

# Special healthy diets resolution at Unilever PLC for consideration at 2022 AGM

## Resolution wording

To promote the long-term success of the Company, given the opportunities and risks associated with increasing regulatory and consumer trends towards healthier diets, we as shareholders direct the Company to include in its Annual Report published from 2023 onwards, a long-term strategy in the area of nutrition and health, as well as:

- A. **Metrics and targets:** disclose the proportion of total food and drink annual sales by volume and revenue made up of healthier<sup>1</sup> products, globally and disaggregated for major markets, and publish targets to significantly increase those sales by 2030;
- B. **Progress reporting:** publish an annual review of progress on delivering the above mentioned strategy, including the metrics and targets at (A) above;

Disclosure and reporting should be done at reasonable expense and omit proprietary information. Nothing in this resolution should be read as limiting the Board's discretion to take decisions in the best interests of the Company.

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<sup>1</sup> Classified as healthier in accordance with government-endorsed nutrient profiling models (i.e. UK Food Standards Agency NPM (2004/5), Nutri-Score or Australian and New Zealand Health Star Rating).

# Supporting Statement

Investors recognise the Company's stated ambition to be "the global leader in sustainable business" and its commitment to "purpose-led, future-fit business models that deliver superior performance". The Company's "Compass strategy"<sup>1</sup> sets out significant long-standing commitments, policies and targets to deliver sustainable growth while tackling a broad range of environmental and social challenges.

The Company's Foods and Refreshments' Division generates €19.1 billion annually – approximately 40% of its sales. Its "Future Foods" Initiative<sup>2</sup> includes commitments intended to help consumers in the transition towards healthier and more sustainable diets.

Nonetheless, investors lack clarity on whether the Company's current approach to consumer health is delivering sufficient progress, given rapidly evolving regulatory trends and consumer expectations towards healthier food and drink products. The Company's current level of disclosure and the metrics used do not provide investors with the information they need to understand the Company's position relative to key competitors and its exposure to regulatory risk.

In accordance with investors' fiduciary duties, and to promote the Company's long-term success, this resolution asks for disclosure of the proportion of food and drink sales from healthier products to be aligned with existing government-endorsed nutrient profiling models and for a strategy and targets to be set to significantly increase such share in the longer-term.

## Investor expectations of food and drink manufacturers

Investors' expectations of food and drink companies in the area of nutrition and health are rapidly evolving. It is now well understood that food companies, including manufacturers, shape consumers' diets and therefore have a role in tackling diet-related disease. Given the Company's position as one of the world's largest food and drink manufacturers, its actions and policies have a significant impact on people's health.

Obesity rates worldwide have tripled since 1975, with 1.9 billion adults and 340 million children presenting excess weight<sup>3</sup>. The associated annual impacts for public health and the economy cost \$2 trillion, or 2.8% of global GDP, similar to those of smoking<sup>4</sup>.

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1 <https://assets.unilever.com/files/92ui5egz/production/ebc4f41bd9e39901ea4ae5bec7519d1b606adf8b.pdf>  
[Compass-Strategy.pdf](https://assets.unilever.com/files/92ui5egz/production/ebc4f41bd9e39901ea4ae5bec7519d1b606adf8b.pdf)

2 <https://www.unilever.com/brands/foods-and-refreshment/food-system-changes.html>

3 <https://www.who.int/news-room/fact-sheets/detail/obesity-and-overweight>

4 <https://www.rathbones.com/knowledge-and-insight/healthy-argument>

The emergence of excess weight as the second most important cause of severe complications and death from Covid-19 make tackling obesity levels more pressing<sup>5</sup>. As a result, regulators worldwide are fast tracking an array of fiscal (e.g. sugar and calorie taxes) and other policy measures (e.g. reformulation targets, warning labels, marketing and advertising restrictions) aimed at reducing sales of less healthy food and drink products.

Examples in some of the Company's major markets include:

- In the European Union, the European Commission's recent Farm to Fork Strategy<sup>6</sup> includes plans to, by the end of 2021, further drive reformulation of processed foods, including setting maximum levels for certain nutrients. By the end of 2022, it plans to set nutrient profiling models to restrict the promotion of less healthy food and drink products, as well as to table legislation to introduce mandatory front-of-pack labelling. Belgium, France, Germany, Luxembourg, the Netherlands, Spain, and Switzerland endorse the Nutri-Score model<sup>7</sup>;
- In the UK, marketing and advertising restrictions are being imposed on products classified as less healthy under the UK NPM 2004/5 in the autumn of 2022<sup>8</sup>. Moreover, the recent National Food Strategy is calling for further fiscal and regulatory action to deliver a 25% reduction in the consumption of such products by 2032 in line with public health goals<sup>9</sup>;
- In the Americas, the placement of health warning labels on products high in calories, saturated and trans-fats, sodium, and sugar, in line with Pan American Health Organisation's guidelines<sup>10</sup>, is either being considered, has been agreed or has been implemented in Argentina, Brazil, Canada, Chile, Colombia, Mexico, Peru and Uruguay. Additional marketing and advertising restrictions are also being applied on the basis of such classification.

## Investor expectations of the Company

Despite the Company's existing commitments and targets on nutrition and health, questions remain as to its management of both opportunities and risks.

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5 <https://www.worldobesityday.org/assets/downloads/COVID-19-and-Obesity-The-2021-Atlas.pdf>

6 [https://ec.europa.eu/food/system/files/2020-05/f2f\\_action-plan\\_2020\\_strategy-info\\_en.pdf](https://ec.europa.eu/food/system/files/2020-05/f2f_action-plan_2020_strategy-info_en.pdf)

7 <https://www.santepubliquefrance.fr/presse/2021/7-pays-europeens-se-sont-engages-a-faciliter-le-deploiement-du-nutri-score>

8 <https://www.gov.uk/government/news/promotions-of-unhealthy-foods-restricted-from-october-2022>

9 <https://www.nationalfoodstrategy.org/>

10 [https://iris.paho.org/bitstream/handle/10665.2/52740/PAHONMHRF200033\\_eng.pdf?sequence=6](https://iris.paho.org/bitstream/handle/10665.2/52740/PAHONMHRF200033_eng.pdf?sequence=6)

Unilever reported in 2020 that 61% of its food and drink sales were derived from products with “High Nutritional Standards” and has a target to grow this figure to 70% in 2022. Nonetheless, questions exist as to whether the Company’s metrics and targets in this area accurately reflect growing regulatory risks.

Access to Nutrition Initiative (ATNI), the leading benchmarking organisation for food companies and their investors on corporate efforts to tackle malnutrition, recently conducted a review of food and drink manufacturers’ commitments and product portfolios<sup>11</sup>. It found only 17% of Unilever’s food and beverage global sales are derived from healthier products, a smaller proportion than many of its competitors. e.g. Danone (61%), Arla (60%), Grupo Bimbo (45%), Nestlé (43%), Campbell (42%), Kraft Heinz (36%), General Mills (29%), Suntory (27%), Kellogg (26%) and PepsiCo (18%).

These data use the Australia and New Zealand Health Star Rating to define ‘healthy’, which like Nutri-Score and many other major government-endorsed models are derivatives of the UK’s NPM model built in 2004/5. As such, ATNI’s product data also suggests the Company carries significant exposure to regulatory risk worldwide.

The Company’s current weak performance in ATNI’s product benchmarks 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 for growth in healthier products and categories.

Better strategic alignment with regulatory trends on health is also key to future-proof the Company’s plans on key areas of growth such as plant-based food and drink products, expected to make up €1bn of its sales by 2027.

Obesity rates worldwide have tripled since 1975, with 1.9 billion adults and 340 million children presenting excess weight<sup>12</sup>. The associated annual impacts for public health and the economy cost \$2 trillion, or 2.8% of global GDP, similar to those of smoking<sup>13</sup>.

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11 [https://accesstonutrition.org/app/uploads/2021/06/GI\\_Global-Index\\_TGI-product-profile\\_2021-2-1.pdf](https://accesstonutrition.org/app/uploads/2021/06/GI_Global-Index_TGI-product-profile_2021-2-1.pdf)

12 <https://www.who.int/news-room/fact-sheets/detail/obesity-and-overweight>

13 <https://www.rathbones.com/knowledge-and-insight/healthy-argument>

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