

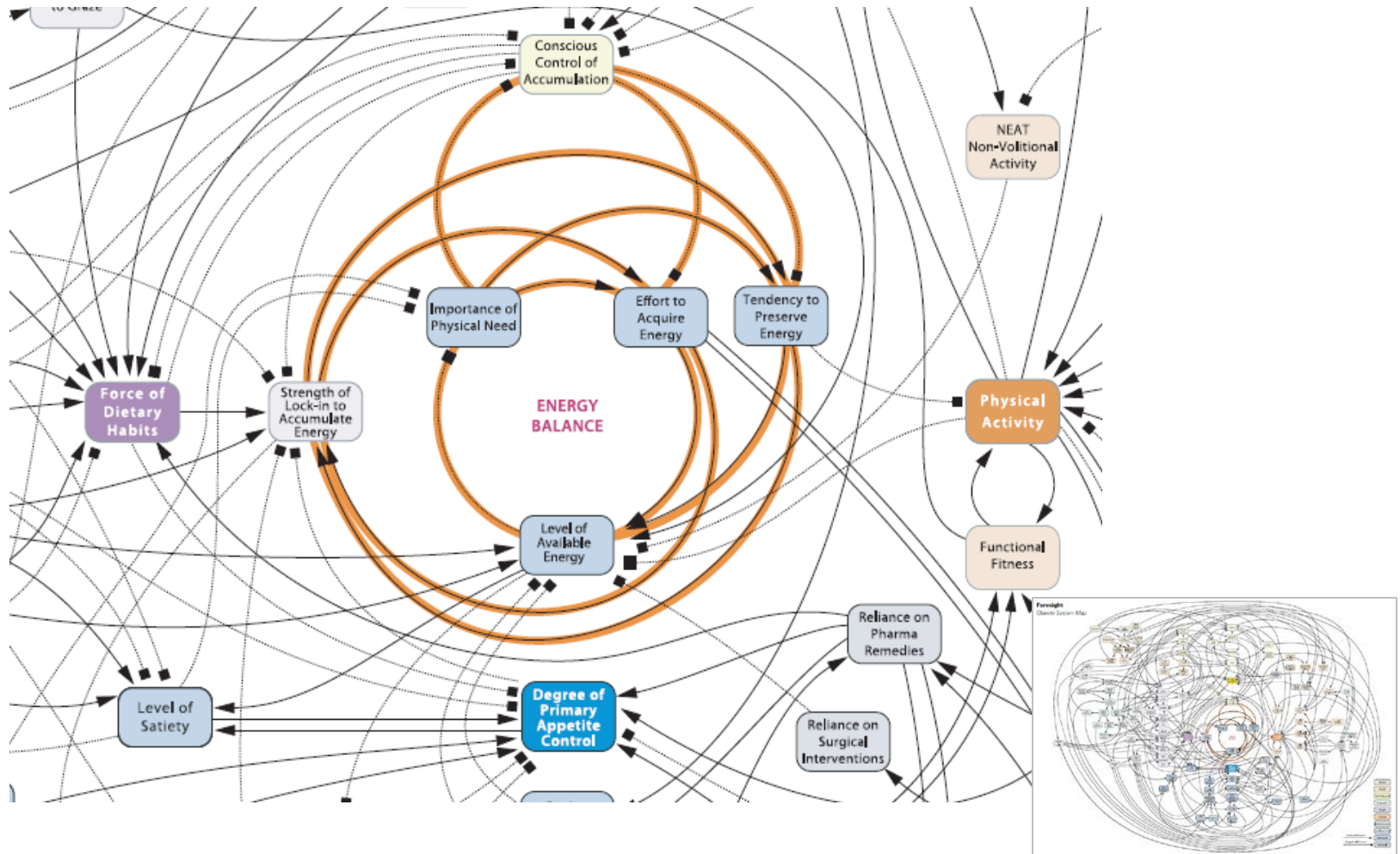


The role of business in multi-sector obesity solutions: Working together for positive change

Derek Yach, Chief Health Officer, Vitality
National Academy of Sciences, 12 April 2016



Obesity prevention and control is a shared responsibility between many sectors



True partnerships between food companies and governments remain elusive



“many of the risk factors for NCDs arise from the behaviors of multinational companies”

“who really governs the policies that shape our health? [...] governments mak[e] policies that are heavily influenced by corporate lobbies”

- Margaret Chan, Director General, World Health Organization


Food companies can and
have cut calories supplied to
the US population

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Over 6 trillion calories were cut from the US diet

The Healthy Weight Commitment Foundation Pledge

Calories Purchased by U.S. Households with Children, 2000–2012

[Shu Wen Ng](#), PhD, [Barry M. Popkin](#), PhD 

Department of Nutrition, University of North Carolina at Chapel Hill, Chapel Hill, North Carolina

Food and Beverage Companies Surpass 2015 Goal of Reducing Calories in the U.S. Three Years Ahead of Schedule

Healthy Weight Commitment Foundation Exceeds Goal of Reducing 1.5 Trillion Calories in the Marketplace

WASHINGTON, D.C. (May 30, 2013) – The Healthy Weight Commitment Foundation (HWCF) today announced that America's top food and beverage companies have exceeded their goal of reducing 1.5 trillion calories in the marketplace in the United States. This announcement comes three years after a 2010 commitment by the HWCF, and its 16 food and beverage corporate partners, to the First Lady's Partnership for a Healthier America (PHA) to reduce calories by 1.5 trillion by 2015.





Robert Wood Johnson Foundation

How We Work

Our Focus Areas

About RWJF



Healthy Food Access | An RWJF Collection

[View all items in this collection →](#)

Major Food, Beverage Companies Remove 6.4 Trillion Calories from U.S. Marketplace

Independent evaluation finds industry exceeded Healthy Weight Commitment Foundation pledge to remove 1.5 trillion calories by more than 400 percent.

January 9, 2014

Companies have reformulated beverages and foods to reduce sugar content



Low-calorie, low-sugar, no-sugar options developed

Smaller portion sizes introduced



Reduction of high calorie snacks and beverages in schools and convenience stores



Michelle Obama wants to cut junk food, sodas from schools

02/25/14 01:54 PM – UPDATED 02/25/14 03:22 PM

New School Health Rules Will Banish Soda Marketing, Too

by Venessa Wong
 venessawong

from **Bloomberg Businessweek**

Reprints



Fewer school districts promote junk food, soda

Mike Stobbe, Associated Press 5:06 p.m. EDT August 26, 2013

CONVENIENCE RETAILERS • A FRAMEWORK FOR COMMITMENTS

The **Partnership for a Healthier America (PHA)** is devoted to working with the private sector to make the healthy choice the easy choice in today's marketplace. To date, over 150 private sector partners across multiple industries have made a PHA commitment to do just that.

In the midst of increased consumer demand for fresher, healthier products, convenience store retailers have the opportunity to play a significant role in this national effort.

PHA is looking for innovative leaders in the industry to model positive changes that merit national attention. Affiliating with PHA through a meaningful commitment also brings a number of benefits, as PHA publically recognizes its partners and their commitment successes, connects business leaders and fellow partners, and offers access to in-house expertise.

When developing the basis of a commitment to PHA, we encourage potential partners to consider multiple strategies. The following are not intended to serve as a required list but rather a tool to help guide the commitment development process.

Increase Offering of Healthier Foods and Beverages

- Offer a minimum number of fresh fruits and vegetables, whole grain products, and nonfat/low-fat dairy products.
- Offer a minimum number of packaged products and made-to-order menu items that meet PHA's healthier food definition.
- Offer a minimum number of healthier combo meals.

Increase Affordability of Healthier Foods

- Implement a pricing strategy that ensures healthier foods and beverages are affordable to customers (e.g.: healthier items consistently priced the same as or less than less healthier foods).

Increase Marketing and Promotion of Healthier Products

- Display a minimum number of healthier products within three feet of cash registers.
- Display a minimum number of photos/displays/advertisements representing healthier foods and beverages on menu boards, electronic ordering systems, website and at the gas pump.
- Support signature campaigns **Drink Up & FNV**

Support Community and Employee Programs

- Offer outdoor bicycle racks for patrons.
- Provide a free piece of fruit daily to all employees working each day.

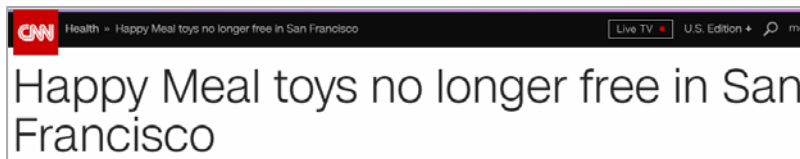


Marketing of unhealthy products to kids reduced



HUFFPOST SAN FRANCISCO

San Francisco Happy Meal Toy Ban Takes Effect



More nutrient-dense products introduced into portfolios



BUT government subsidies still are not aligned with nutrition goals!

R&D investment aimed at transforming to a healthier portfolio has been stepped up

PepsiCo Annual Report 2015

Research and development costs were \$754 million, \$718 million and \$665 million in 2015, 2014 and 2013, respectively, and are reported within selling, general and administrative expenses. Consumer research is excluded from such research and development costs and included in other marketing costs.



Nestle research center



Unilever research center

2015 ANNUAL REPORT 9

A first-of-its-kind hospitality venture, Kola House is a modern bar, lounge and event space honoring the craft and flavor of the cola nut. Its flagship location will open in 2016 in New York City's Meatpacking District, and the experience will be replicated at pop-culture events throughout the year.

Designing New Consumer Experiences

Investments to build industry-leading Design and Research & Development capabilities are resulting in new innovations that enable consumers to experience PepsiCo brands in entirely new ways.

Launched in Brazil, **Drinkfinity** is an innovative beverage system comprised of a portable, reusable vessel and a range of flavor pods. Consumers simply add water to create their own beverage. It connects with the growing desire for greater choice and personalization, and we are leveraging the technology in other parts of our business, including sports nutrition.

The PepsiCo Design team partnered with PepsiCo Foodservice to create **FIZZ**, a new brand experience that defines the future of soft drink mixology. The result is a playful celebration of bubbles with unexpected ingredient combinations — creating a fun, adventurous way for consumers to construct and deconstruct soda.

An innovation kitchen on wheels, **PepsiCo NSPIRE** features unique culinary recipes created by our top chefs, as well as customizable drinks made from our state-of-the-art fountain beverage dispenser, Pepsi Spire.

Adjacent company actions have moved the agenda on obesity



A Cash-Back Rebate Program for Healthy Food Purchases in South Africa
Results from Scanner Data

Roland Sturm, PhD, Ruopeng An, MPP, MPhil, Darren Segal, BSc, Deepak Patel, MD, MPhil

Eating Better for Less: A National Discount Program for Healthy Food Purchases in South Africa

Ruopeng An, MPP, MPhil; Deepak Patel, MD, MPhil; Darren Segal, BSc; Roland Sturm, PhD



Tesco bans sweets from checkouts in all stores

Move by retailer welcomed by health and parenting groups and backed, according to survey, by two-thirds of customers

When will US retailers follow?



VitalityHealth

Hot off the press! #JHRewardingLife places healthy food into life insurance programs

John Hancock

Vitality

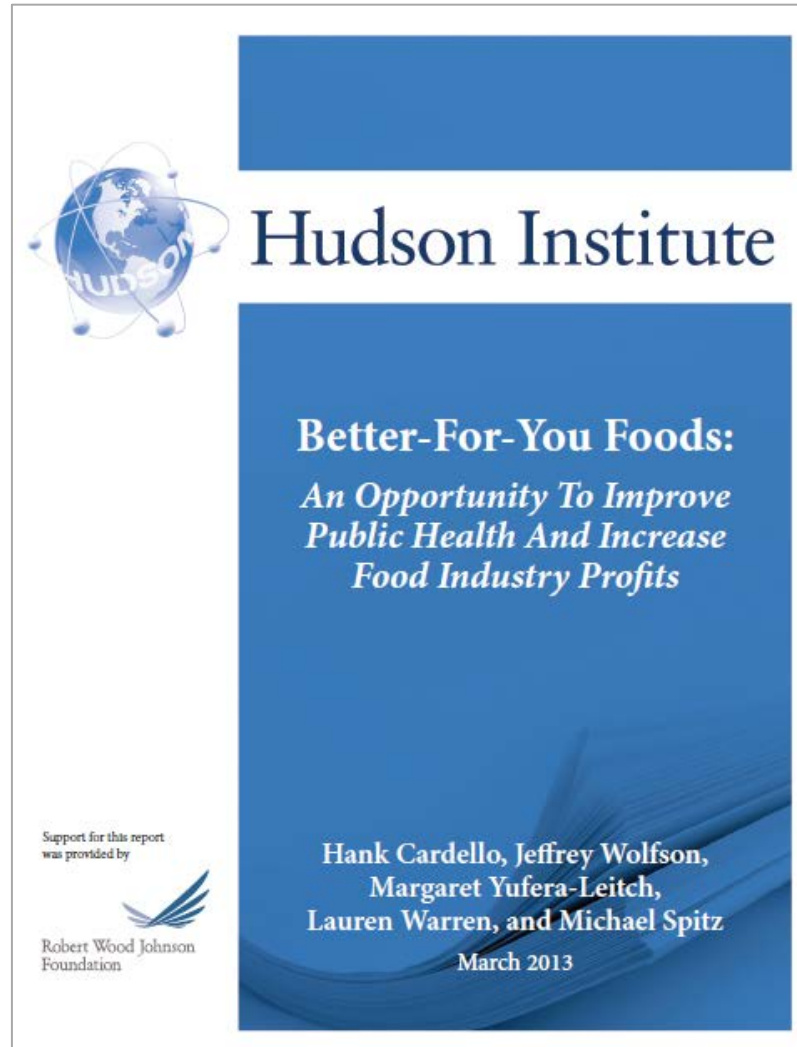
Grand Central Terminal HealthyFood launch 6 April 2016



External reinforcement helps

*Vitality*TM

Healthier products drive higher profits



Financial recognition of companies who contribute to reducing obesity



Thematic Investing
A Transforming World – Q1 2016 Primer Picks

Bank of America
Merrill Lynch

Thematic Investing
Equity | 04 March 2016

A Transforming World, Quarterly Primer Picks

As part of our work on [A Transforming World](#), we update our quarterly overview of Primer Picks (Buy-rated names with material exposure) across the following investment themes: Earth ([climate change](#), [energy efficiency](#), [food security](#), [waste](#), and [water](#)); Innovation ([cybersecurity](#), [robots & AI](#)) and People ([bottom billions](#), [education](#), [longevity](#), [millennials](#), [obesity and health](#), and [wellness safety & security](#)). Below we list a broad selection of names that we believe could benefit from being materially exposed to these themes. Our full list of Primer Picks is detailed in stand-alone sections, while performance data can be found in [Theme Watch](#).

Ageing, Longevity Revolution

Biogen (BIIB US): Alzheimer's drug pipeline; **Capital Senior Living** (CSL US): elderly residential communities; **Carnival** (CCL US/CCL LN): #1 global cruises; **Illumina** (ILMN US): life sciences, genomics; **Penumra** (PEN US): strokes, neurovascular co.; **Radius Health** (RHD US): osteoporosis drug

Bottom Billions, Moving on Up

America Movii (AMXL MM/AMX US): #1 full-service telco operator in LatAm; **Bancolombia** (PFB/COLO CB/CIB US): #1 financial institution in Colombia; **Credicorp** (BAP US): #1 Peru financial group; **Telesom SA** (TKG SJ): #1 South Africa fixed-broadband provider; **Unilever** (UNA NA/UN US): global FMCG leader, strong EM presence

Climate Change, A Call to Action

CPFL (CPFE3 BZ/CP US): 50%+ stake in CPFL Renováveis renewables co.; **Endesa** (ENDESA CH/EC US): Chile & LatAm hydro **NextEra Energy** (NEE US): wind, nuclear, solar; **NRG Yield** (NYLD/A US): yieldco of NRG Energy; **SolarCity** (SCTY US): solar financier & installer; **SunPower** (SPWR US): solar panels & electronics; **SunRun** (RUN US): finances, installs & services solar power arrays

Education, Stay in School

Ad Board (ABCO US): education analytics; **Bright Horizons** (BFAM US): #1 US childcare; **Grand Canyon** (LOPE US): US online post-secondary; **LinkedIn** (LNKD US): #1 professional social network; **Lynda** online learning

Energy Efficiency, The Efficient Frontier

ARM Holdings (ARM LN/ARMH US): low power chips; **BorgWarner** (BWA US): fuel efficiency, turbochargers; **General Electric** (GE US): automation, industrial internet; **Ingersoll-Rand** (IR US): residential HVAC; **Magna** (MGA US): lightweighting, next-gen engines; **Whirlpool** (WHR US): global leader in efficient appliances

Food Security, Feed the World

Archer Daniels (ADM US): ag. services company; **Agrim** (AGU US): leading Nam crop inputs retailer; **CF Industries** (CF US): #1 Nam nitrogen fertilizers; **Tractor Supply** (TSCO US): #1 US operator of farm/ranch stores

Millennials, Generation Next

Amazon (AMZN US): eCommerce, delivery drones, AWS; **Comcast** (CMCSA/K US): #1 US cable services; **Facebook** (FB US): social network; **GroHub** (GRUB US): #1 US online grocer; **Kate Spade** (KATE US): apparel/luxury co.; **Nexflix** (NFLX US): online video streaming; **Take-Two** (TTWO US): interactive gaming software, GTA series; **Urban Outfitters** (URBN US): unique private & third-party apparel

Obesity and Health & Wellness, Globesity

Fitbit (FIT US): fitness wearable; **Foot Locker** (FL US): athletic footwear/apparel retailer; **Hain Celestial** (HAIN US): leading natural & organic manufacturer; **Kroger** (KR US): #2 US food retailer, natural & organic; **Novo Nordisk** (NOVOB D/NOVO US): #1 insulin & diabetes care; **Planet Fitness** (PLNT US): leading, high quality gym; **Yohimbin** (YOH US): organic & plant-based dairy products

Robots & AI, Robot Revolution

Alphabet (GOOGL US): #1 search engine enabled by AI, autonomous cars; **Delphi** (DLPH US): software for autonomous cars; **Inuitive Surgical** (ISRG US): #1 robotic surgery; **NVIDIA** (NVDA US): high-performance graphic chips for driverless cars; **Sensata** (ST US): #1 sensors & controls for autos

Safety & Security, Safer World

Allegion (ALLE US): security lock products; **Barracuda** (CUDA US): content security; **Check Point** (CHKP US US): network security; **Fortinet** (FTNT US): pioneer in UTM security solutions; **MPG** (MPG US): auto chassis & suspension; **NXP** (NXPI US): next-gen semis; **Palo Alto Networks** (PANW US): leading next-gen firewall vendor; **Raytheon** (RTN US): homeland cyber; **Thermo Fisher** (TMO US): #1 life sciences

Waste, No Time to Waste; & Water, Blue Revolution

American Water Works (AWK US): #1 fixed US water co.; **Danaher** (DHR US): water TIC, disinfection systems; **Ecolab** (ECL US): water services; **Nucor** (NUE US): #1 Nam scrap recycler; **Republic Services** (RSG US): #2 US non-hazardous co.

United States
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A Transforming World

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What motivates consumer demand-especially among millennials-is shifting to health!

EQUITY RESEARCH



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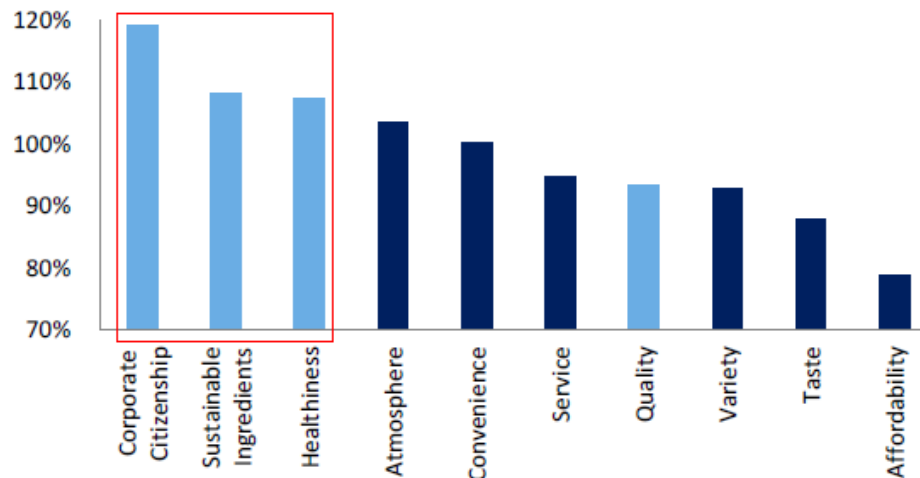
Restaurants

Why consumers eat where they do...and what it means for McDonald's

Curious about the sales drivers in today's restaurants: A year ago, our study of Millennials showed that high income Millennials had—over the previous five years—been walking away from restaurants in spite of rising median incomes. This was the troubling reality for many mature restaurant segments with the exception of fast casual chains like Chipotle, and gourmet coffee chains like Starbucks. But those conclusions by demographic cohorts left us knowing who, but wondering more about why. In addition, we have begun to see the fading growth of some fast casual chains (e.g., Noodles) while there has been remarkable strength among a variety of regional “protein-forward” burger and chicken chains (e.g., Chick-fil-A, Culvers, Jack in the Box, and Sonic). Why have these chains along with some national chains such as Burger King found strength while McDonald's has struggled?

Eighteen of the twenty-three purchasing drivers that over-index to Millennials such as “uses organic ingredients” and “helps with weight management” fall under corporate citizenship, sustainable ingredients, or healthiness

Exhibit 6: Relative factor importance (Millennials vs. total population)

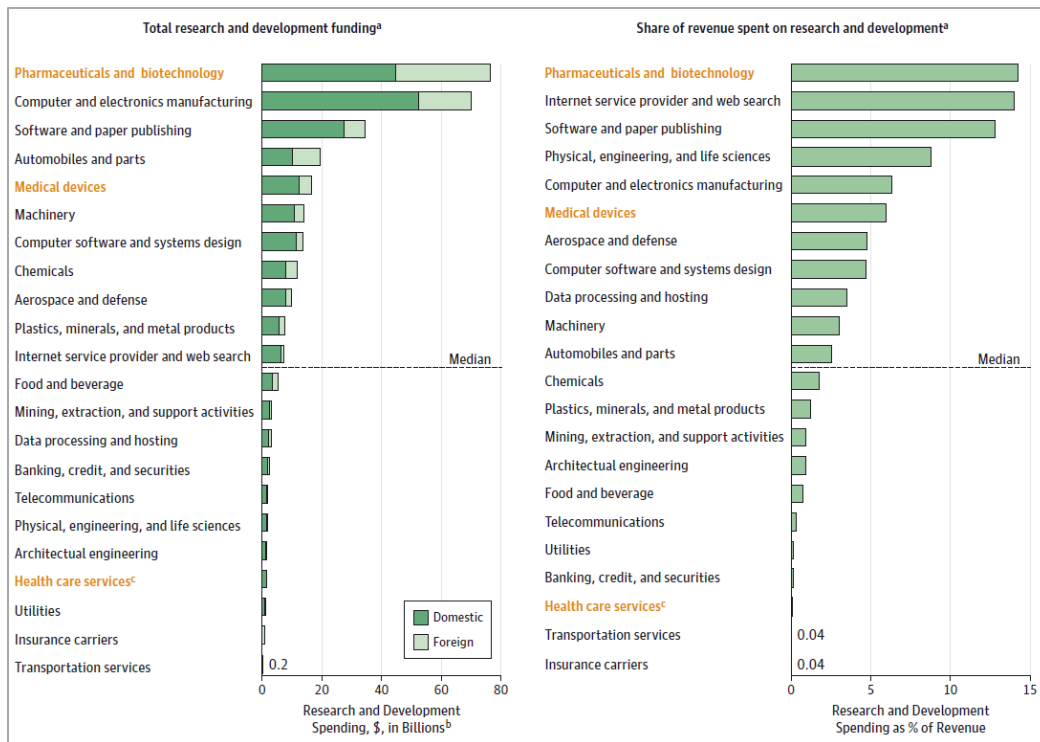


For every industry action,
complementary government
action could accelerate change

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NIH research into nutrition science should be stepped up to address pre-competitive needs of companies (see also David Ludwig: JAMA April 04, 2016)

R&D investment ranking of industrial sectors among US-based companies, 2011



National Institutes of Health Funding for Behavioral Interventions to Prevent Chronic Diseases

Chris Calitz, MPP, Keshia M. Pollack, PhD, Chris Millard, MPP, Derek Yach, MBChB

Chronic non-communicable diseases (NCDs) cause the majority of premature deaths, disability, and healthcare expenditures in the U.S. Six largely modifiable risk behaviors and factors (tobacco use, poor nutrition, physical inactivity, alcohol abuse, drug abuse, and poor mental health) account for more than 50% of premature mortality and considerably more morbidity and disability. The IOM proposed that population burden of disease and preventability should be major determinants of the amount of research funding provided by the U.S. NIH. Data on NIH prevention funding between fiscal years 2010 and 2012 for human behavioral interventions that target the modifiable risk factors of NCDs were analyzed during 2013–2014. The NIH prevention portfolio comprises approximately 37% human behavioral studies and 63% basic biomedical, genetic, and animal studies. Approximately 65% of studies were secondary prevention versus 23% for primary prevention, and 71% of studies intervened at the individual and family levels. Diet and exercise were the most studied risk factors (41%), and few studies conducted economic analyses (12%). NIH spends an estimated \$2.2–\$2.6 billion annually (7%–9% of the total of \$30 billion) on human behavioral interventions to prevent NCDs. Although NIH prevention funding broadly aligns with the current burden of disease, overall funding remains low compared to funding for treatment, which suggests funding misalignment with the preventability of chronic diseases.

(Am J Prev Med 2014;48:100–108) © 2014 American Journal of Preventive Medicine. This is an open access article under the CC BY-NC-ND license (<http://creativecommons.org/licenses/by-nc-nd/3.0/>).

Introduction

The burden of largely preventable non-communicable chronic diseases (NCDs) in the U.S. is responsible for a disproportionate share of mortality, morbidity, and healthcare costs. Annually, seven of ten deaths are due to NCDs, and treating people with chronic conditions currently accounts for approximately 84% of annual healthcare expenditures (\$2.7 trillion in 2011, or 17.9% of U.S. gross domestic product).^{1–7} Medical costs are driven by NCDs at all ages, yet 67% of healthcare dollars are spent on treating NCDs among working adults aged <65 years.⁸ The U.S. Burden of Disease study⁹ showed that adult men and women increased their life expectancy between 1990 and 2010; however, despite these gains there has been a faster

increase in years lived with disability. Five modifiable risk behaviors—tobacco use, poor diet, physical inactivity, alcohol abuse, and drug abuse—are responsible for the majority of deaths and premature mortality in the U.S.^{6–9} Increasing rates of mental health disorders are also contributing toward greater disability, for which there are few successful interventions.¹⁰ These risk factors also contribute substantially to the observed disparities in life expectancy and mortality rates between population groups.^{11–13} The U.S. has the largest per capita healthcare expenditures of all other industrialized nations, yet it consistently ranks near the bottom in preventable health outcomes compared with other high-income countries.¹⁴ Furthermore, national healthcare costs are heavily skewed toward prescription drugs, medical devices, and clinical services, with public health and prevention activities accounting for only 3% of annual spending.⁵

The IOM proposed that population burden of disease and preventability should be major determinants of priorities for public health interventions and the amount of research funding provided by the NIH.^{15,16} Four barriers related to health research and development result in significant missed opportunities to improve

From the American Heart Association (Calitz); Department of Health Policy and Management (Pollack); Bloomberg School of Public Health, Johns Hopkins University (Millard); Baltimore, Maryland, and the Vagelos Institute (Yach); the Vagelos Group LLC, New York, New York.
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Am J Prev Med 2014;48:100–108 1

Large scale government campaigns need to advocate for reduced salt, increased fruits & vegetables, whole grains

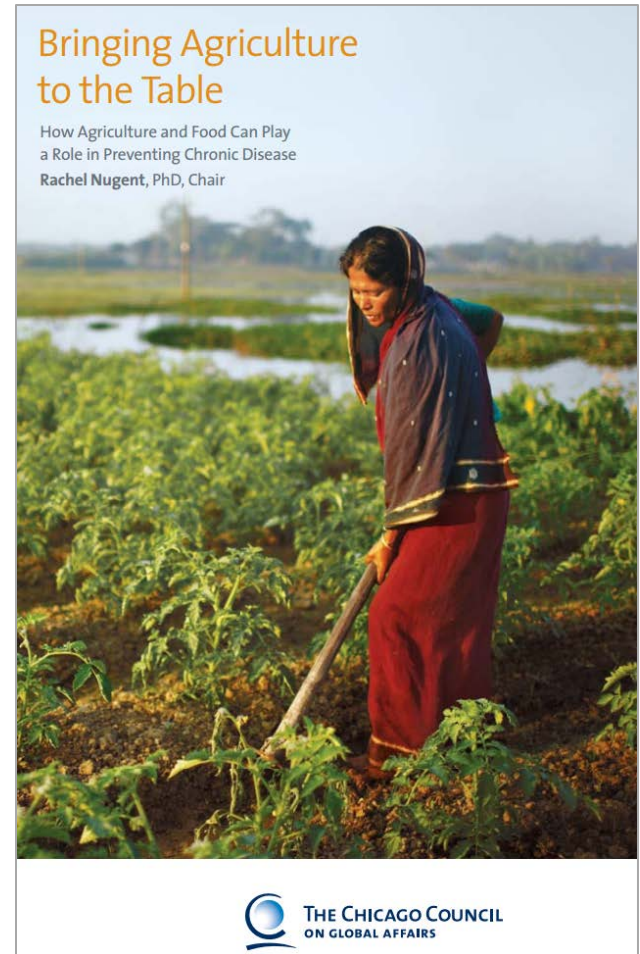


Eat well Move more Live longer



Subsidies should encourage agriculture to support healthier crop production and better nutrition

- Change the subsidies that make healthy food innovation more expensive
- Some needed areas of focus
 - Less support for grains that mainly keep livestock prices low
 - More support for fruit and vegetable production



Concerted positive advocacy for the power of partnerships building on current leaders' actions could accelerate change!



Public-private partnerships unite public and private faces

Thank You

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