farmers to use – **as they see fit** – to **improve their social, economic and environmental conditions**

SMALL-SCALE PRODUCER ORGANISATIONS
INVESTED 48%
OF THEIR FAIRTRADE PREMIUM IN SERVICES AND SUPPORT FOR MEMBERS, SUCH AS FARM TOOLS AND PAYMENTS








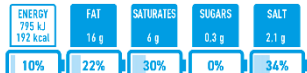











WORKERS ON FAIRTRADE CERTIFIED LARGE-SCALE FARMS
INVESTED 20%
OF THEIR FAIRTRADE PREMIUM IN EDUCATION SERVICES FOR WORKERS AND THEIR FAMILIES

Quantified dietary impact solutions | Provide information to consumers within the context of recommended daily consumption guidelines

/ NON-EXHAUSTIVE

Product information to help consumers make more informed decisions
(provided by Front of Pack (FOP) labelling, or apps)

Personalised insights to shape overall behaviour (apps)

| Type | Rating schemes | Threshold-based pass/fail systems | Quantified dietary impact | Apps driving long-term consumer change |
|-------------------------|--|---|--|---|
| Description | Evaluative rating system (e.g. A-E or 1-5) that looks at the nutritional quality of a product or its environmental impact | Products receive a label if they meet a set threshold or criteria , e.g. over 15g of sugar per 100g, no animal testing | Data on how a product contributes to government recommended daily consumption guidelines | Apps that monitor purchase data and other metrics, and use insights to encourage long-term behavioural change |
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Health and Sustainability ratings systems typically assessed in isolation from one another



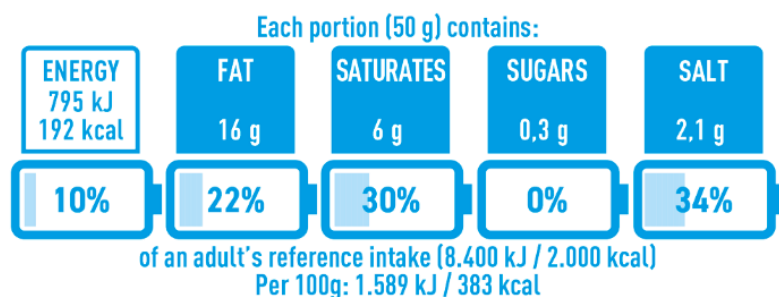
HEALTH FOCUSED

Introduction

- In 2019 the **Italian Ministry of Economic Development** devised **NutrInform**, a **voluntary FOP label** to show consumers the quantified dietary impact of products
- NutrInform has been **officially proposed to the European Commission** as Italy's preferred nutrition labelling scheme

Labelling

- An image of a charging battery shows what percentage of calories, fats, saturated fats, sugars, and salt, **a single serving of the product** has in relation to **recommended daily consumption** by the Italian government



Labelling approach

*"The [Italian] Government aims to **provide the consumer with clear and concise information** on the presence of certain nutrients in foods, useful for placing **them within a varied and balanced diet**. It is **not penalising**, it **does not give good or bad grades**."*

Teresa Bellanova, Italian Agriculture Minister



- Typically certain foods in the **Mediterranean diet**, such as **olive oil, ham, and cheeses** have high fat and salt content, and hence receive low ratings from nutritional quality rating schemes



- These low ratings may sometimes **dissuade consumers from purchasing them**, due to the **perception that a low rating gives**



- NutrInform was designed to **provide detailed information only**, to allow consumers to consider each product within the **context of a balanced diet**

Multiple Traffic Light | The UK's FOP labelling is colour coded and provides consumers with quantified dietary impact information



HEALTH FOCUSED

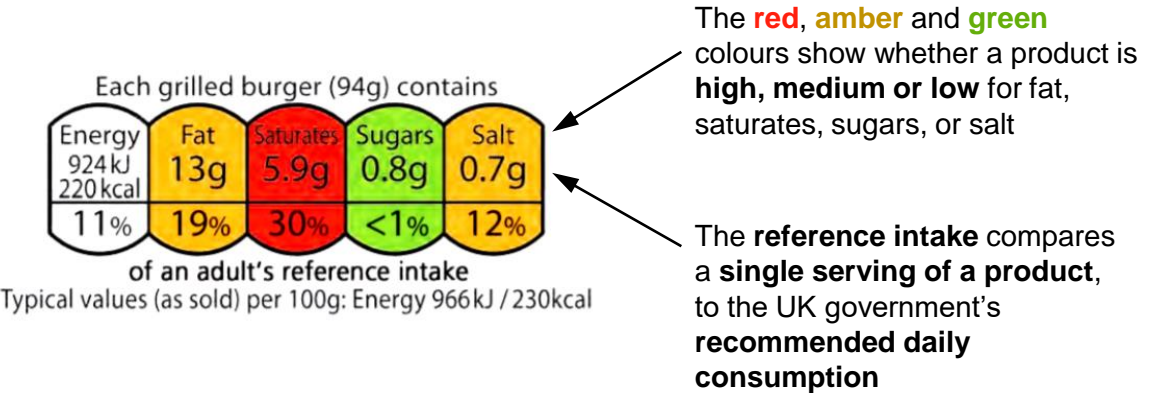
Introduction

- The Multiple Traffic Light System (MTL) is the UK's **voluntary FOP label**
- It uses both a colour coded threshold-based system **highlighting if a product exceeds a set threshold**, and a quantified dietary impact system where it shows consumers **how much a product contributes to their daily recommended intake**
- It was developed by the **UK Food Standards Agency** to help consumers **make informed choices quickly and easily**
- **UK Health Ministers** recommended the voluntary MTL in 2013, and it has since **been adopted by all major UK retailers and manufacturers**

Impact



Threshold-based and quantified dietary impact systems combined into one



Colour coded system based on thresholds per 100g/100mL

| Colour | Fat | Saturates | Sugars | Salt |
|--------|--------------------|---------------------|--------------------|-----------------------|
| High | Over 20g | Over 5g | Over 15g | Over 1.5g |
| Medium | Between 3g and 20g | Between 1.5g and 5g | Between 5g and 15g | Between 0.3g and 1.5g |
| Low | Below 3g | Below 1.5g | Below 5g | Below 0.3g |

Note: 1 - Based on consumer insights research by Kantar in UK in July 2020; 2 — Data from FSA “Eating Well Choosing Better” Tracker in Northern Ireland in November 2019
Source: Company website; Lit. search




















Apps driving long-term consumer change

Provide personalised information to consumers to shape overall behaviour

/ NON-EXHAUSTIVE

Product information to help consumers make more informed decisions
(provided by Front of Pack (FOP) labelling, or apps)

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Health and Sustainability ratings systems typically assessed in isolation from one another

HEALTH FOCUSED

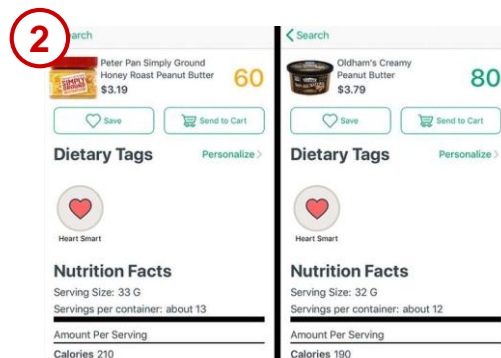
Introduction

- **OptUP** is Kroger's **free mobile app** that works on **all products sold across all Kroger banners** (including Baker's, City Market, Foods Co, Metro Market)
- Food items have a **Nutrition Rating** from **1-100** based on an assessment of their **overall nutritional quality**
- Kroger's OptUP goes beyond just giving a rating to food products and **encourages consumers to change their shopping habits** by buying healthier products

How it works



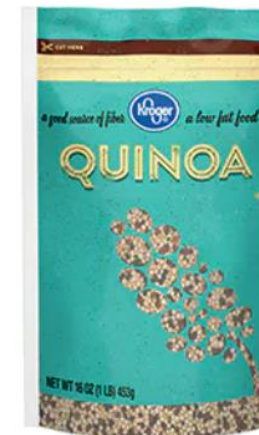
Using the mobile app, **search** for the item or **scan** the item's bar code



The app displays a **Nutrition Rating**
71-100 is Green
41-70 is Yellow
1-40 is Red

Nutrition Rating Methodology

- OptUP Nutrition Ratings are based on nationally-recognised dietary standards and enhanced by **Kroger's own registered dietitians**
- Ratings are calculated by **leveraging data science, evidence-based nutrition information, and machine learning**



82 OptUP Nutrition Rating

| Nutrition Facts | |
|---|--------------------|
| 11.0 Approximately servings per container | |
| Serving size | 0.25cup dry (45 g) |
| Amount per serving | |
| Calories | 160 |
| | % Daily value* |
| Total Fat 2.5g | 3.21% |
| Saturated Fat 0g | 0% |
| Trans Fat 0g | |
| Cholesterol 0mg | 0% |
| Sodium 0mg | 0% |
| Total Carbohydrate 31g | 11.27% |
| Dietary Fiber 3g | 10.71% |
| Sugar 10g | |
| Protein 6g | |
| Calcium 0mg | 0% |
| Iron 1.8mg | 10% |

*The % Daily Value (DV) tells you how much a nutrient in a serving of food contributes to a daily diet. 2,000 calories a day is used for general nutrition advice.

Ratings tend to increase when foods contain more:

- Fruits
- Vegetables
- Nuts
- Whole grains
- Protein
- Fiber
- Healthy fats



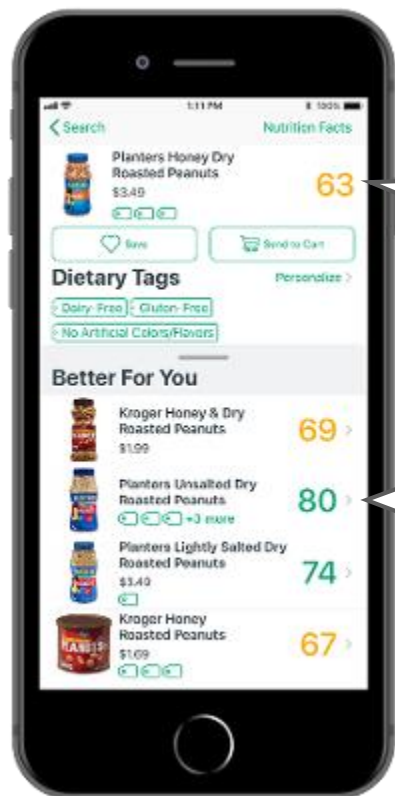
Ratings tend to decrease when foods contain more:

- Added sugar
- Sodium
- Calories
- Saturated fats

- The **food label** and the **ingredients of each product** are analysed to calculate the Nutrition Rating
- Ratings are based on **100g of solid food** or **240mL of beverage**

HEALTH FOCUSED

The app recommends healthier alternative products

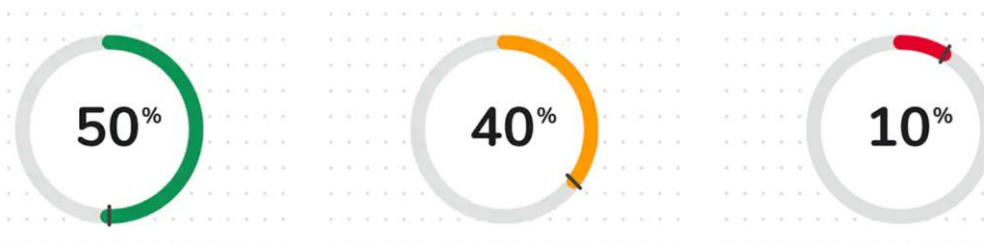


The product a consumer scans has a Nutrition Rating of 63

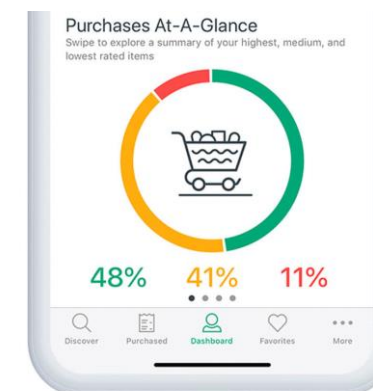
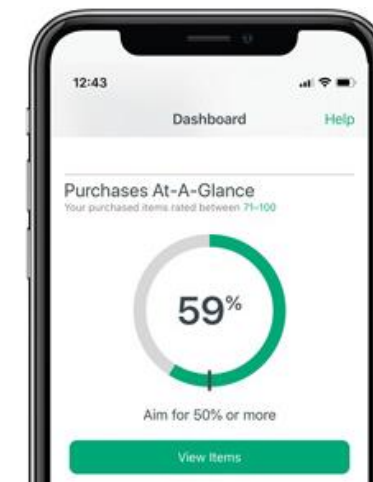
OptUP then shows the consumer alternative products with a higher Nutrition Rating

OptUP provides consumers with a simplified way to shop healthier, by focusing on the shopping cart as a whole

- Many rating systems have an A-E or red-green colour scheme for each individual product, **similar to Nutrition Ratings**
- But consumers **will not always choose products with the highest Nutrition Rating** for every item
- To make healthy shopping **easier and simpler**, OptUP focuses on the **shopping cart as a whole**



- Consumers can easily see their **shopping cart mix** in the app
- Kroger's dietitians **recommend consumers have a cart mix** that is **50% green category products**, **40% yellow**, and **10% red**
- Looking at the entire shopping cart mix as a whole encourages consumers to shop for a **balanced diet**
- OptUP promotes the message that **consumption of products with a red rating is not a problem**, so long as they are **consumed in moderation**



HEALTH FOCUSED

Shopping healthily becomes a game...

- The **average** of the total Nutrition Rating for each shopping purchase, over the **preceding 8 weeks** is used to calculate an **OptUP score**
- The **higher the score**, the **more nutritious and healthy** a consumer's purchases are
- Kroger's dietitians recommend an **OptUP score of 600–1000** for a healthy lifestyle
- Because of this **continual 8 week progress tracking**, the OptUP score is **always changing**
- This “**gamifies**” the experience of shopping healthily
- Consumers have a **goal to strive for** and can **measure progress**
- On their next shop **consumers will be encouraged to have a healthier cart** with higher Nutrition Ratings, **in order to raise their OptUP score**

...with goals and progress tracking



Your OptUP Score Trend
Your OptUP Score over the last 4 weeks



*“Simply **being aware of your buying habits** may lead you to make better food choices **and hold you more accountable** to your goal of staying healthy. OptUP **makes it simple to make sure you are purchasing the right items** to set yourself up for success.”*

Bridget Wojciak,
Senior Nutrition Coordinator at Kroger Health

Giki Zero and Giki Zero Pro

Tailored, actionable ways for users to change their environmental footprint



SUSTAINABILITY FOCUSED

Introduction

- **Giki Zero** is an online eco-planner that calculates the impact of **user's lifestyle** on the planet, and finds ways to reduce it
- **Giki Zero Pro** provides a personalised programme for organizations to support their employees to reduce their carbon impact
- Giki measures individual environmental footprint and helps to understand how user's **home, transport, food, purchases** and **services** all contribute to it
- Then, Giki websites & apps provide **over 100+ steps to reducing carbon footprint** that are tailored to individual lifestyles and budgets
- Giki Zero and Giki Zero Pro were **launched in 2020 by a social enterprise Giki** (that also debuted Giki Badges)

"Giki Zero's only been out for a year, but we've got everyone from small community groups to global companies using it and, more importantly, seeing the results in terms of people learning about their carbon footprints and taking steps to reduce it. It still shocks many people that we need to have 2.5-tonne carbon footprints by 2030 (the UK average is around 9). This can sound like a daunting target to hit but it motivates us to keep going."

James Hand, Co-Founder Of Giki

Source: Company website; Lit. search

How it works

Giki Zero: Guide to a lighter footprint

How it works:



Giki Zero Pro: Employee sustainability program

Key services to organizations:

- Track and reduce **carbon footprint** – individual and team effort
- Provide a **custom toolkit** for organizations to run sustainability programmes & measure the impact they are having
- Conduct **Impact Academy workshops** (tailored programmes, bespoke carbon calculations and new ideas) to encourage employees' participation

