

Embargoed to 00.01 GMT Thursday 20th January

Unilever faces shareholder heat on health impacts

Poster child of sustainability said to have a ‘crucial blind spot’, with consumer health becoming an increasingly material financial risk for food companies.

(Thursday 20th January, London) An international coalition of institutional investors and individuals have filed a shareholder resolution at Unilever, urging the company to adopt ambitious targets to increase the share of healthy foods in its sales.

The resolution is being co-filed by eleven institutional investors representing \$215 billion in assets. They include pan-European asset manager Candriam, Dutch asset manager ACTIAM, US healthcare provider Trinity Health, and the UK’s Guy’s & St Thomas’ Foundation, CCLA, and Greater Manchester Pension Fund. The co-filing group also includes over 100 individuals co-ordinated by ShareAction, including Unilever customers, parents, medical professionals and health campaigners.

A leader in sustainable business

Unilever is widely seen as a leader in sustainable business. It aims to achieve net zero emissions in its supply chain [by 2039](#) and to ensure all workers supplying the company receive a living wage [by 2030](#). Chief Executive Alan Jope recently [stated](#) that his goal is “*to prove incontrovertibly that sustainable business does drive superior financial performance*”.

Ignacio Vazquez, Senior Manager of Healthy Markets at ShareAction, said:

“Unilever has long been a sustainability leader. Some even criticise it for being too focussed on ESG. Yet the health profile of the food and drink products it sells remains a blind spot. This is surprising, as the rapid growth of regulation means that health is a critical ESG issue presenting a real financial threat to its business.

By voicing their support for this resolution, Unilever’s investors can help to drive change at the heart of one of the biggest foods and drink manufacturers in the world while also shielding themselves from regulatory and reputational risks.”

Unilever’s Foods and Refreshments’ Division, which produces household brands such as Hellman’s mayonnaise and Ben & Jerry’s ice cream, generates €19.1 billion annually – approximately 40% of the group’s total sales.

The Access to Nutrition Initiative, the leading benchmarking organisation for food companies and their investors, last year [found](#) that **just 17% of Unilever’s food and beverage sales were derived from healthier products**. This was a smaller proportion than many of its competitors, including Danone (61%), Nestlé (43%), Kraft Heinz (36%), General Mills (29%) and Kellogg (26%).

Unilever reported in 2020 that, using the company's own definitions, 61% of its food and drink sales were derived from products with "High Nutritional Standards", but investors question its metrics.

Amy Browne, Stewardship Lead at CCLA, said:

"We have always believed that healthy markets are underpinned by healthy communities. The growing epidemic of obesity and diet related ill-health is concerning from both a moral and a fiduciary perspective. Furthermore, until Unilever reports against government-endorsed models, the risk to the business from changing health-related legislation remains a complete unknown. As a recognised sustainability leader, we are hopeful that the company will recognise the merits of our asks."

Health: the next frontier of shareholder activism

Health is emerging as the next frontier in shareholder activism, driven by the rising social and economic costs of ill-health and the growth of associated regulation. Obesity rates have tripled since 1975, costing the global economy \$2 trillion or 2.8% of GDP each year, similar to the economic impact of smoking.

An article by the Chief Executive of the Health Foundation, **Jennifer Dixon**, recently [argued](#) that poor health trends "*cannot be the result of a gradual loss of individual willpower to make healthy choices... Rather, it reflects the changing context within which individuals make choices, such as the greater availability and marketing of cheap, unhealthy food.*"

In response, regulators in many of Unilever's largest markets are fast tracking an [array](#) of policy measures aimed at reducing sales of less healthy food and drink products, while products high in sugar and calories are already being [taxed](#) in 50 jurisdictions worldwide – more than have carbon taxes.

The investors argue that Unilever's "dominant focus on sales in product categories such as ice cream & frozen desserts" carries "significant exposure to regulatory risk worldwide", while missing opportunities for growth in healthier products and categories.

As such, the resolution urges Unilever to:

- Disclose the current proportion of sales linked to healthier products - as defined by government-endorsed nutrient profiling models,
- Set targets to "significantly increase" that share by 2030, and
- Publish an annual review of progress.e

Investors co-ordinated by ShareAction made similar [requests](#) at Unilever's 2021 AGM, but the company has not made any significant commitments or progress since. The resolution represents a marked escalation in the investors' engagement. And it follows a similar investor-led [call for action](#) on all major food companies endorsed by 53 organisations with \$12.4tn in assets during the recent Tokyo's Nutrition for Growth Summit.

Dr Mike Nutt, individual co-filer, said:

"Whilst working as a GP in the poorer districts of Sheffield, I was constantly struck by the relationship of poor health to poor nutrition. We are experiencing an epidemic of obesity, which is disproportionately affecting the poorer sectors of our society, due to the increased prevalence of cheap, processed foods.

Obesity impacts on so many chronic health conditions and is the main cause of type two diabetes, a condition which is growing exponentially in western populations including the UK."

Olivia Ralston, individual co-filer, said:

"I am a parent of three children. We do a pretty good job of eating as healthily as we can, and I don't have anything against treats in moderation, but I want to teach my children good habits. It's a constant battle to keep their junk food intake low. Everyone knows that the unhealthiest foods are the cheapest and most plentiful, and that there's a direct link to obesity and disease.

Food companies should be proactively taking steps to address this and they're not. I am a believer in the power of business and markets, but it's not right that food companies are making big profits while contributing to illness, disease and costs for the NHS."

Kieron Boyle, Chief Executive of **Guy's & St Thomas' Foundation**, said:

"As a long-term investor focused on both financial return and health impact, we want to see leading organisations like Unilever raising their game in response to changing regulations and consumer demands for healthier food. Action at Unilever has the potential to send ripples through the food industry, and help address the risks that poor nutrition and obesity bring to people's health and to the economy."

Amelia Overd, Manager, Investment Management, and Co-owner of **Castlefield Investment Partners LLP**, said:

Unilever is a sustainability leader in many areas and we hope that the Board will choose to formulate a clear action plan for greater disclosure around its sales of healthier products and to increase their share of this market.

Regulatory trends, as well as consumer demand, mean that food businesses must consider health as an increasingly material risk factor. Investors need companies to use standardised health metrics to determine their exposure to regulatory risk and their position relative to competitors on this issue.

Sophie Deleuze, Lead ESG Analyst, Stewardship, Candriam, said:

"We commend Unilever's strategic commitments and close collaboration on tackling nutrition and health issues. However, despite the company's efforts, questions remain as to whether its policies are delivering sufficient progress to improve the healthiness of its sales

portfolio in the eyes of regulators. We encourage them to take further action and lead the industry.

When a company the size of Unilever takes significant steps forward, it will send ripples through the whole food manufacturing industry, and we believe will deliver meaningful, positive change. It will also ensure the company is better placed to navigate any potential regulatory intervention.”

Notes to editors

For all enquiries and interview requests, please contact:

Conor Quinn, Media Communications Manager, ShareAction
conor.quinn@shareaction.org +44 7444 696 214

The institutional co-filers are:

1970 Trust
Actiam
Candriam
Castlefield Investment Partners
CCLA
Greater Manchester Pension Fund
Guy's & St Thomas' Foundation
Jesuits in Britain
Marmot Trust
Polden Puckham Charitable Foundation
Trinity Health

ShareAction and 101 individual shareholders also co-filed the resolution.

Last year ShareAction co-ordinated the first health-based resolution filed at a FTSE100 firm when it made similar demands of Tesco. The resolution was withdrawn after Tesco agreed to the requests.

A date has not yet been set for Unilever's AGM. Traditionally it falls in May.

The wording of the resolution is as follows:

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** 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.

*** 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).*

About ShareAction

ShareAction is a research and campaigning organisation pushing the global investment system to take responsibility for its impacts on people and planet, and to use its power to create a green, fair, and healthy society.

For 15 years ShareAction has driven responsibility into the heart of mainstream investment through research, campaigning, policy advocacy and public mobilisation. Using our tools and expertise, we influence major investors and the companies they invest in to improve labour standards, tackle the climate crisis and address inequality and public health issues.

Disclaimer

Any views and opinions expressed are those of the spokespeople, and coverage of any assets held must be taken in context of the engagement and in no way reflect an investment recommendation. Past performance should not be seen as an indication of future performance. The value of investments may go down as well as up and you may not get back your original investment.