The evolving business case for *sustainability*

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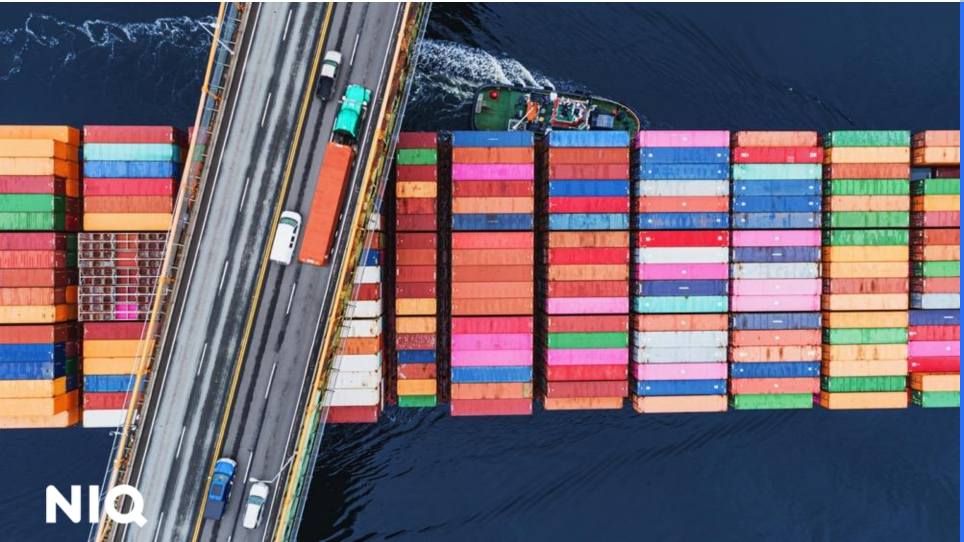


We are *the world's consumer intelligence company.*

Governance and cost will *accelerate momentum* beyond consumer demand

Role of governance and mandates

- Financial reporting requirements
- Sustainable investment
- Fines and taxes
- New legislation

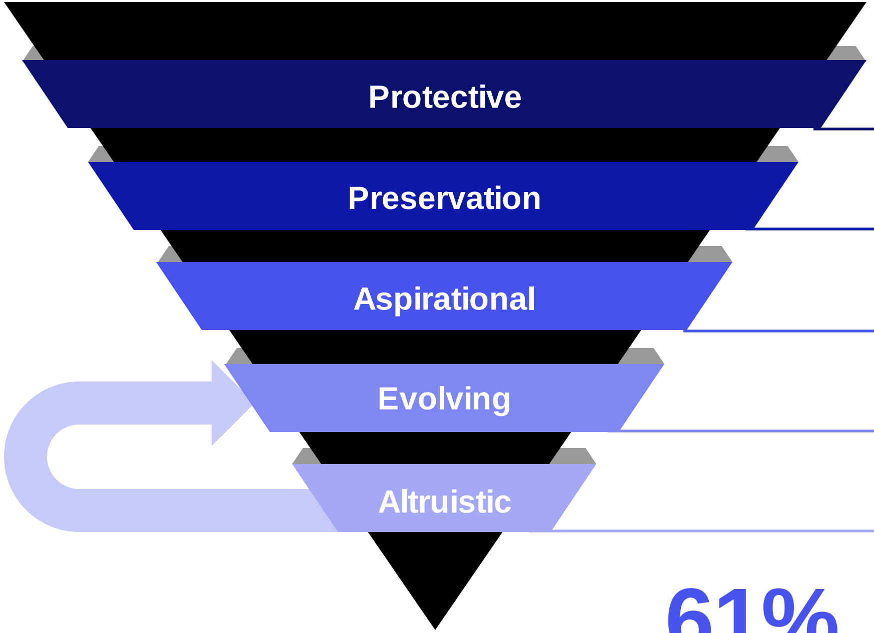
Exploding costs due to the impact of climate change

- Rising energy prices
- Rising cost of goods
- Supply chain disruption

Escalating consumer demand

- Cost of living stress
- Availability of choice
- Shifting values & attitudes

NIQ Total Wellness Consumer Needs



Urgent care
Protecting myself and/or my family members from immediate health threats.

Self care
Improving my and/or my family's **current** physical or emotional wellbeing and connections.

Preventative care
Proactive actions to achieve & maintain specific health goals, or helping to avoid ailments in the **long-term.**

Innovative care
Seeking out the latest alternatives or developments to continuously meet my and/or my family's health & wellness goals.

Selfless care
Improving the world around me by advocating for environmental, ethical, humanitarian, and/or philanthropic causes.

61%

Agree ***environmental issues*** are having an ***adverse impact*** on their current and future health

64%

Will pay more for products supporting communities and vulnerable groups

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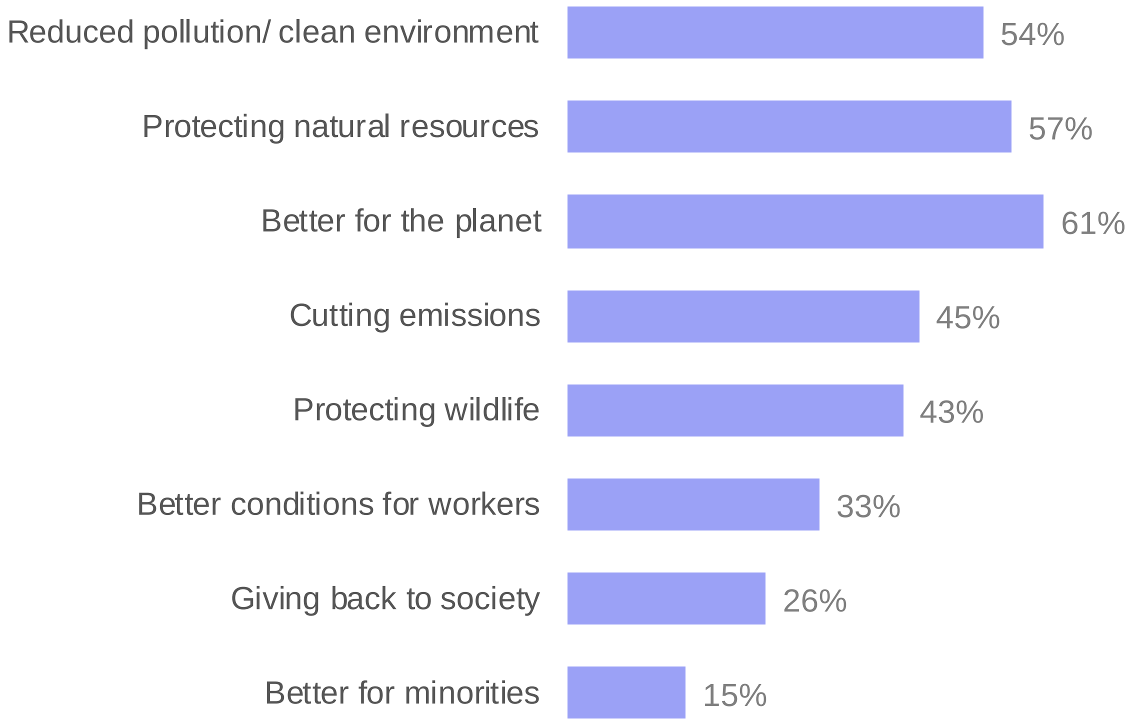
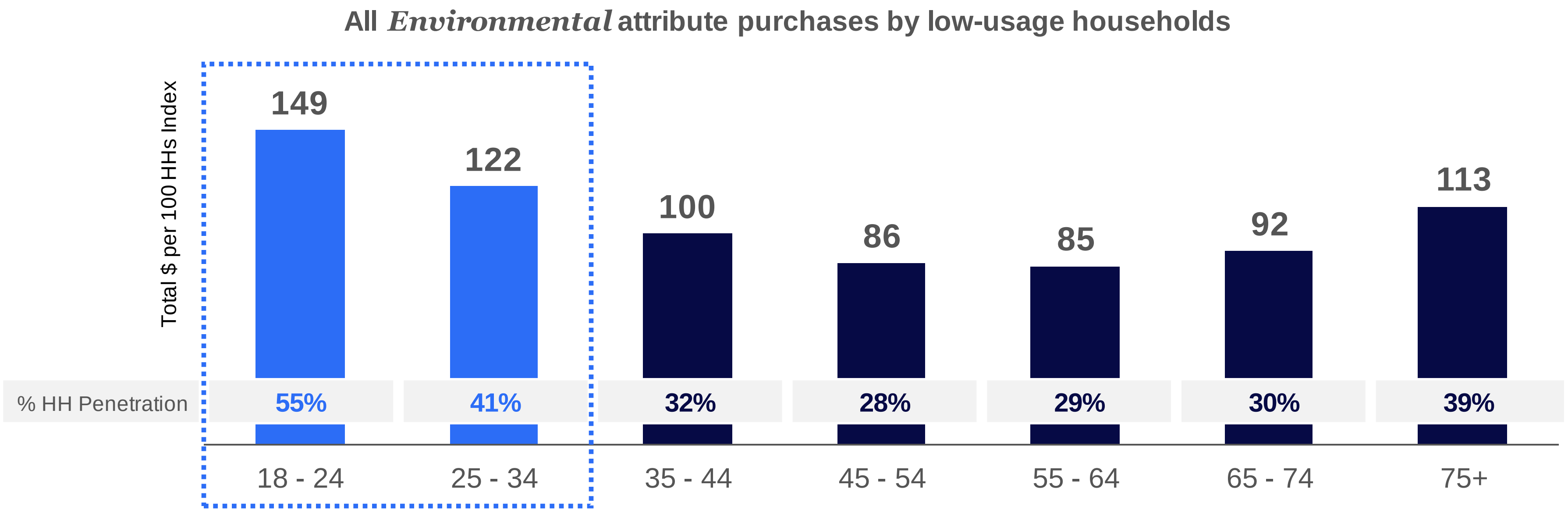
Sustainability means different things to people



Source: NielsenIQ 2023 Sustainability Report. Q, When people talk about sustainability, it might mean different things to different people. In this list, what does it mean for you?

Young consumers indicating sustainability importance will grow greater

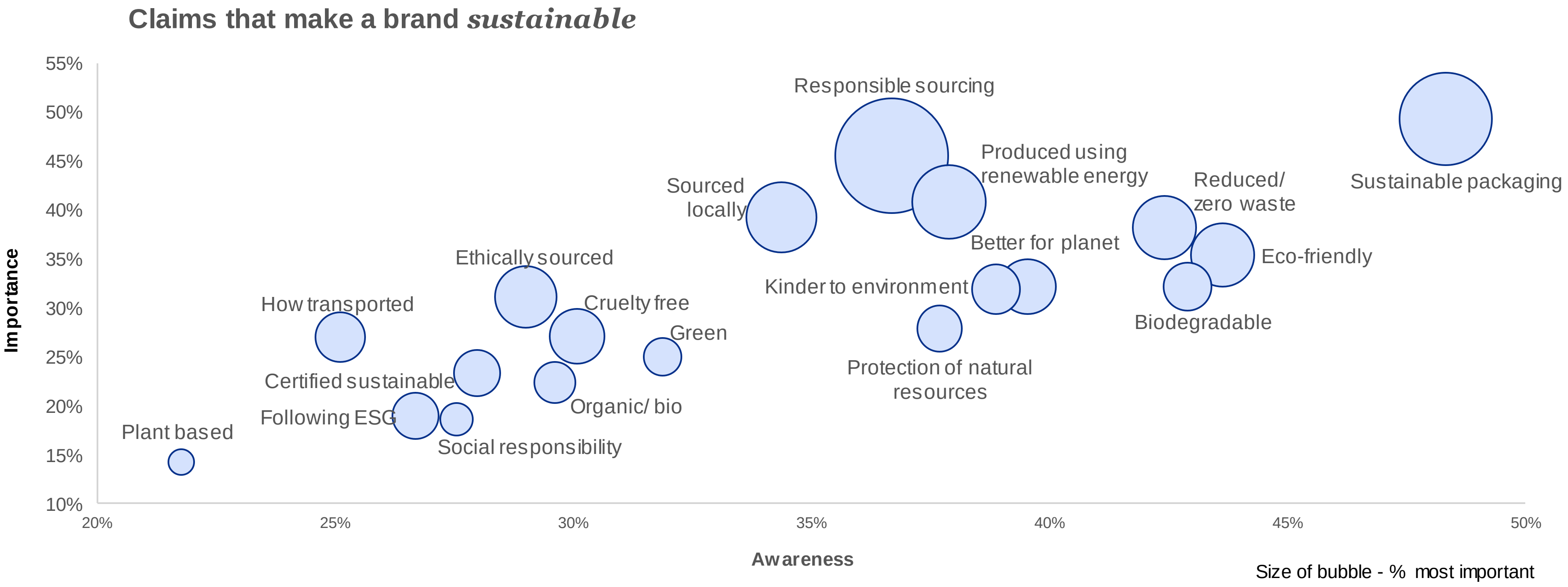
Number of environmentally-conscious 18 to 34-year-olds is greater than all other age groups



Source: NielsenIQ Spectra Homescan Panel; Consumer Profile by Demographics; Total US; $ per 100 HHs Index –May 2022 YTD Sales and 2021 Census

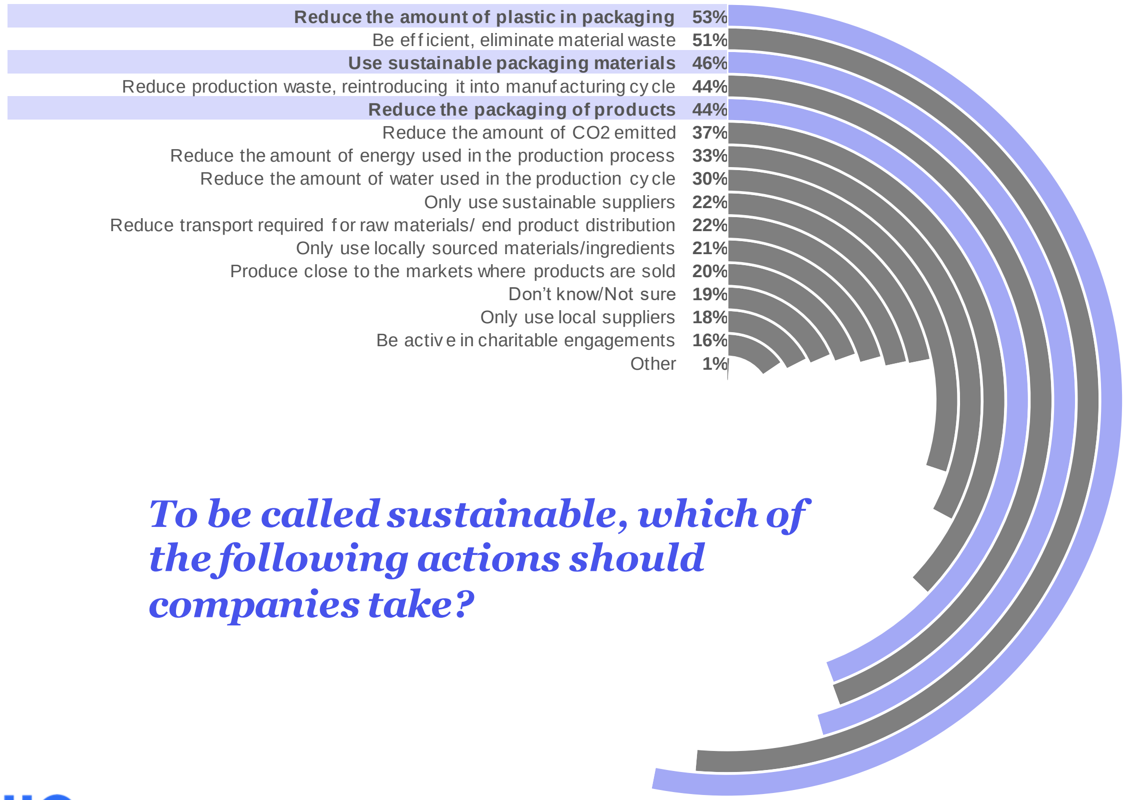
What makes a brand sustainable?

Is there a disconnect between companies and consumers?

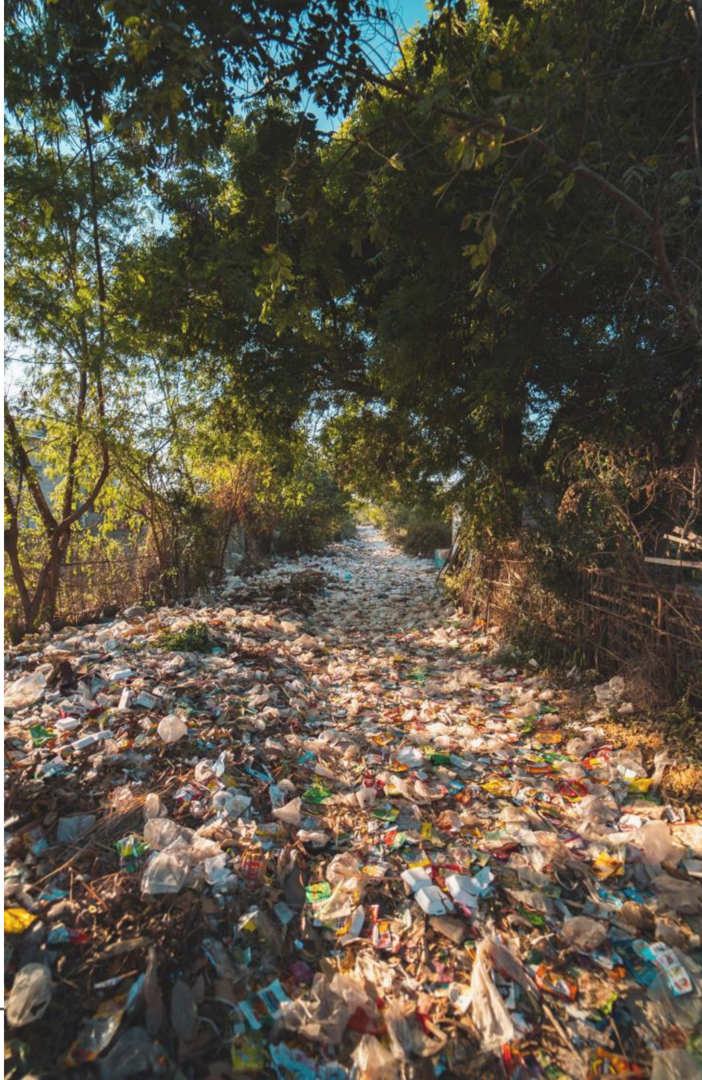


Source: NielsenIQ 2023 Sustainability Report - Q: Coming back to grocery brands, which of these claims do you believe make a brand "sustainable"?

Consumers want companies to take action



To be called sustainable, which of the following actions should companies take?

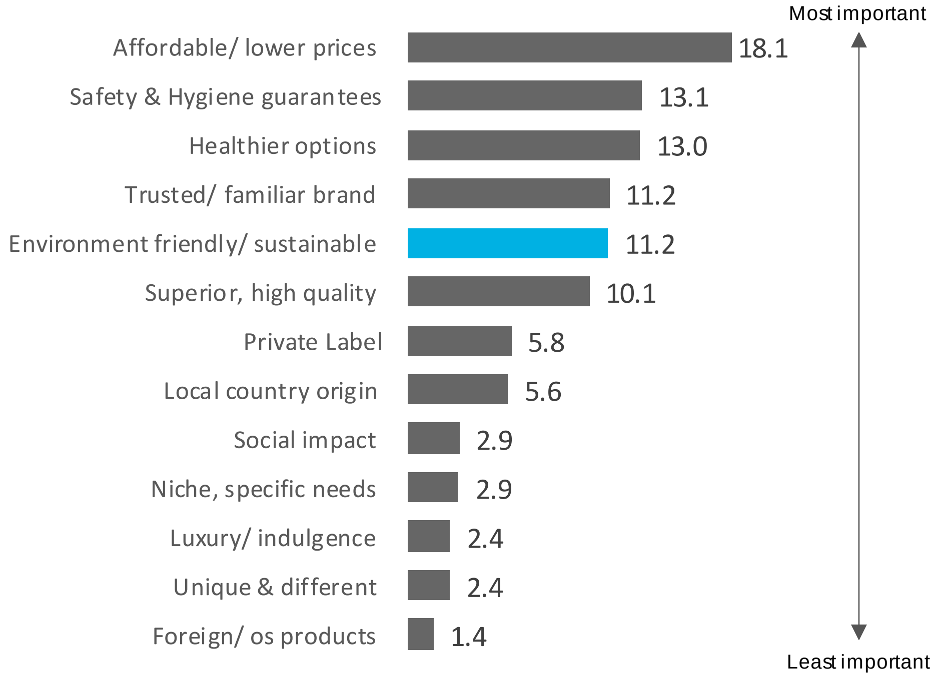


NielsenIQ Omnibus Survey, Dec 2021, Q4. To be called sustainable, which of the following actions should companies take? Please select all that apply.

Sustainability is one of many things considered when shopping

For more than half of respondents its more important than it was two years ago

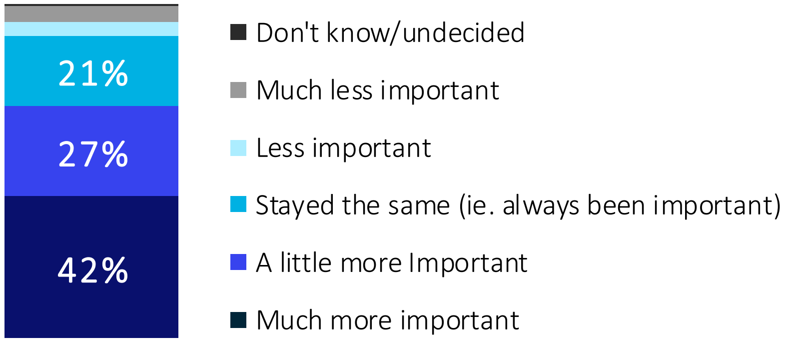
Most important things when choosing a brand…



92%

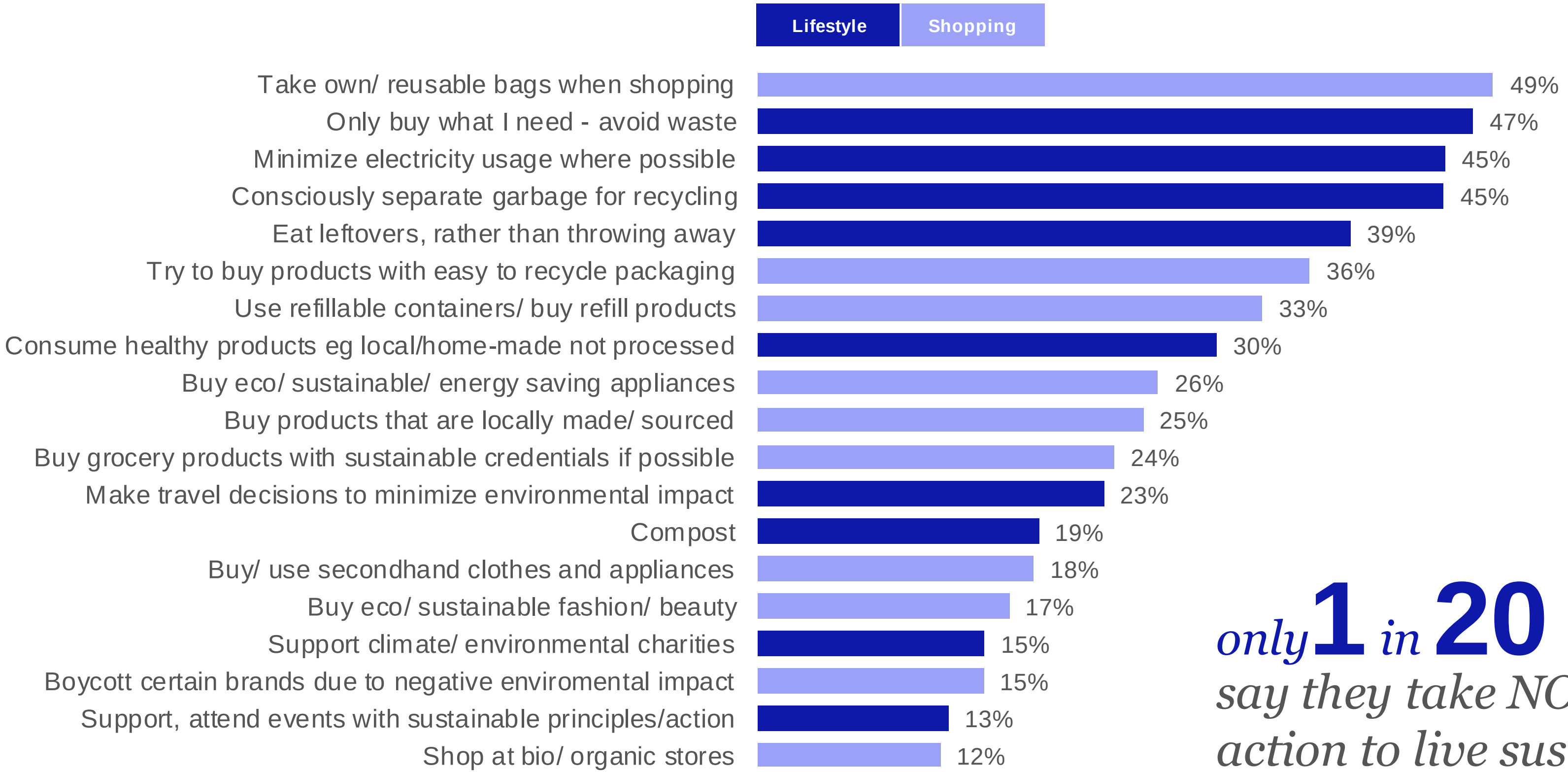
say sustainability is important when choosing a brand today

Change in importance vs. two years ago



Source: NielsenIQ 2023 Sustainability Report - Ranked on Global

Consumers trying to live sustainably



only **1** *in* **20**
say they take NO action to live sustainably

NIQ Source: NielsenIQ 2023 Sustainability Report - What actions, if any do you currently do to live a sustainable lifestyle?

The foundations of approaching sustainability

Today's Conversation

Protect

Stay compliant and protected

Differentiate

Make sustainability a competitive differentiator

Collaborate

Build connections, horizontally and vertically, to address sustainability challenges you can't address alone

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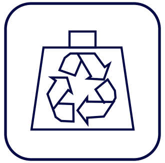
Methodology: based on label scans, products were tagged as having or not having 90+ claims spanning 6 pillars

Types of claims	**Animal Welfare**	**Environmental Sustainability**	**Social Responsibility**	**Sustainable Packaging**	**Organic Positioning**	**Plant Based**
Sample claims	▪ Cage free ▪ Cruelty free ▪ Farm raised ▪ Grass fed ▪ Pasture raised ▪ Not tested on animals	▪ Compostable ▪ Eco friendly ▪ Cradle to cradle ▪ Reduced carbon impact ▪ Sustainable palm oil	▪ B Corporation ▪ Ethical ▪ Fair wage ▪ Responsibly sourced	▪ Eco friendly packaging ▪ Less packaging ▪ Plastic free ▪ Reusable packaging ▪ Biodegradable	▪ Organic certification ▪ Organic marketing ▪ EU Organic Farming	▪ Plant based ▪ Vegan

Evaluated total store: 32 super categories, ~$400B in retail sales, and ~550K products

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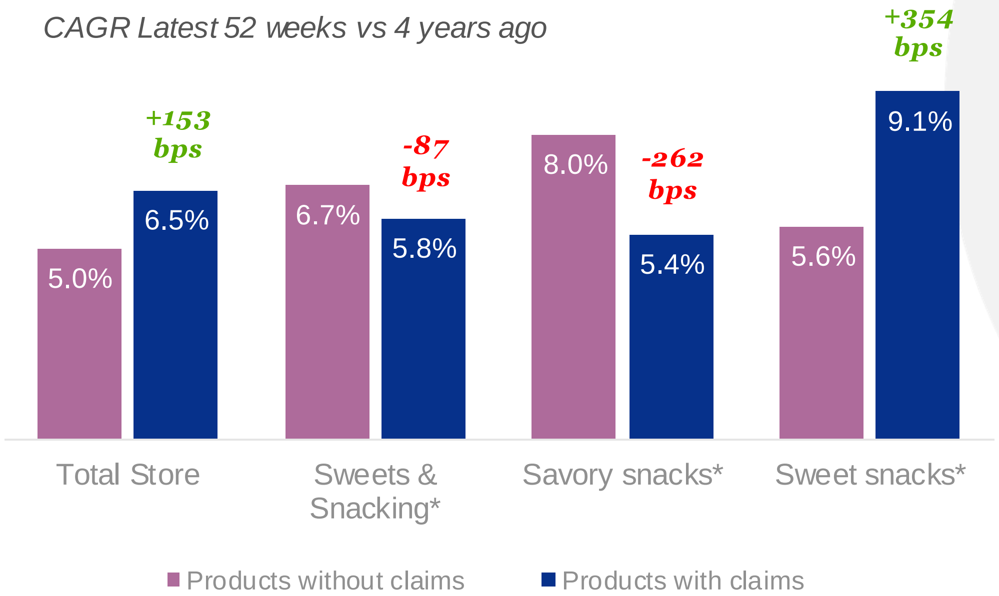
Sweet snacks with sustainability claims outpacing growth of non-sustainable while savory snacks shows opposite

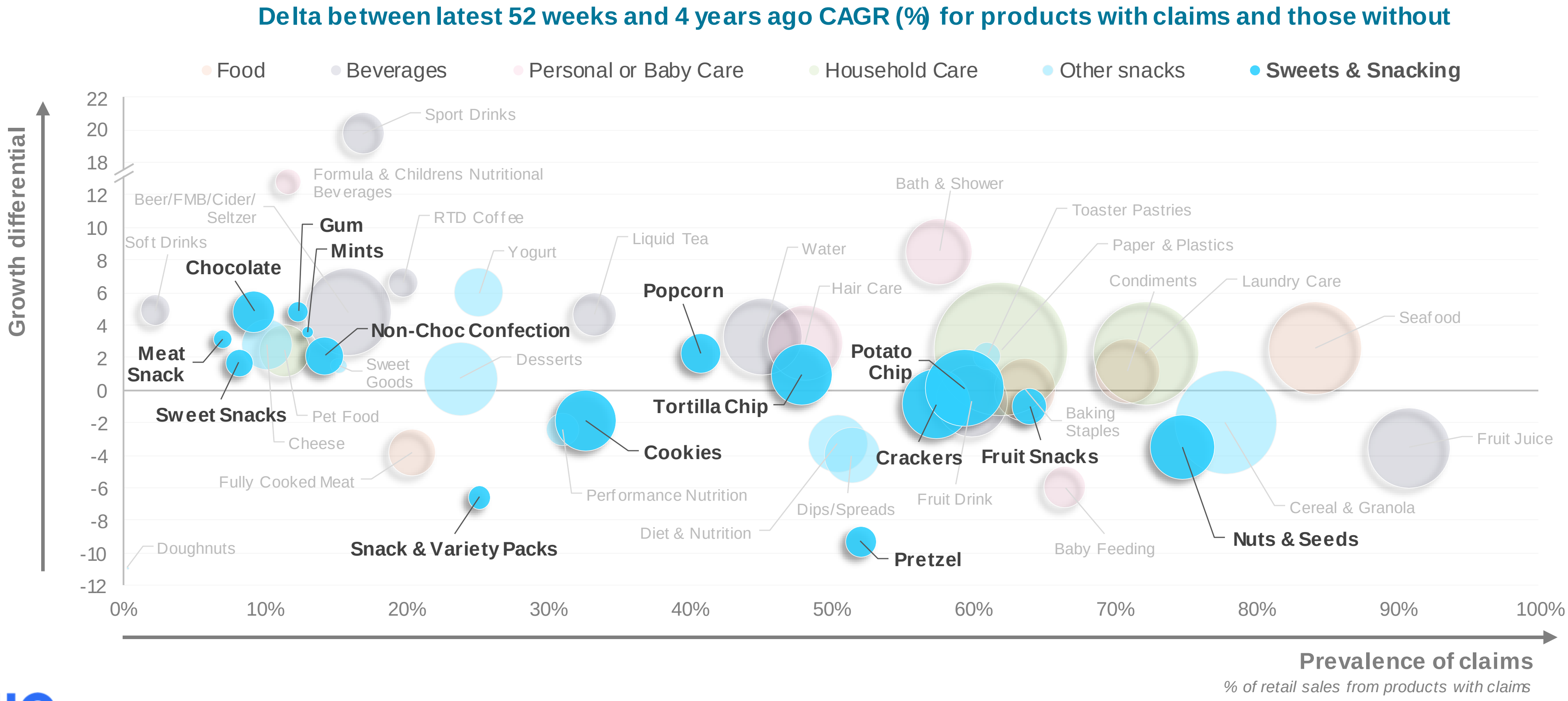
Retail Sales Growth Rate

CAGR Latest 52 weeks vs 4 years ago



Source: NielsenIQ Retail Measurement Services, NielsenIQ Product Insight, powered by Label Insight, Total US xAOC + Convenience; Total Food & Beverage; 52 weeks W/E 04/22/23 vs 4YA

Prevalence of claims vs growth shows *mixed bag* across snacking categories



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Bubble size denotes total sales of product with a sustainability claim

Source: NielsenIQ Retail Measurement Services, NielsenIQ Product Insight, powered by Label Insight, Total Store; Total US xAOC + Convenience; 52 weeks W/E 04/22/23 vs 4YA

Who is driving sustainability growth?

Private label and smaller challenger brands saw most frequent outsized growth for products with claims vs. larger brands

Claims are playing more of a differentiating role for established products than for new

Headroom abounds – even high prevalence claims offer upside for late adopters

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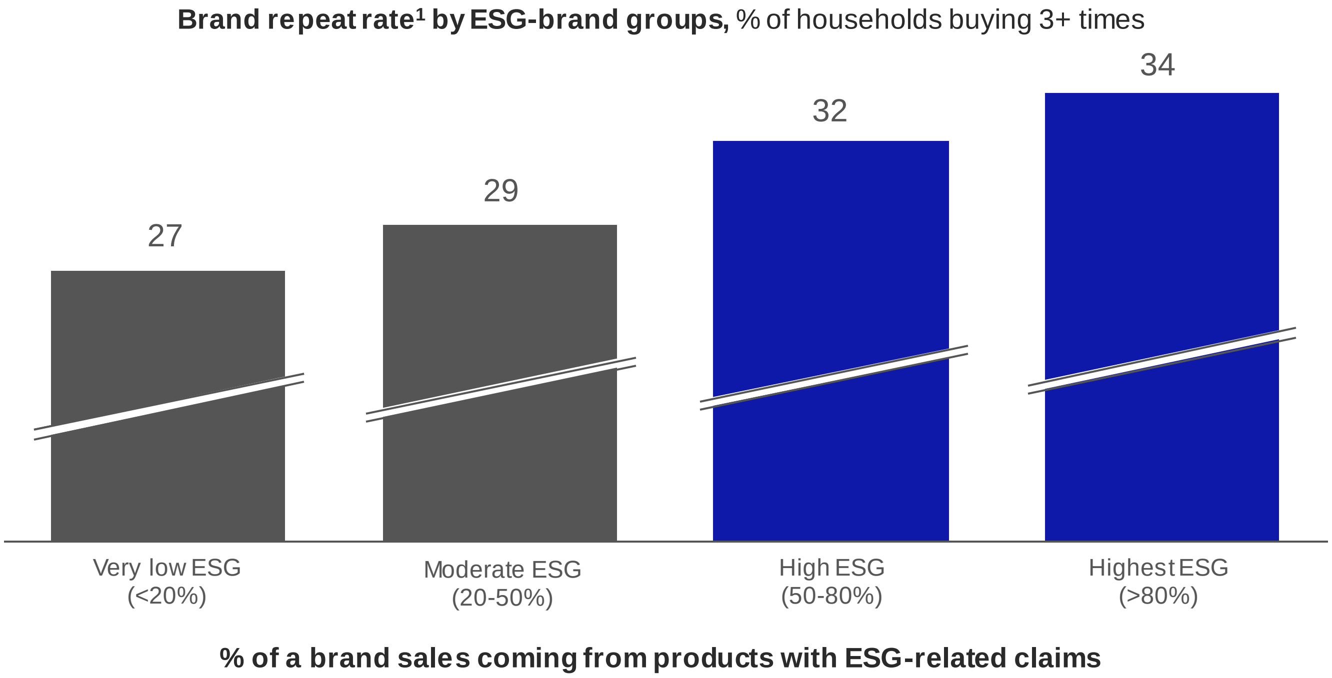
Sustainability drives loyalty



Brands with >50% of sales from products with ESG-related claims achieve repeat rates of up to 34%

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+2% differential CAGR for products with 40%+ prevalence over those without claims, +5% for products with 10-40% prevalence); Brands with a higher % of sales from products with claims enjoy greater loyalty (higher repeat rates)

There are no *'silver bullet'* claims that work universally

Claim performance differs significantly by category

Broader commitment **resonates with consumers.**

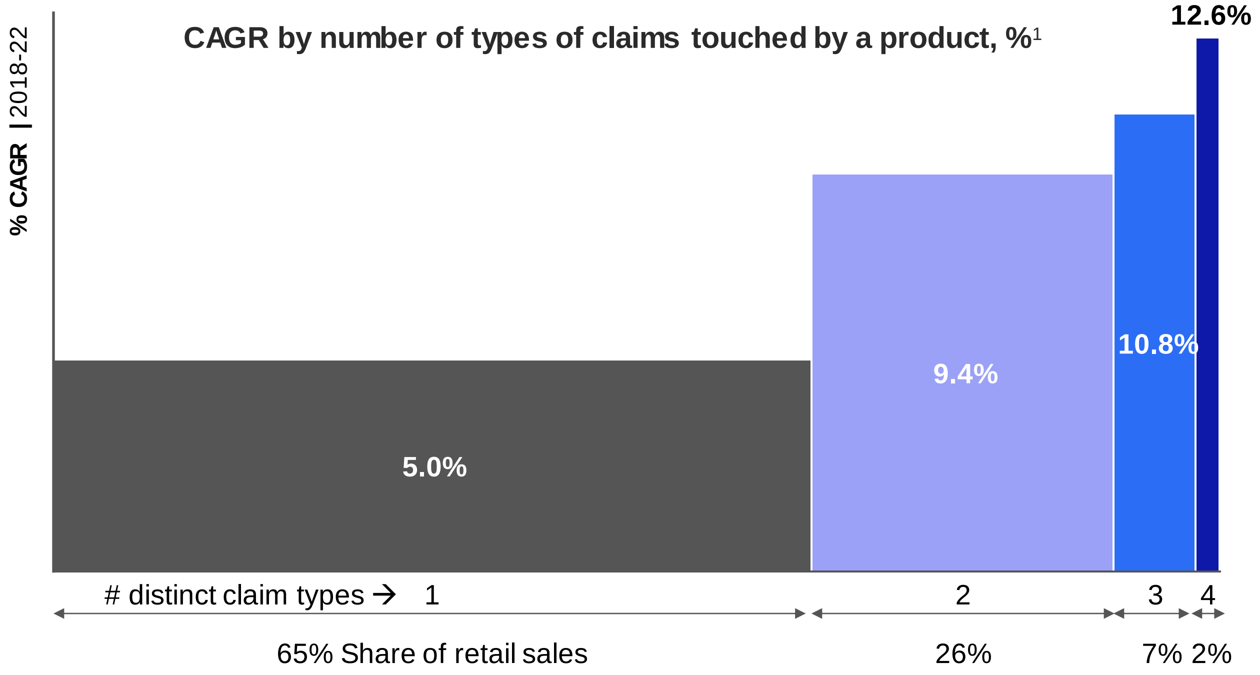
(claims from more than one attribute group)

However, *few products* move beyond a single type of claim

(65% of sustainable product sales associated with one type)

Products with more types of claims grow ~2x faster than those with only one type of claim

Few products move beyond one claim

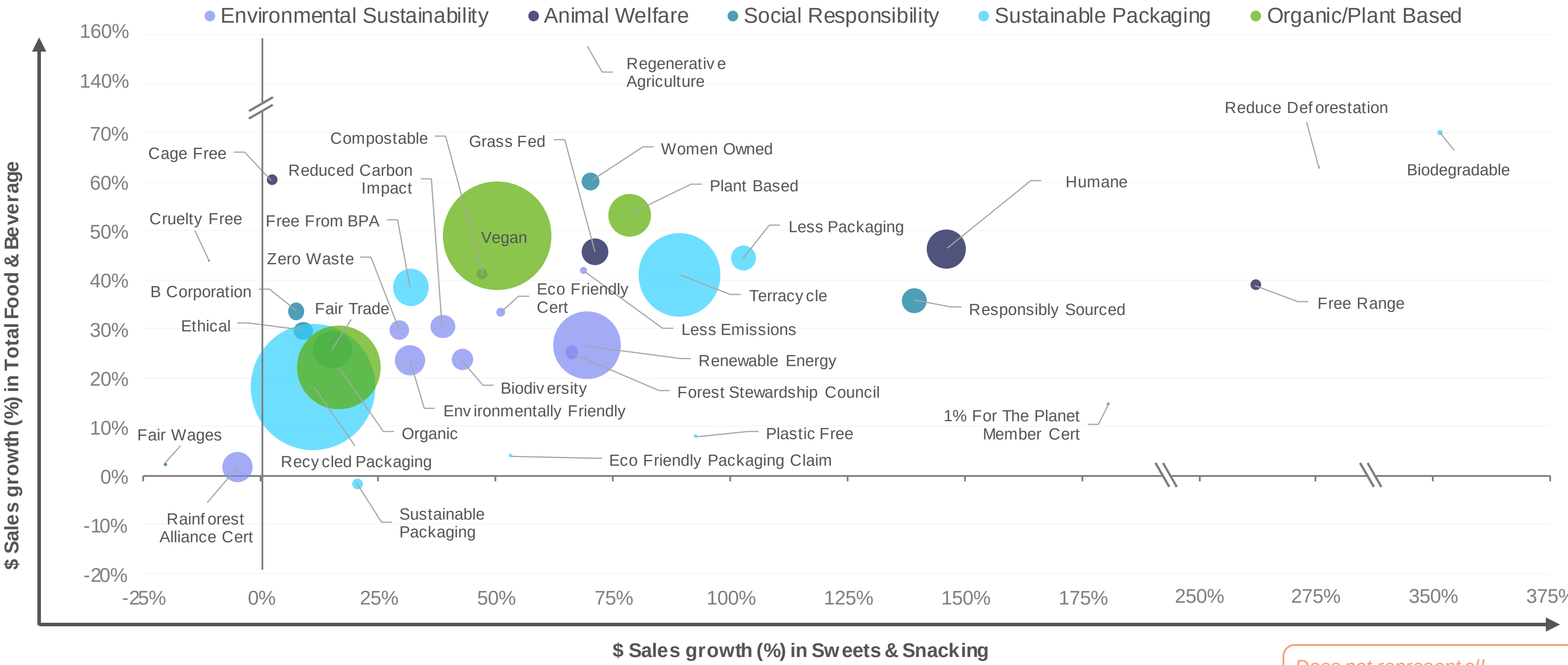


Stacking claims across pillars is associated with faster growth

- Animal welfare
- Environmental sustainability
- Social responsibility
- Sustainable packaging

1. 6 types of claims exist - 4, 5, and 6 type scenarios not included due to low sample size

Sweets and snacks compared to total food and beverage

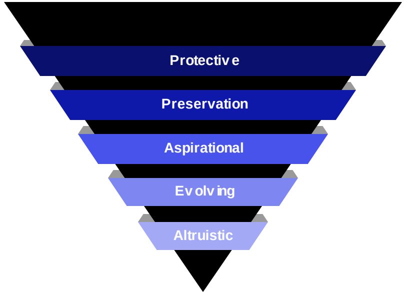


Does not represent all available sustainable attributes

Bubble size denotes total sales in Sweets & Snacking in L52 weeks. All attributes represent claims STATED on package unless indicated by an * symbol

Source: NielsenIQ Retail Measurement Services, NielsenIQ Product Insight, powered by Label Insight, Total Food & Beverage; Total US xAOC + Convenience; 52 weeks W/E 04/22/23 vs 3YA

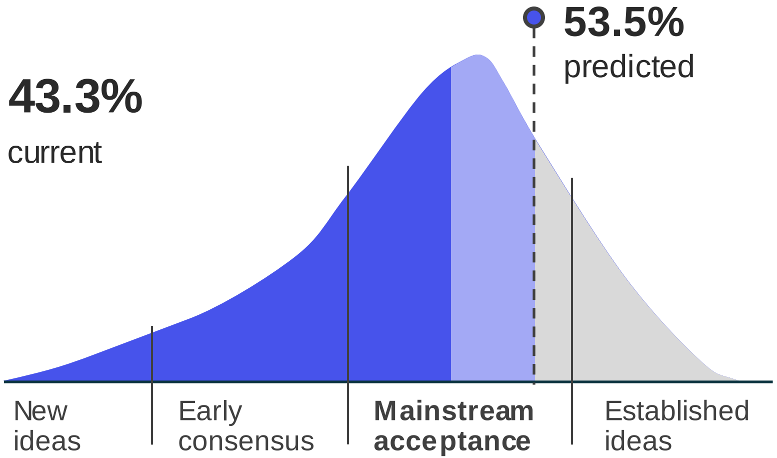
The evolving view of wellness and altruism



Micro-culture maturity curve

Health & Wellness in the context of "altruism"

Microculture	Key topics	Maturity
Aging with dignity	Senior care, small acts of service, community care	**50.6%**
Mental health advocacy	Mental wellbeing, de-stigmatizing, stressors	**44.4%**
Social bonds	Social health, interaction for health benefits	**41.2%**
Healthy eating for all	Nutritional diet, better eating for health of community	**37.0%**
Sustainable wellness	Sustainable lifestyle, support environment and own sense of wellness	**33.9%**

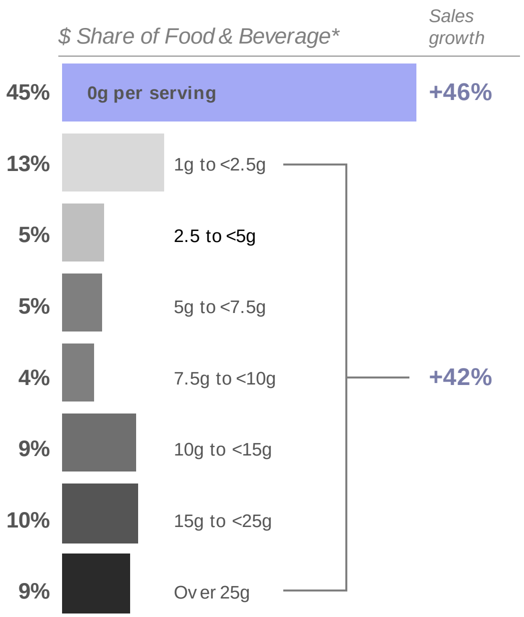


Source: MotivBase, a NielsenIQ Connected Partner

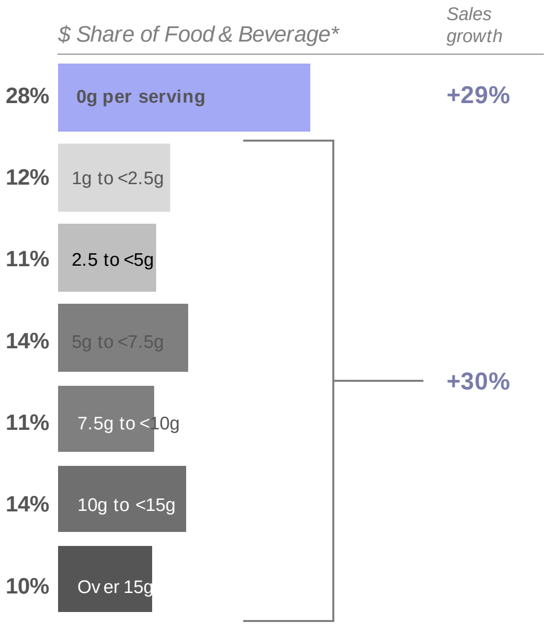
FDA proposed rule for term *"healthy"* on foods

First defined in 1994, there is currently no limit on added sugars

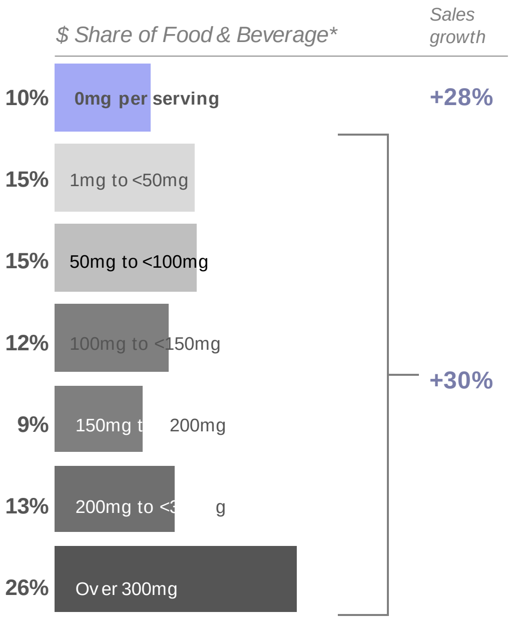
Added Sugar per serving



Total Fat per serving



Sodium per serving



Source: NielsenIQ Retail Measurement Services, NielsenIQ Product Insight, powered by Label Insight, Total Food & Beverage; Total US xAOC; 52 weeks W/E 12/03/22 vs 3YA

Top categories with high added sugars and high sodium

Total Food & Beverage

High added sugar per serving (>2.5g)	
Grocery	Beverages
Grocery	**Candy, Gum, Mints**
Frozen	Desserts
Grocery	Cereal and Granola
Grocery	**Cookies and Crackers**
Frozen	Prepared Foods
Grocery	**Sweet Snacks**
Dairy	Yogurt
Dairy	Creams and Non-Dairy Creamer
Grocery	Rolls and Buns
Dairy	Beverages
Grocery	Diet and Nutrition
Grocery	**Salty Snacks**
Grocery	Baking Mixes
Bakery	Desserts

High sodium per serving (>200g)	
Frozen	Prepared Foods
Grocery	Prepared Foods
Meat	Processed Meat
Grocery	**Salty Snacks**
Dairy	Cheese
Grocery	Sauce/ Gravy/ Marinade
Meat	Lunchmeat
Deli	Prepared Foods
Frozen	Fully Cooked Meat
Grocery	Cereal and Granola
Frozen	Seafood
Grocery	Beverages
Grocery	Bread
Grocery	**Cookies and Crackers**
Grocery	Vegetables

Sweets & Snacks

+37% vs 3YA

0g added sugar per serving*

+40% vs 3YA

Low sodium*

** Refers to Qualified attributes = derived from the ingredient label on package*

Source: NielsenIQ Retail Measurement Services, NielsenIQ Product Insight, powered by Label Insight, Total Food & Beverage; Total US xAOC; 52 weeks W/E 12/03/22 vs 3YA

Consumers *prioritizing* various claims when choosing food products

	Avoiding negatives – 67%	Minimal Processing – 48%	Positive Nutrition – 31%	Ethical Practices – 27%
18% and above	▪ Low sugar ▪ No added sugar ▪ No/low sodium ▪ No added hormones ▪ Low carb	▪ No artificial ingredients ▪ Natural ▪ No preservatives	▪ Whole grain ▪ High fiber ▪ Protein content	
Above 10%	▪ Raised without antibiotics ▪ Low calorie ▪ No/low fat ▪ Carb content ▪ Gluten free	▪ Not bioengineered/Non-GMO ▪ Certified organic ▪ No high fructose corn syrup	▪ Vitamin-enriched	▪ Grass-fed ▪ Free-range ▪ Cage-free ▪ Plant-based
Above 5%	▪ Lactose free ▪ No allergens		▪ Antioxidant-rich ▪ Calcium-fortified	▪ Certified humane ▪ Fair trade

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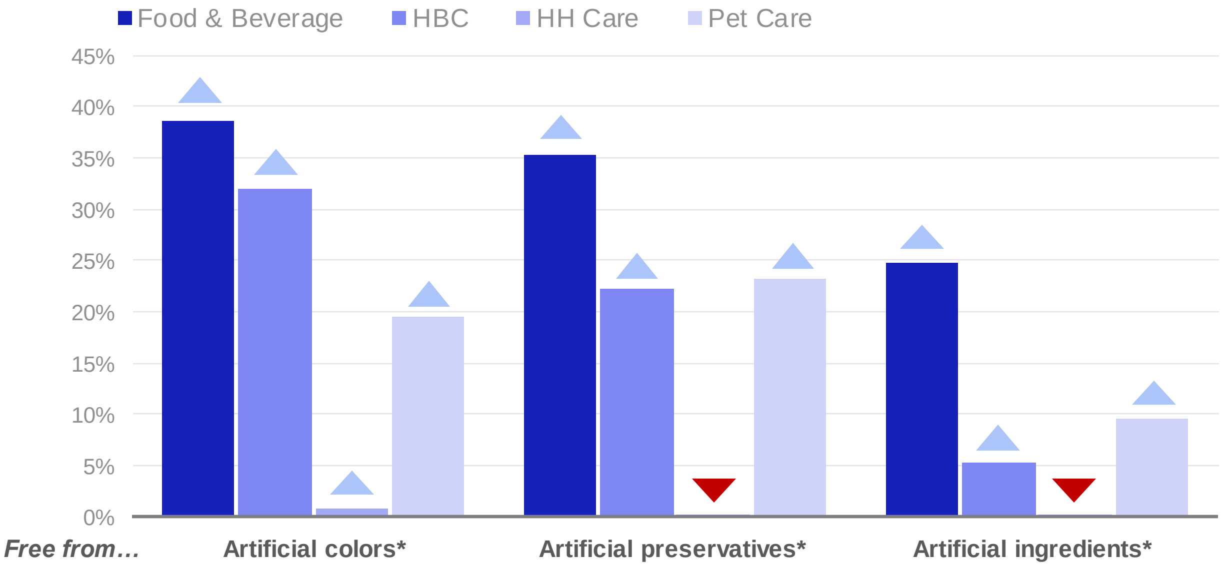
FMI/NIQ The Power of Plant-Based Foods and Beverages, 2022, highlighting indicates the sales growth of the attributes in the last 52 weeks is greater than the growth of total store sales

Continued growth of clean label across most of store

About a third of consumers regularly buy products with "clean ingredients"

Clean Label | Share of department & $ chg. vs 3YA



Sweets & Snacks

+31% vs 3YA

Free from artificial sweetener*

** Refers to Qualified attributes = derived from the ingredient label on package*

Source: NielsenIQ Retail Measurement Services, NielsenIQ Product Insight, powered by Label Insight, Total Store; Total US xAOC; 52 weeks W/E 12/31/22 vs 3YA
IFIC 2022 Food and Health Survey

Social responsibility = *wellness for all*

69%

Want retailer regulation for fresh and healthy food availability/affordability for all

64%

Will pay more for products supporting communities and vulnerable groups

67%

Companies have an obligation to ensure healthy products are less expensive than processed, unhealthy ones

+23%

Sales growth for socially-responsible products

+33% Food & Beverage | +34% Sweets & Snacks

Consumer evolving interest in sustainable and socially responsible products indicates *opportunities* for sweets and snacks; *critical to understand consumer and category* priorities.

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