

CHAPTER 2

NUTRITION AND PRODUCT FORMULATION

WHY NUTRITION AND PRODUCT FORMULATION IS IMPORTANT

Good nutrition and healthy product formulation is fundamental to human development, well-being and productivity. The Consumer Goods Forum and its member companies want to be global leaders in this area.

Both “good” and “healthy” have many different meanings—even among leading non-governmental organisations whose role it is to opine on what is good, better, best.

The CGF has a very practical approach to this initiative: decide what you are going to do, link it to a global standard, measure your progress and communicate it, and then. . . beat your goals. This is as applicable to food manufacturers as it is to the manufacturers of personal care products.

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NGO's standards

We all know there are lots of ways to say “We’re doing something” without really doing much at all. One recent evaluation showed that even after signing up to a “healthier, better for you” product line, 80% of one manufacturer’s products still didn’t meet an NGO’s standards.

WHOM TO FOLLOW? WHAT TO DO?

Well, that’s up to each member company. But the CGF wants every member company to do something, and to share your experiences. We will continue to support our members who are at varying stages of implementation. We will also publicly report on our progress. Our members aim to offer consumers and shoppers a range of products and services that support the goals of healthier diets and lifestyles through a number of different initiatives outlined in our Health & Wellness Resolutions.(<http://bit.ly/1kmKAaz>).

GETTING STARTED

It's no surprise that nutrition and product formulation is a difficult area to make progress on because it involves so many company stakeholders and it requires engagement with key local/regional/global regulatory and industry associations. Adding to the complexity are the variations by market and demographics.

To help CGF member companies think about how to move forward in nutrition and product formulation, the Health & Wellness Team has put together a suggested list of actions and considerations from members' experiences:

1

MAP YOUR INTERNAL NETWORK; GET EVERYONE ON BOARD

- ✓ This initiative cuts across all functions and business units. Leadership from the top is critical.
- ✓ In addition to operating units, this effort requires integration of Regulatory Affairs, Public Affairs, Manufacturing, R&D, Marketing and Corporate Social Responsibility. This is not just a thing you all do, it is a song you all sing, and it takes time to get everyone on board.
- ✓ Create a totally new mind-set driven by thought-leaders - there are many. Some are pretty loose, some are strict. Find your right place, set goals, and then work to beat them.

2

DECIDE WHOM YOU'RE GOING TO FOLLOW

- ✓ World Health Organisation (WHO) (<http://bit.ly/1HZ81bq>) is a good place to start, but each national/regional market has aspirations or requirements. For example, the U.S. Food and Drug Association (<http://1.usa.gov/1GoLEPJ>) has a Nutrition Labeling Manual; and in Europe, the European Food Safety Authority (<http://bit.ly/1GoLGHv>) has provided guidelines on reference intakes. Each member company's commitment helps bolster the relevance and importance of the group or standard you choose to follow. The CGF is all about leadership; please let us know what you are doing.
- ✓ Once you've decided which standards to use, then build a network of organisations, NGOs and community groups to make the most of your effort.

3

DEVELOP POLICIES TO YOUR RANGE OF PRODUCTS

- ✓ Based on the guidelines you choose, establish maximum levels for sugar, salt, bad fats, calories/joules, and identify opportunities to add things like fibre and micronutrients. This is relevant for manufacturers as well as for retailers private label products.

- ✓ Put together a “where we are now” and a “where we want to be in three years” chart, and then set targets for the next 3-6-9-12 months. Be realistic, but be real. If you don’t do anything in three months, then you probably won’t do anything in three years.
- ✓ Make your policies engaging and uplifting. Use social media. Get your employees to tweet your progress. Tell stories. Create a vision. You’re going to have to do it anyway - the consumer demands it. You should let them see you.

4

COMMUNICATE EXTERNALLY ON NUTRITION AND PRODUCT FORMULATION AND SET UP ONGOING REPORTING

- ✓ Each CGF member company has deep knowledge and insight about their products, their benefits, and the special things they have done to make their products so superb. So tell the story. Don’t have a good story to tell? Well, that’s the objective of the Nutrition and Product Formulation effort.
- ✓ Develop a good internal campaign to describe and discuss what your company is doing and why. Let us know what works and what doesn’t.

5

MAKE THIS PART OF YOUR ANNUAL AND LONG-TERM PLANNING PROCESS, AS WELL AS PART OF YOUR NEW PRODUCT PLANNING / DEVELOPMENT / STAGE-GATE PROCESS

- ✓ Each member company should decide their own goals. The CGF wants to be the industry/leading organisation to coordinate and create incentives for member companies to do something - make a plan, pick a goal, and then exceed your plan.

For example:

A

It is possible to reduce the intake of calories from both sugar and (saturated) fat without compromising taste or mouth-feel. In fact, many markets are reducing sugar and salt.

B

Consumers don’t like “low-sodium” ...but they won’t notice if you reduce sodium by 33%

C

This one takes time...new product, taste tests, triangle tests, shelf life tests, and so on, but it is worth it

PRACTICAL EXAMPLES



WALMART HAS REFORMULATED THOUSANDS OF EVERYDAY PACKAGED FOOD ITEMS TO 50 MILLION POUNDS OF SODIUM DIETS.



WHY WE WERE MOTIVATED TO CHANGE



- At Walmart, our journey with nutrition begins with our customers and our mission of helping people save money and live better.
- Around the world, communities are increasingly challenged by rising obesity and other nutrition-related illnesses. Since 2011, we've been delivering on a series of public commitments aimed at making healthier food options both accessible and affordable in the U.S.
- We envision a world where nobody has to choose between products that are better for them and ones they can afford.



HOW WE DID IT



- We are working with suppliers to reduce salt and sugar and eliminate trans fats in key products, starting with our own Great Value brand.
- We are working to improve the nutritional quality of our Great Value brand and national food brands in the U.S. by reducing sodium by 25% and added sugars by 10%, as well as removing all industrially produced trans fats by the end of 2015 (FY2016), compared to our 2008 baseline.



IMPACT WE HAVE SEEN



- Our estimates indicate that if the reformulations are adopted by the entire grocery industry, adults in the U.S. will consume approximately 47 million fewer pounds of sodium each year.
- Progress: by the end of FY2014
 - Reduced sodium by more than 16%.
 - Continue to exceed our goal for sugar reduction.
 - Than 6% of products sold in U.S. stores contain partially hydrogenated oils.
- What does a 16% reduction in sodium look like? A few examples...
 - Bread – 29mg reduction.
 - Frozen Single-serve Meals – 147mg reduction.
 - Rice & Beans – 287mg reduction.
- Sometimes it's challenging to find food substitutes or processes to make the desired advances without compromising taste, convenience, texture and other important qualities. We're committed to finding solutions for healthier foods without sacrificing the characteristics our customers expect, and that takes time.

PRACTICAL EXAMPLES



UNILEVER HAS REFORMULATED ITS PRODUCTS GLOBALLY



WHY WE WERE MOTIVATED TO CHANGE



- Unilever's strategy for nutrition is better products help people to enjoy better diets and live better lives.
- We currently focus our efforts on three key areas where our portfolio and scale allow us to have the biggest impact: heart health, obesity and undernutrition.
- BETTER DIETS – BETTER LIVES - Product reformulation alone is not enough to stimulate dietary changes among consumers. We work with many health influencers (ranging from chefs to public health authorities) to explain how our products fit into a healthy diet and to encourage healthier eating.



HOW WE DID IT



- When developing and launching our products and campaigns, we seek the advice of nutrition and health experts. Our global community of around 170 nutritionists maintain relationships with local experts and public health organisations to share knowledge and insights on the scientific, nutritional and health issues relevant to our brands.



IMPACT WE HAVE SEEN



- In 2014, we achieved a 100% score within the Health & Nutrition criterion for the fifth year in a row in the Dow Jones Sustainability Indices (DJSI).
- Named leader of our industry group in the 2014 RobecoSAM Corporate Sustainability Assessment.
<http://www.robecosam.com/en/sustainability-insights/about-sustainability/robecosam-corporate-sustainability-assessment.jsp>
- In 2013 we came second in the inaugural Access to Nutrition Index (ATNI) which publicly rates the world's 25 largest food and beverage manufacturers.
- Specific goals include:
 - Double the proportion of portfolio meeting highest nutritional standards by 2020.
 - 75% of Foods to meet 5g salt per day by 2020.
 - Saturated fat $\leq 33\%^*$ in 90% soft vegetable oil margarines by 2017.
 - Trans fats from Partially Hydrogenated Vegetable Oil removed from all products by 2012.
 - Reducing sugar by 25% in Ready to Drink Powdered Ice Tea and Milk Tea by 2020.
 - All children's ice creams ≤ 110 kcal/portion by 2014 and 80% packaged ice creams ≤ 250 kcal/portion by 2015.

PRACTICAL EXAMPLES



<http://bit.ly/1BpKuTU>

OTHER SOURCES OF INFORMATION



<http://bit.ly/1vhhFWp>



<http://bit.ly/118shHr>



<http://bit.ly/1yn825E>



<http://bit.ly/1FO1EXK>



<http://bit.ly/1vLeJjf>



<http://bit.ly/1CgXevh>