

Unilever

Active Engagement



AUGUST 2023

Marketing communication



The topic.

Unilever, a leader in household, and personal care (64%), is also one of the five largest packaged food manufacturers globally (€21.8B, or 36% of revenues).¹ Headquartered in London, it has employees in 100 countries and products in 190 countries. Governments globally are seeking to combat obesity, which the World Health Organization says has almost tripled since 1975.² Increasing regulatory environment and consumer trends demand healthier diets.

As an industry leader and arguably the most geographically wide-spread food company, Unilever has been a first mover in nutrition transparency. The company necessarily plays a role in establishing global norms and best practices for the packaged food industry.

The company is a leader in nutrition transparency relative to the packaged food industry, but Candriam and other investors believe that the entire industry has been slow to improve its products and its reporting.

Unilever has its own Nutrient Profiling Model (NPM),³ yet it was unclear whether it was aligned with government-endorsed standards/regulations. The company published and tracked goals, such as salt across its product line, sugar across its ice cream line. Unilever reported that 61% of its food and beverage sales in 2020 were products with “High Nutritional Standards”, and pledged to increase this to 70% by 2022.⁴

Candriam and other investors were concerned that reporting offered by Unilever does not offer the information needed to independently track its progress against government and regulatory standards and regulations. The ATNI (see box) calculated that only 17% of Unilever’s global food and beverage products could be considered ‘healthier’.⁵ products. This ranked Unilever as second in the industry – again, investors would like to see industry-wide improvement.

¹ By revenues. Unilever 2022 annual report, pages 52-3. [Unilever-annual-report-and-accounts-2022.pdf](#). Accessed 27 June, 2023.

² World Health Organization, newsroom, 9 June 2021. [Obesity and overweight \(who.int\)](#). Accessed 10 July, 2023.

³ The ‘Nutritional Profiling Model’ is Unilever’s internal and proprietary nutritional model and standards.

⁴ ShareAction, 2022. Special health diets resolution at Unilever PLC for consideration at 2022 AGM. [Unilever-Resolution-2022.pdf \(assets.servd.host\)](#), accessed 27 June, 2023.

⁵ ATNI, most recent report on Unilever, 2021. [Unilever – Access to Nutrition](#). Accessed 10 July, 2023.

Transparency and reporting: **ATNI**

ATNI, or the [Access to Nutrition Initiative](#), is the leading global nutrition benchmarking organization. Founded in 2013 to transform the packaged foods market so that these products can be sustainable, affordable, and part of a “healthy” diet, the non-profit group works with food companies, investors, policy makers, and consumer groups. Candriam, along with investor peers, looks to ATNI for independent and comparable data.

The organization is the leader in defining nutrition benchmarking, publishing the Global ATNI Index every two (or three) years.

With manufacturers often using their own measurement systems and governments offering national definitions and standards, ATNI offers measurements which can be compared across manufacturers and countries, and which can be independently verified.

[Positive nutrition | Unilever](#)



The story thus far.

Engagement can result in a “**virtuous circle**”.

Since 2018, Candriam has been a member of an ATNI working group, and engaging with Unilever to improve the company’s practices and transparency on nutrition. We have also engaged one-on-one with Unilever since 2019, on sugar in food products. Nutrition is linked to health, and poor nutrition is linked to a number of chronic diseases, a major cost for economies in terms of labour productivity, and in many instances, to federal budgets. Nations are increasingly introducing regulatory requirements or taxes to require or encourage better nutrition. Consumer expectations are rising for nutrition and transparency of nutritional information, while investors are taking note of all these elements.

Unilever has made progress, but along with the agri-food industry overall, that progress was lagging our expectations. In 2021, we joined with the Healthy Markets investor coalition, led by ShareAction, in filing a shareholder resolution on nutritional goals and nutrition transparency scheduled for the 2022 AGM. Among other reasons, we

chose Unilever for its **influence** in a competitive industry, its size, the length of its supply chain, and its focus on positive nutrition and health and wellbeing as a part of its mission statement.

In March 2022, [Unilever announced](#) its decision to publicly report the performance of its global product portfolio, and sixteen specific markets, against six government-endorsed Nutrient Profile Models, as well as its own Highest Nutritional Standards, in both volume and revenue terms. It is the first global food company to take such a commitment. The shareholder group **withdrew our resolution** and agreed to closely monitor Unilever’s benchmarking and to remain in contact with Unilever during this process.

In October 2022, Unilever [put this into practice](#), using its NPM. Unilever used dietary surveys from the UK, France, Brazil, the US, and China to demonstrate a reduction in intake of energy, sugar, salt, and saturated fatty acids.

And repeat.

Success! Unilever has worked with its shareholders, and ‘raised its game’. Further, and as expected by active investors, two additional top-five global food companies have since followed, raising the standards by which the industry is judged.

In November 2022, **Nestlé**, the world’s largest food company by revenues, publicly pledged transparency on nutrition, with specific use of the widely-accepted ATNI methodology and reporting on selected product portfolios in 14 countries under the each respective nation’s government-endorsed methodologies. Ranking first in the Global ATNI index from 2018 to 2021, we nevertheless continue to engage with Nestlé on its reformulations and strategies to improve its proportion of sales generated by healthy products.⁶

In March 2023, **Danone** – another top-five global food company – revised its nutritional targets and nutrition reporting, albeit only in the UK and Ireland.⁷ Danone also committed that 90% of sales by volume will be rated as “healthy” under the Health Star system used by ATNI. We continue to engage collaboratively to encourage the company, ranked in fourth place in the Global ATNI Index, to support extension of its nutritional targets across the company.

The rest of the food industry, including US-based Kraft Heinz and Kellogg, report nutrition using their own criteria. We would prefer that they report against standards which shareholders and stakeholders can easily compare.

⁶ Alarabiya.net, Bloomberg., 22 March 2023. [Nestlé gets a third of sales from foods considered unhealthy, as per firm’s rating | Al Arabiya English](#), accessed 6 July, 2023. Nestlé press release, 17 November 2022.

⁷ [Nestlé to provide transparency on nutritional value of its portfolio \(nestle.com\)](#), accessed 6 July, 2023.

⁷ FoodNavigator Europe, 6 and 21 March, 2023. [‘90% of our portfolio will be HFSS-compliant’: A deepdive into Danone’s new health commitments in UK and Ireland](#), Accessed 6 July, 2023. The acronym HFSS stands for *high in fat, salt, and sugar*. Unilever’s



Next steps?

We continue to engage individually and collaboratively with the leading packaged food companies. We prefer to be partners and accompany issuers in their journey as they continue to improve transparency and practices. Working *with* Unilever and its peers, and the spreading of best practices from one market leader to other leading participants in the industry, creates a virtuous circle, impacting the whole market and the supply chain.

Rather than setting a final standard, we hope that collectively, we are all embarking on a long-term upward path for investors and society.



**Two additional top-five food companies
have followed, raising the industry standards.**



€139B

AUM at end
December 2022*



600

experienced and
committed professionals



+25 years

Leading the way in
sustainable investing

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Candriam consistently recommends investors to consult via our website www.candriam.com the key information document, prospectus, and all other relevant information prior to investing in one of our funds, including the net asset value ("NAV") of the funds. This information is available either in English or in local languages for each country where the fund's marketing is approved.

*As of 31/12/2022, Candriam changed the Assets Under Management (AUM) calculation methodology, and AUM now includes certain assets, such as non-discretionary AUM, external fund selection, overlay services, including ESG screening services, [advisory consulting] services, white labeling services, and model portfolio delivery services that do not qualify as Regulatory Assets Under Management, as defined in the SEC's Form ADV. AUM is reported in USD. AUM not denominated in USD is converted at the spot rate as of 31/12/2022.



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