

Public statement: Nestlé

On the 20th of April, Nestlé S.A. will hold its 156th Annual General Meeting. This is a critical opportunity for the world's largest food and drink company to deepen its commitment to use its significant, global influence on what we eat to help improve population health across the world.

The Healthy Markets Initiative represents a global set of investors and their representatives with over \$5.3tn of assets under management (as of April 2023), who have committed to improving their impact on human health and nutrition. We have been engaging, as shareholders, with the world's largest food manufacturers seeking shifts in their strategy away from over-reliance on sales of less healthy products.

We welcome Nestlé's agreement to our request that the company report on the healthiness of sales globally and in 13 key markets using recognised, government-endorsed nutrient profiling models. The company's first annual report containing this information was published in March 2023. Following similar moves by other food manufacturers, this represents a significant step toward greater transparency. We hope and expect additional manufacturers will follow.

We have also been calling on Nestlé to set a target to grow its proportion of healthier sales in relation to its sales from less healthy products. Food environments such as supermarkets where manufacturers' products are sold, are currently flooded with less healthy foods, causing significant harm to population health, and creating systemic risks to investor returns.

In response to our request, Nestlé has announced that it will set a target to grow sales of healthy products. During the company's recent full-year results conference, its CEO Mark Schneider stated that the company wanted to increase the share of its sales associated with healthier products. While we welcome Nestlé's progress, the current proposed target, however, is based on actual sales of healthier products, rather than a proportion of these sales relative to less healthy product sales. In order for Nestlé to fully demonstrate its strategic shift towards a healthier portfolio, which will improve public health and mitigate the associated regulatory risks, Nestlé needs to rebalance its sales towards healthier products. This will allow Nestlé to fulfil its ambition, "to be at the forefront of the industry when it comes to bringing balanced diets within reach for people around the world".

We urge the company to grasp the opportunity to stay ahead of food-related regulation and evolving consumer expectations. Recent research published by the World Obesity Federation showed that more than half of the world's population will be living with overweight or obesity by 2035 unless serious, and immediate action is taken. This, in turn impacts economies by reducing the health of workforces and increasing healthcare costs. This is driving growing levels of regulation aimed at companies over-reliant on the sale of unhealthy products and poses material risk to those companies not ahead of regulation.

We look forward to working constructively with Nestlé's board to help the company realise its ambition and set ambitious targets to increase the proportion of its sales from healthier products. We have already made clear our willingness to escalate our engagement, should the company fail to provide assurance that it intends to reduce reliance on the sale of less healthy products.

INVESTOR SIGNATORIES:

ACTIAM	IMPAX ASSET MANAGEMENT
AXIOM INVESTORS	JESUITS IN BRITAIN
BARROW CADBURY TRUST	LA FRANÇAISE ASSET MANAGEMENT
BIG ISSUE INVEST	LEGAL & GENERAL INVESTMENT MANAGEMENT LTD
CASTLEFIELD INVESTMENT PARTNERS	LONDON CIV
CCLA INVESTMENT MANAGEMENT	NEST CORPORATION
COMMONSPIRIT HEALTH	PARTNERS CAPITAL
EOS AT FEDERATED HERMES	PENSIONS AND INVESTMENT RESEARCH CONSULTANTS (PIRC)
EQ INVESTORS	SEVENTH GENERATION INTERFAITH COALITION FOR RESPONSIBLE INVESTMENT
GREATER MANCHESTER PENSION FUND	THE CENTRAL FINANCE BOARD OF THE METHODIST CHURCH
GRÜNFIN	TRINITY HEALTH
GUY'S AND ST THOMAS' FOUNDATION	VGZ
INTERFAITH CENTER ON CORPORATE RESPONSIBILITY (ICCR)	WESTMINSTER CITY COUNCIL PENSION FUND

The Healthy Markets Initiative is part of the Long-term Investors in People's Health (LIPH) programme which aims to improve the impact of the investment sector on population health; focusing on workplace health, consumer health and community health. The Healthy Markets Initiative aims to improve public health by ensuring healthy food and drink products are affordable and accessible to all. Through working with investors, their representatives and other stakeholders, the initiative drives improvements in disclosure, performance and target-setting across the food retail and manufacturing sectors. The coalition aims to improve the integration of health into investment decisions and allows for the coordination of collaborative company engagement opportunities.
