The impact of the nutrition and health agenda on global regulations

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Agenda

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Section 1

Leatherhead's health and nutrition trends consumer research – the impact of COVID-19

Leatherhead 2021 consumer research

About the research

- Research was carried out in Australia, Brazil, China, France, Japan, Mexico, the UK and the US
- The total sample size was 9,679 adults aged 18+
- Investigating attitudinal shifts in relation to food and beverage products since the start of COVID-19
- Also focused on food and beverage sustainability issues (data available in our Member's Annual Trends Report)

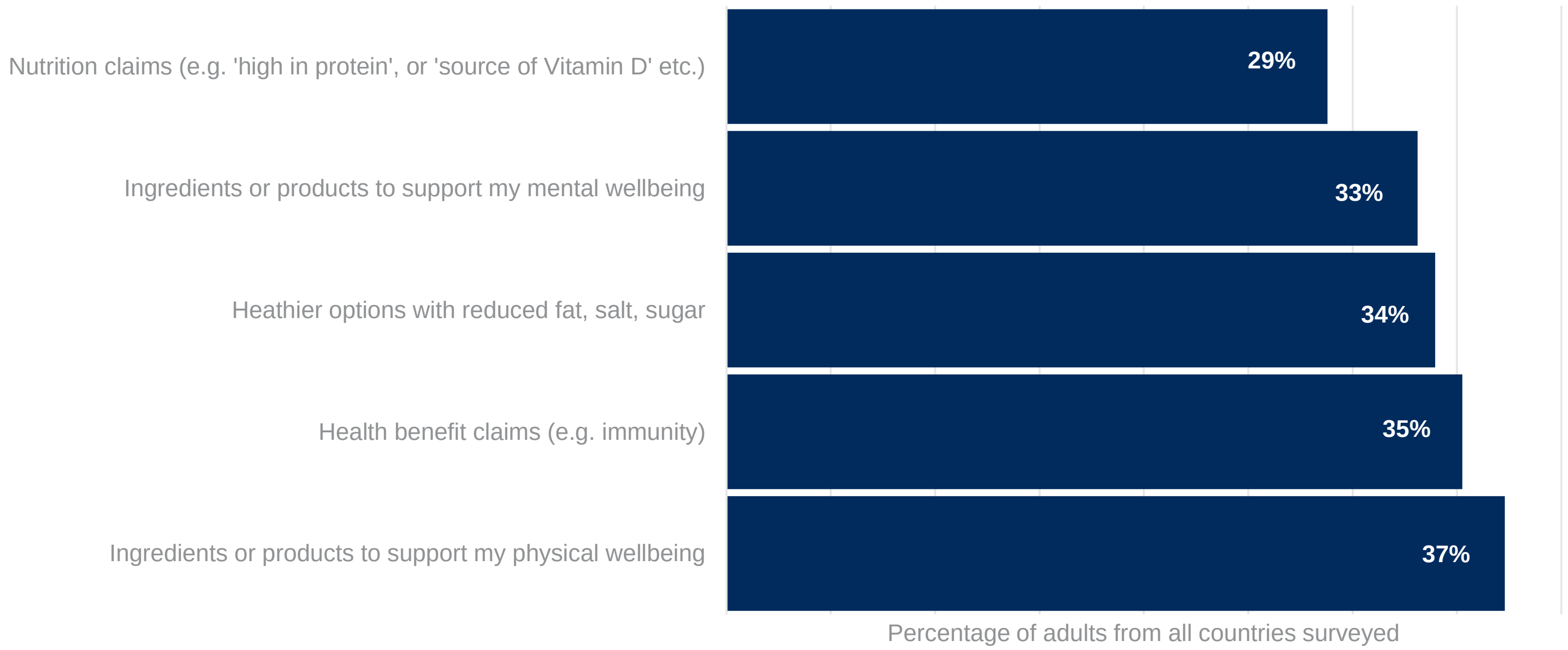
Figures have been weighted and are nationally representative for adults in each of the eight countries. Fieldwork was conducted online between 12-26 July 2021.

Health and wellbeing

The four trends dominating health and wellbeing activity in the food and beverage sector are:

1. Functional ingredients
2. Preventative nutrition
3. Mental/emotional wellbeing
4. Sustainable nutrition

Top five factors that have become more important due to COVID-19



How younger consumers have been impacted by COVID-19

- COVID-19 had a greater impact on younger people in terms of factors that are important when making purchase decisions
- Key areas nutrition and health claims and physical and mental wellbeing
- If this trend lasts beyond the pandemic to shape lifelong preferences, it will have an enormous impact on the future of the food and beverage industry

Q: When purchasing food and beverage products, have each of the following become more or less important to you due to COVID-19, or has it remained the same?	Adults in all countries					
	All ages	18-24	25-34	35-44	45-54	55+
Ingredients or products to support my physical wellbeing have become more important	37%	44%	45%	39%	35%	30%
Health benefit claims (e.g. immunity) have become more important	35%	41%	39%	37%	34%	31%
Ingredients or products to support my mental wellbeing have become more important	33%	39%	39%	37%	33%	25%
Nutrition claims (e.g. 'high in protein' or 'source of Vitamin D' etc.) have become more important	29%	32%	34%	30%	28%	24%

Table 1: Younger demographics experienced a greater shift in their attitudes to key health factors due to COVID-19

Functional ingredients and preventative nutrition

However, the extent to which attitudes have changed due to COVID-19 varies greatly between markets. The top factor of increased importance for each country is as follows:

Products which support physical wellbeing:

- China (58%)
- Australia (36%)
- US (33%)
- UK (22%)

Products which make health benefit claims such as immunity:

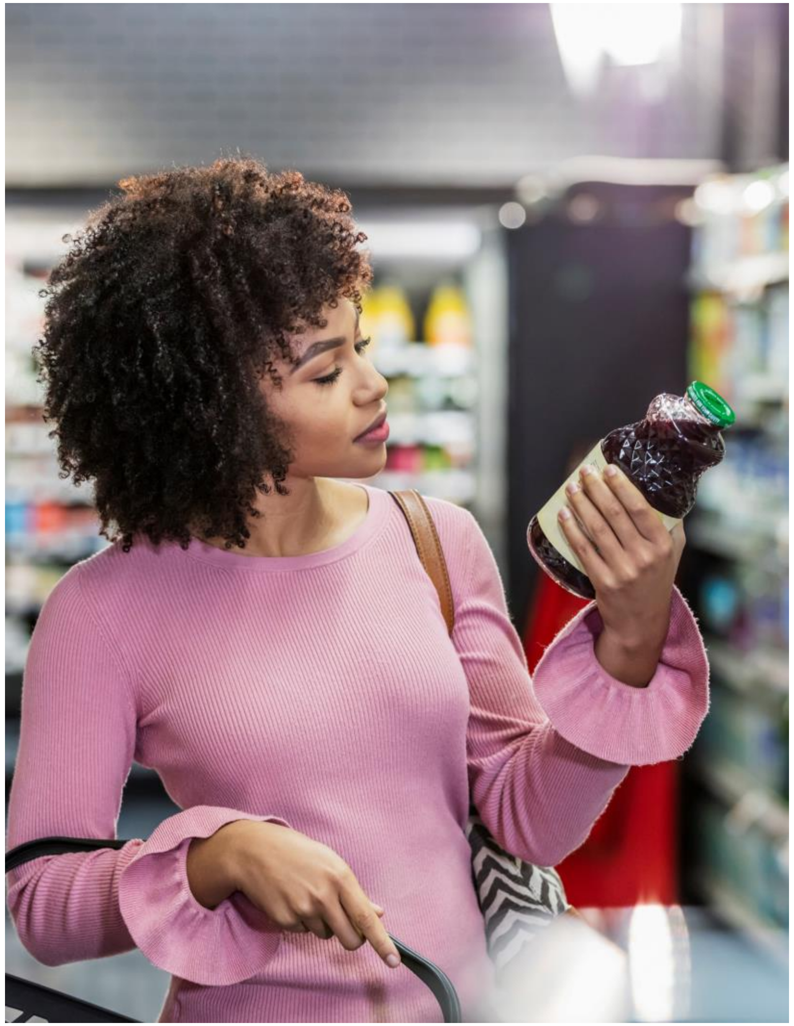
- Brazil (74%)
- Mexico (66%)
- Japan (28%)

Products with no artificial ingredients:

- France (25%)

Functional ingredients and preventative nutrition
Health benefit and nutrition claims

- Product making health benefit claims (e.g. immunity) top 5 factor of increased importance in every country
- In Brazil 74% and Mexico 66% of adults now place more importance on products that make health benefit claims (e.g. immunity) than they did previously
- However, in the UK 18% of adults and in France 16% felt the same
- Nutrition claims (eg high in protein) – top 5 factor in every country with the exception of China, significantly more adults in Brazil and Mexico placed greater importance on nutrition claims



Functional ingredients and preventative nutrition
Healthier choices

Making healthier choices, such as choosing products with reduced salt, fat or sugar has become more important for:

21%
Adults in UK

22%
Adults in Japan

23%
Adults in France

27%
Adults in the US

32%
Adults in Australia

45%
Adults in China

60%
Adults in Mexico

56%
Adults in Brazil

- This could reflect the impact of global obesity strategies as well as the tendency for overweight/obese people to experience more severe COVID-19 symptoms
- This underlines the need for multifunctional ingredients which are nutrient dense but also impart desirable sensory qualities

Mental and emotional wellbeing

- Consumers have become more interested in how dietary choices affect mental wellbeing during the pandemic
- In every country we surveyed, ‘ingredients or products to support my mental wellbeing’ made the top five factors that have become more important
- This dovetails with the functional ingredients trend, but also relates to dietary habits, routines and a shift towards more mindful eating

60%
Adults in Brazil

50%
Adults in China

26%
Adults in the US

57%
Adults in Mexico

34%
Adults in Australia

Less than 1⁄5
Adults in the UK, France and Japan

Sustainable nutrition

Has COVID-19 had an affect?

- According to our research, COVID-19 has not had a marked impact on the importance consumers place on plant-based products and meat alternatives
- However, younger people are the exception
- Across all eight markets almost a quarter of 18-24s and 25-34s now place more importance on plant based products (compared to an all-age average of 17%)

In summary - one pandemic, many outcomes

Our research clearly shows that consumer attitudes in Brazil and Mexico have been profoundly impacted by the pandemic

In the UK, US, France, Japan and Australia - exhibited a significantly lower level of change

Responses from consumers in China tends to fall between the two ends of the spectrum

This insight can be used to shape food and beverage strategies for 2022 and beyond. However, it's important to note finer discrepancies between individual markets:

- Consumers in Brazil and Mexico share a more pronounced shift in attitude, the percentage of adults placing more importance on health benefit claims such as immunity is markedly higher in Brazil at 74% versus 66% in Mexico
- Various clusters of similarity and some significant differences are apparent across the UK, US, France, Japan and Australia too
- When it came to placing more importance on physical wellbeing, consumer responses in the US and Australia were closely aligned at 33% and 36%, as were those of the UK and Japan (22% and 20%)
- For health benefit claims such as immunity, a similar percentage of consumers in the UK and France said they were more important (16% and 19%), with the US, Japan and Australia forming a separate cluster (26%, 28% and 29%)

Section 2

UK market

HFSS foods – New legislation on restriction on the location and price of HFSS foods

The new legislation outlines:

- Which businesses, products and types of price and location promotions should be in scope of the restrictions
- How HFSS products should be defined
- How the proposal should be implemented

The outcome of the most recent consultation was published **19 July 2021** updating the following two reports

1. Final impact assessment: restricting location promotions of HFSS products
2. Final impact assessment: restricting volume promotions of HFSS products

HFSS foods – New legislation on restriction on the location and price of HFSS foods

What are the major changes?

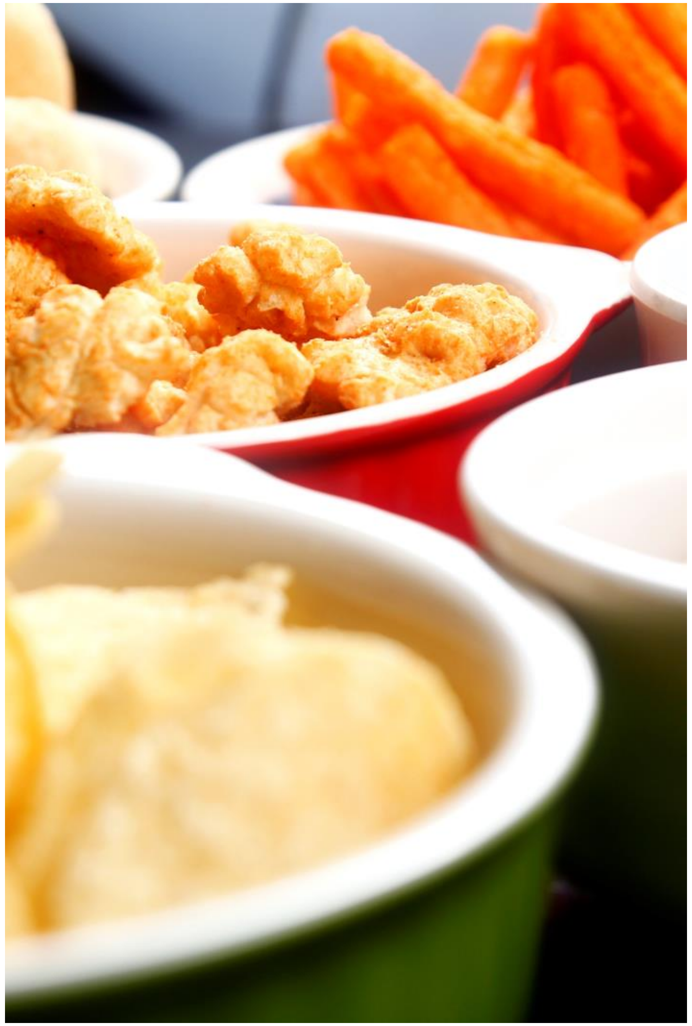
Who it will affect: Promotions of HFSS foods will be restricted in medium and large retailers

Timeframe: The implementation date has been extended from April 2022 to October 2022. The Government will provide draft guidance prior to this date to help with the implementation

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

The calculation of HFSS

The Department of Health and Social Care (DHSC) have taken on board recent feedback and have updated the Technical Nutrient Profiling Technical Guidance document (January 2011) with outdated weblinks and amendments to worked examples. DHSC are due to publish this imminently.



Calorie reductions targets for 2024

- Revised targets launched in September 2020 as 20% target not feasible across all product categories (March 2018 target)
- By reformulation, reducing portion size, shifting consumers to lower calorie products
- Progressed measured using 2017 as a baseline and progress reports in 2022/24/25

Revised targets	Retailers and manufacturers Calorie reduction targets	Out of home eating, including takeaway and delivery Calorie reduction targets
Meal categories		20% Max calorie guideline for all categories
Kids meal bundles	10%	10%
Ready meals/ chips/garlic bread	10% Max calorie guidelines for all categories	
Crips/savoury snacks	5%	
Sandwiches	5%	5%
Pizza and pastry products	20%	20%

UK National food strategy part 2 launched in July 2021

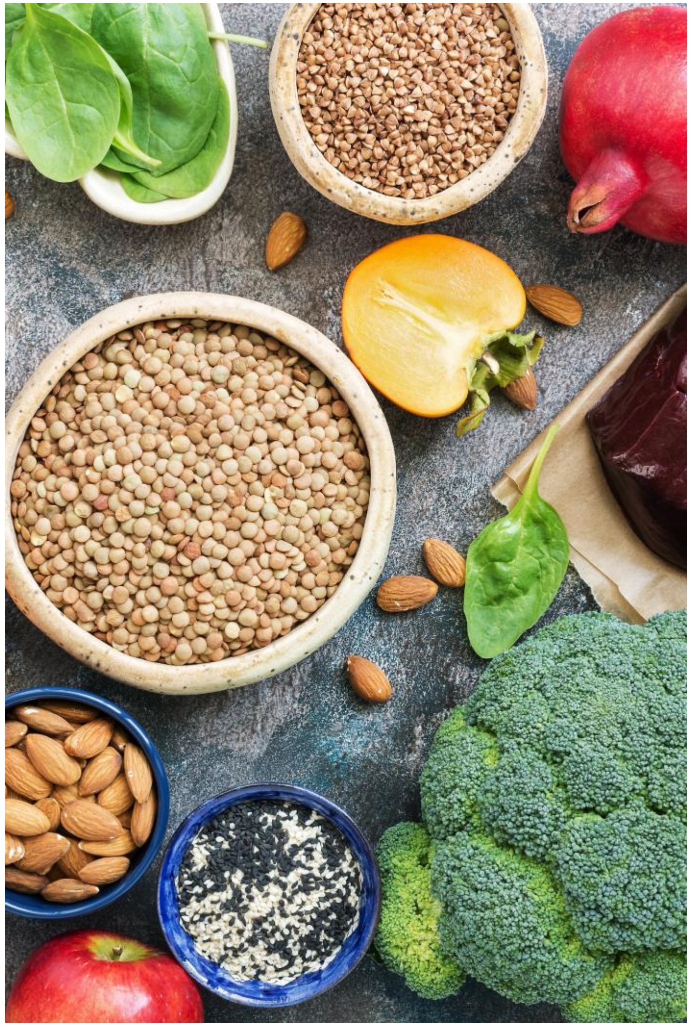
14 recommendations made, two impacting the food manufacturers/retailers:

- Sugar and salt reformulation tax – equivalent to the soft drinks levy
- Introduction of mandatory reporting for large food companies on sales of high fat, salt and sugar products, also fruit and vegetables and fibre

Also need to consider:

- No mention of low intake nutrients like fibre and specific vitamins and minerals
- UK diet is a long way from the Eat Well guide

Take home message: Plant rich diet with more wholegrains, fruit and vegetable, pulses and diversity of protein and focus on decreased food waste will become increasingly important



Section 3

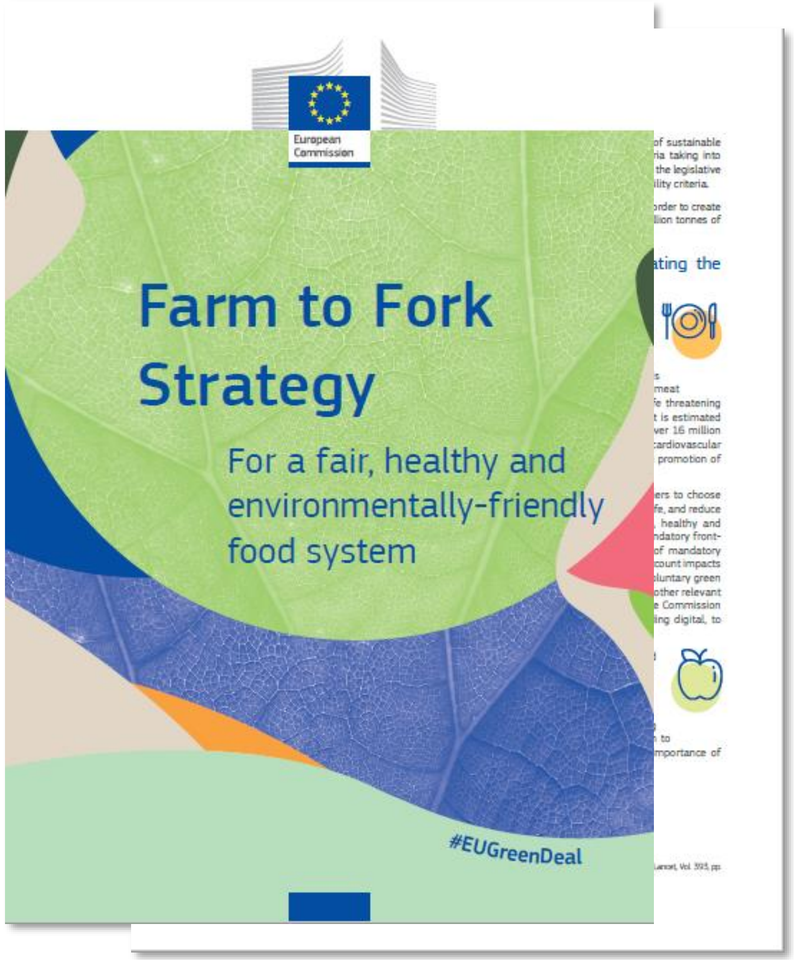
European Union

EU farm to fork strategy

Major things to be aware of:

1. Nutrient profiles
2. Consultation on revision of labelling rules
3. Harmonised mandatory front-of-pack nutrition labelling

EFSA's scientific advice to inform harmonised front-of-pack labelling and restriction of claims on foods



Section 4

US market

FDA Innovation Strategy

2018 Nutrition Innovation Strategy

The strategy is a commitment to use innovation to reduce the burden of chronic disease through improved nutrition. The FDA is looking at ways to use its tools to empower consumers with information and facilitate industry innovation toward healthier foods that consumers want.

It is covers a broad range of topics, but key elements include:

- Modernizing claims
- Modernizing ingredient labels
- Modernizing standards of identity
- Implementing nutrition facts label and menu labelling
- Reducing sodium
- Nutrition educations

The following slides discuss the 2020/21 updates

2020 and 2021 developments

Nutrition Facts Label/Ingredient Labels

- RFI (Request For Information): Sugars That Are Metabolized Differently Than Traditional Sugars (October 2020)
- Final guidance on Allulose (October 2020)
- Small entity compliance guide for the revision of the nutrition and supplement facts labels (January 2020)
- Published guidance to provide enforcement discretion for the use of “potassium salt” on product ingredient lists (December 2020)

Claims: Healthy symbol

- FDA Issues Procedural Notice on Consumer Research on “Healthy” Symbol (May 2021)

Standards of Identity (Amendments)

- Final Rule to Revoke the Standards for Lowfat Yogurt and Nonfat Yogurt and to Amend the Standard for Yogurt (June 2021)
- French Dressing - Proposed Revocation of a Standard of Identity (December 2020)
- Frozen Cherry Pie - Proposed Revocation of a Standard of Identity and a Standard of Quality (December 2020)

Standards of Identity (Consultations)

- Extended the reopened comment period on the proposed rule: Food Standards - General Principles and Food Standards Modernization (April 2020)
- Announced reopening of comment period on use of ultrafiltered milk in certain cheeses (March 2020)
- Reopened comment period on the proposed rule: Food Standards - General Principles and Food Standards Modernization (February 2020)

How this is intended to affect nutrition

Regulatory amendments and proposals

NFT – exclusion of allulose from “total sugars”,“added sugars” and changing the calorie conversion.

Potassium chloride can be labelled as “potassium salt” to encourage manufacturers to use it as salt substitute and reduce sodium.

Update of various standards to permit more innovation and flexibility such as nutrient content claims.

Request for information, comments and notifications

- Following the actions on allulose – a request for information on sugars are metabolized differently to conventional sugars?
- Notification of the preliminary quantitative consumer research the FDA plans to conduct on symbols that could be used in the future to convey the nutrient content claim “healthy.”

Extended comment periods on:

- Food Standards Modernization - general principles for the FDA to use when considering whether to establish, revise or eliminate a food standard of identity
- The use and labelling of ultrafiltered milk in standardized cheeses and related cheese products

Section 5

Latin America

Brazil

Nutrition issues to be aware of:

1. National plans for the reduction of sodium in processed foods

2. Sugar reduction programme in processed foods

3. Nutrition labelling and health and functional claims

4. Promotion of HFSS foods

Section 6

Middle East

GCC especially Saudi Arabia – Obesity a key theme

Saudi are planning to reduce the obesity level by 2030

The following regulations have been discussed/or implemented:

- Added Sugar Upper Limit in some food products
- Salt limits Guidelines
- Front of pack nutrition labelling (traffic light)
- New Nutrition labelling that mandates the declaration of the following:
    - Added sugar
    - Cholesterol
    - Trans fats
- Sugar tax on energy drinks, carbonated soft drinks and all drinks with added sugar
- Publishing guideline on the SFDA website for the public in order to understand how to read the nutrition table (back of pack and front of pack) to help with healthier food choices

In summary

Our consumer research research clearly shows that:

- Consumer attitudes in Brazil and Mexico have been profoundly impacted by the pandemic
- In the UK, US, France, Japan and Australia - exhibited a significantly lower level of change
- Responses from consumers in China tends to fall between the two ends of the spectrum
- Younger people have become more interested in health in particular plant based products, foods which support mental and physical wellbeing or make health or nutrition claims

- These categories are ripe for innovation, expansion and diversification
- Global regulations will adapt in turn
- Using the current regulatory landscape as the starting point, we expect regulatory divergence to become more pronounced over time

In summary: Reducing obesity levels is a key focus globally

Using a range of interventions including:

- Sugar tax (UK and Saudi Arabia)
- Sugar guidelines (UK, Brazil, Saudi Arabia) and focus on and added sugar (Brazil and Saudi Arabia)
- Calorie reduction (UK)
- Salt guidelines (UK, US, Saudi Arabia, Brazil)
- Focus on saturated fat (Brazil)
- Focus on trans-fats (Saudi Arabia)
- Nutrient profiles (EU)
- Nutrition labelling (US, EU, Brazil, Saudi Arabia)
- Restrictions on promotion of foods to children (UK and Brazil)

Thank you

Questions

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