Access to Nutrition Initiative
Investor Statement

Purpose

As investors, we support the Access to Nutrition Index (ATNI) initiative. ATNI will assess the nutrition policies, practices and performance of the largest food & beverage (F & B) manufacturers\(^1\) in both developed and emerging markets. We believe that health and nutrition are among the most important drivers of future growth in the F & B sector and that those manufacturers that are most effective in anticipating and responding to these factors will be better positioned to deliver superior and more sustained financial performance over time. ATNI represents the first independent, multi-stakeholder and systematic initiative aimed at enhancing investors’ understanding of how F&B manufacturers address nutrition-related risks and opportunities. This statement outlines our rationale, recommendations and commitment in supporting the ATNI initiative.

Rationale

Nutrition context: Malnutrition—an improper balance between nutrient intake and energy expenditure - spans the spectrum from undernutrition to obesity, both of which are associated with health conditions ranging from serious to life-threatening and affect hundreds of millions worldwide.\(^2\) Malnutrition undermines human productivity, adversely affecting economic growth: obesity-related illness is estimated to account for two to seven percent of total health care costs in several developed markets\(^3\), while undernutrition-related deficiencies are thought to account for a two to three percent loss in GDP in emerging market countries.\(^4\) In addition, obesity is no longer a challenge unique to developed markets; a growing number of emerging market countries suffer the ‘double burden’ of undernutrition and obesity.

Risks: For F & B manufacturers, these significant and growing concerns present a range of nutrition-related risks, all of which can have a bearing on their financial performance:

- **Regulatory:** Governments in developed and emerging markets have already introduced a range of policies, regulations, taxes and other measures aimed at reducing consumer exposure to, and consumption of, less healthy foods and beverages while encouraging consumption of healthier products. Examples include restricting advertising of less healthy products to children, regulating the use of health and nutrition claims, strengthening food labelling requirements, requiring restaurants to publish calorie information on their menus, and a variety of social marketing campaigns to raise awareness.
- **Reputational:** Public and media awareness of nutrition has become widespread, with F & B manufacturers being a primary target of scrutiny by consumer advocacy groups and consumers.
- **Legal:** Companies have been the subjects of class-action lawsuits, particularly related to inappropriate marketing of their foods relative to their nutritional quality. Moreover,

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\(^1\) ATNI will only assess manufacturers of food and non-alcoholic beverages, not food retailers, food service companies, or businesses at other parts of the value chain.


\(^3\) http://www.who.int/dietphysicalactivity/publications/facts/obesity/en/

several commentators have suggested that companies could in future be the subject of litigation similar to that faced by tobacco companies in the past.

**Opportunities:** F & B manufacturers also have the potential to improve significantly their long-term financial performance by taking advantage of opportunities generated by these global nutrition challenges. Emerging markets are likely to be a primary source of future commercial growth, due both to higher rates of economic growth than developed markets and to large populations with rapidly growing middle classes.\(^5\) Consumers in both emerging and developed markets are also demanding a greater range of healthier options. As a result, healthy categories are the fastest growing categories in the industry.\(^6\)

In response, F & B manufacturers can position themselves for success by investing in research and development, marketing and distribution to improve the nutritional quality of their existing product range as well as the accessibility and affordability of their healthier products. These actions can enhance market share and build brand loyalty, particularly in emerging markets where first-mover opportunities still exist. Integration of a clear, proactive nutrition strategy into core business activities can also help to attract and retain a productive and committed workforce while demonstrating to stakeholders a good faith effort to being responsible corporate citizens.

**Recommendations for F & B manufacturers in which we invest:**

- Participation in the ATNI research process by providing up-to-date and complete information on their policies, practices and performance;
- Transparent public reporting of nutrition policies, practices and performance, on an ongoing basis, integrating a clear narrative about how addressing nutrition issues is benefitting their business;
- Review of current policies, practices and product portfolios against best practices, with evidence of effective measures to remedy gaps; and
- Proactive collaboration with health professionals, governments, policymakers, consumers, industry associations and other stakeholders to find solutions to nutrition challenges.

**Our commitment:**

- To factor F&B manufacturers’ nutrition practices into our responsible ownership activities and investment analysis, incorporating both results from ATNI and information from companies’ public reporting;
- To encourage other investors to consider ATNI’s findings; and
- To provide input into the ongoing development of ATNI We invite other investors to join us in signing this statement.

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\(^5\) BRICs Monthly, Issue No 09/07: The BRICs as Drivers of Global Consumption, Goldman Sachs, August 6 2009  
\(^6\) Health & Wellness in the Food and Beverage Sector: Back to Sustainable Value Creation, Dexia Asset Management, March 2009