

## ShareAction's Healthy Markets Initiative

### Q&A Special Resolution on Healthy Diets at Unilever's 2022 AGM

#### What are we doing?

A coalition of institutional investors with over £215 billion assets under management (AUM) and over one hundred retail investors have filed a health-related shareholder resolution at Unilever, to be voted on at the company's 2022 AGM.

The resolution, coordinated by ShareAction, asks Unilever to:

- Disclose the proportion of total food and drink annual sales by volume and revenue made up of healthier products, globally and disaggregated for major markets;
- Use government-endorsed nutrient profiling models to define healthier products (i.e. UK Food Standards Agency, Nutri-Score and Australian/New Zealand Health Star Rating);
- Set and publish targets to significantly increase those sales by 2030;
- Publish an annual review of progress on delivering the abovementioned strategy.

Through this resolution, we hope to bring awareness to the rising investor expectations on the vital role that major food manufacturers like Unilever can play in supporting healthy eating. In line with best practice in the sector, food manufacturers are being asked to publish comprehensive strategies to increase their sales and production of healthier food and drink products. This is a way to manage the financial and reputational risks and opportunities associated with regulatory and market trends targeting unhealthy products.

## Why are we asking this?

Globally, obesity is one of the most pressing public health issues. Obesity rates have tripled worldwide since 1975, with 1.9 billion adults and 340 million children presenting excess weight. Poor diets severely impact both public health and the economy, costing an estimated \$2 trillion annually - or 2.8 per cent of global GDP. Akin to the impact of smoking.

Food and drink manufacturers, through their decisions on the products they offer and advertise, have an outsized influence over people's diets. By growing their sales of healthier foods, they have an opportunity to increase returns while improving people's health. Yet the opposite seems to be true. In [the UK](#) and [the US](#), the Access to Nutrition Initiative estimates that over two thirds of packaged food and drink products on sale are from less healthy varieties. This cycle is largely fuelled by the fact it is the less healthy products that are the vast recipients of all the advertising spend by food companies in [those countries](#).

The identification of excess weight as a key risk factor in the severity and mortality of Covid-19 patients has made the need to act more pressing. As a result, regulators worldwide are fast-tracking an array of taxes, marketing and advertising restrictions aimed at reducing sales of less healthy food and drink products.

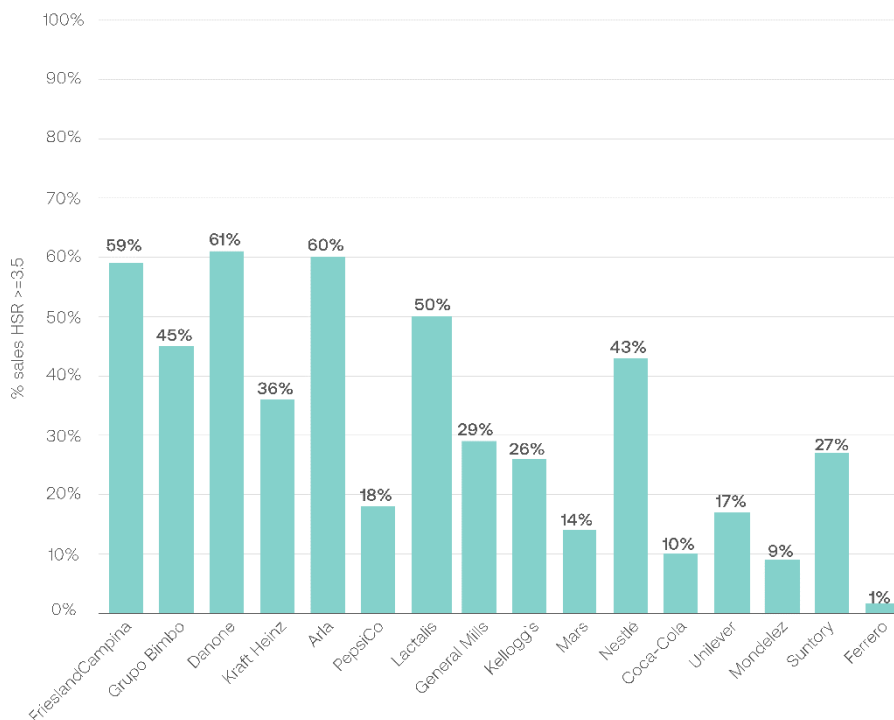
Moreover, studies have shown that people want to eat more healthily and want companies to do more to support them. [In the UK](#), more than 60% of consumers want to reduce their sugar and calorie intake and 76% support regulation to restrict retail promotions and advertising of less healthy products. Commercial opportunities have also been demonstrated during [small-scale trials](#) conducted by food manufacturers involving increasing the availability and advertising on healthier products, which saw their sales increase by 20%. The combination of regulatory and market trends towards healthier food products mean that the sector is at substantial risk if it fails to adapt.

## Why are we targeting Unilever?

The Healthy Markets initiative has been engaging with the food and drink industry since 2019. With a global turnover of 51 billion euros, and 2.5 billion people in over 190 countries each day buying their products, [Unilever](#) is one of the largest food and drink manufacturers. Unilever's actions have a significant impact on people's health worldwide.

The Company's "Compass strategy" sets out significant long-standing commitments, policies and targets to deliver sustainable growth while tackling a broad range of environmental and social challenges. Its "Future Foods" Initiative also includes commitments intended to help consumers in the transition towards healthier and more sustainable diets.

Despite having a strong strategic focus on sustainability, its current level of disclosure and metrics used do not provide sufficient information to understand the Company's position relative to its competitors and its exposure to regulatory risk.



Independent research conducted by the Access to Nutrition Initiative found that only 17% of Unilever's global sales are generated from healthier food and drink products, a smaller proportion than many of its competitors such as Danone, Nestle, Kraft Heinz, General Mills and Kellogg's (see figure).

The Company's current weak performance reflects its dominant focus on sales in product categories such as ice-cream & frozen desserts; and sauces, dressing & condiments. This presents both regulatory and reputational risks, whilst missing opportunities to capitalize on growing healthier products and categories.

## How can investors get involved?

We believe that this resolution presents an opportunity for Unilever to bring its work in line with current best practice in the sector and address a major gap in its corporate strategy. For this reason, we believe it is in the interest of Unilever's shareholders to:

- Highlight the importance of greater disclosure on their work, especially their progress in supporting healthier diets and management of rapidly accelerating risks and opportunities in this area, particularly regulation, as part of their engagement with the company;
- Encourage Unilever's Board to recommend voting in favour by sending a letter (please inform ShareAction of your intention to do this so engagement can be coordinated);
- Signal support for the resolution publicly;
- Amplify the message of the resolution by sharing our press release and communications messages with your network;
- Vote in favour of the special resolution at Unilever's 2022 AGM. (Notice of meeting and statement in response to the shareholder requisitioned resolution expected in early Spring, AGM expected May);
- Join the Healthy Markets investor coalition and be involved in further shaping the initiative.

Please contact Louisa Hodge, Engagement Manager - [louisa.hodge@shareaction.org](mailto:louisa.hodge@shareaction.org) if you are interested in supporting the resolution, or if you would like to find out more about either the resolution or the Healthy Markets initiative more widely.