

March 2010



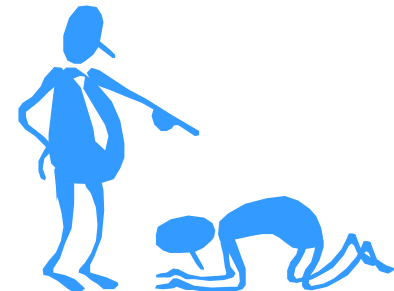
LEGISLATION IMPACTING ON KEY MARKET DRIVERS

Legislation impacting on key market drivers



- Forces of legislation – key points to note
- Impact of recent legislation on innovation
- Trends and likely scenarios
 - Natural
 - Sustainable
 - Nutrition, Health and Wellness
 - “Free-from”
 - Assuring safe food

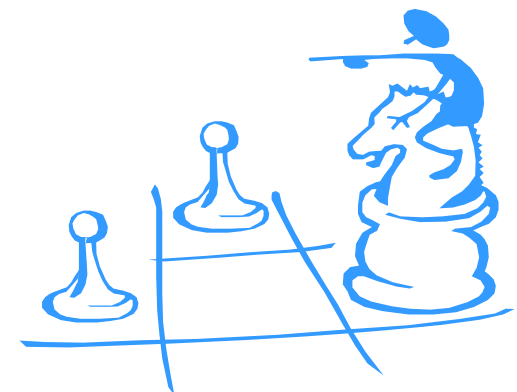
- Regulations – now the political playthings for governments
- Increasingly ‘consumer power’ = decisions made
- Political point scoring
- Health factors influence – rising obesity and diabetes levels



- Manufacturing and retail industries carry the brunt
- Seemingly decreasing influence on the agenda
- Portrayed as the “bad boys”
- Media – TV and journals sensationalise issues

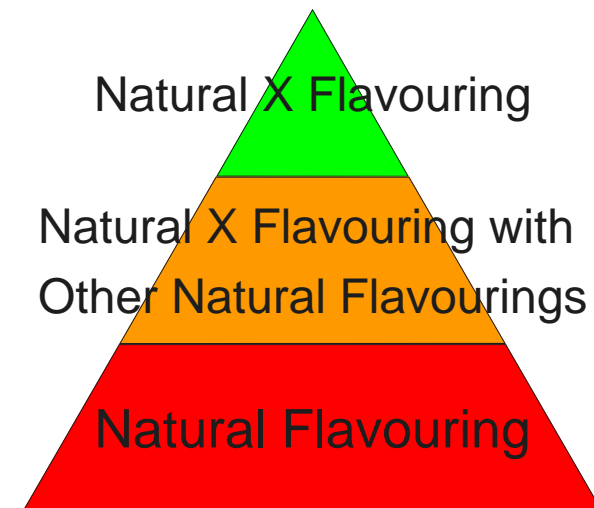


- ‘Southampton Study’
- Resultant legislative impact on EU industry
- Move to remove ‘Southampton Study’ colours before deadline for “warning on pack”
- Extended by a large number of manufacturers and retailers to all artificial colours



- Colouring foodstuffs
 - Response to ‘Southampton Study’ and move to more “natural”
 - Suppliers redefining colours
- OUTCOME: Retrospective action by the EU to ‘close’ the loop

- Flavourings
 - Desired declaration of “natural” (N.B. ‘Food Improvement Agents Package’ applies from 20 January 2011)
 - Innovation now being focussed on natural flavourings
 - Suppliers redefining their businesses to meet the new trend



- Media noise growing on sustainability of supply chain

The food industry is killing Orang-utans!

- Carbon footprinting

The food industry is killing the planet!

- Reduction of packaging

The food industry is irresponsible in its approach to landfill issues!

- Sustainability
 - Increasingly improvements and ideas for this are being led by industry

For example,
Mars and Nestle
commitment to using only
Certified Sustainable
Palm Oil by 2015

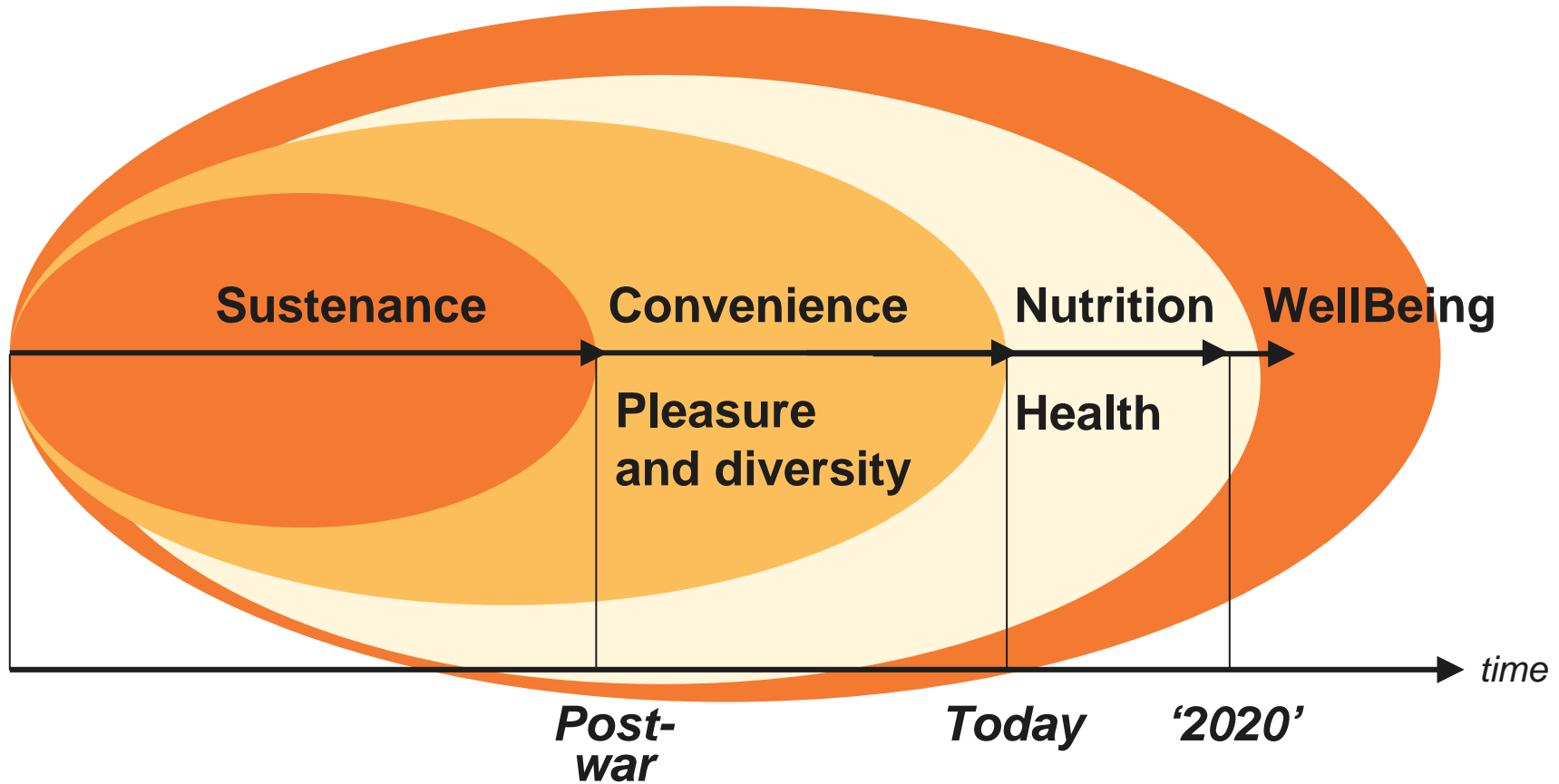


- Carbon footprinting
 - It is industry that is stepping forward with consumer information
- Packaging
 - Industry, through the Courtauld agreement, is consistently and actively reducing packaging



- Proposed EU Food Information Regulation
 - Country of Origin
 - *Maintain status quo?*
 - *Provide on unprocessed foods and single-ingredient foods, meat and fish in products?*
 - *Provide for primary ingredient in meat and dairy products?*
 - *Provide both (last) country of origin and country of production?*

Trends – Nutrition, Health and Wellness

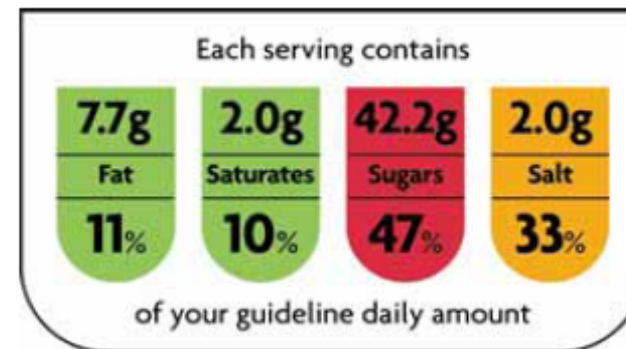
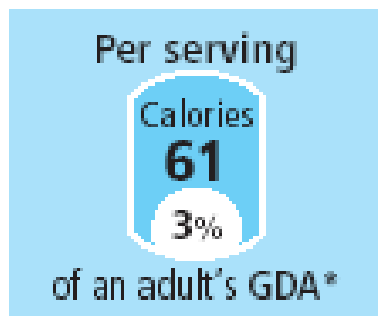


- EU Nutrition and Health Claims Regulation
 - Changes to list of permitted nutrition claims
 - Establishing Community list of permitted health claims – enhanced level of science required by EFSA
 - Introduction of “nutrient profiles”
(to be published in next 3 months)

Question – Is this piecemeal approach acceptable?

- Government requests to Industry
 - Reducing salt
 - Reducing saturated fat
 - Reducing portion size
 - Reducing ... sugar?
- Influence on industry is to reduce key nutrients of major health concern to enable claims and promote consumer choice

- Proposed EU Food Information Regulation
 - Mandatory nutrition labelling
 - Exemption for food in packaging where largest surface area is greater than 25 sq cm
 - Front-of-pack labelling schemes



And speaking of labelling...

- Proposed EU Food Information Regulation specifies a minimum font size of 1.2 mm
 - 0.9 mm for food in packaging where largest surface area is less than 50 sq cm



- Composition and Labelling of Foods for People Intolerant to Gluten
 - Gluten-free (<20ppm):
PARNUTs and ‘normal foodstuffs’
 - Very low gluten (<100ppm)
PARNUTs

Question – Does this result in choice for gluten-intolerant individuals?

- Incidents
 - Milk was the major undeclared allergen in 2007 and 2008 (2009 figures will be published in May), though declined by 32%
 - There were 11 incidents of milk in dark chocolate



Trends – Assuring Food Safety



- Increasing awareness of contaminants and undesirable substances amongst legislators
 - Ever increasing scrutiny
- More pressure on industry to improve perceived issues
- Even when the effect is not really understood ...yet
- Industry has to monitor everything from acrylamide to (methyl)glyoxal



In closing...



- Industry needs to accept that the external influences will continue to grow
- Legislation is increasingly being built on consumer pressure, the media and political game plans
- Science is still important but does not always win
- Industry has to be fleet of foot to stay in touch with change and use its place at the table of debate in an effective way

In closing...

- But it's not all bad
- It keeps us gainfully employed!
- Thanks for listening.

