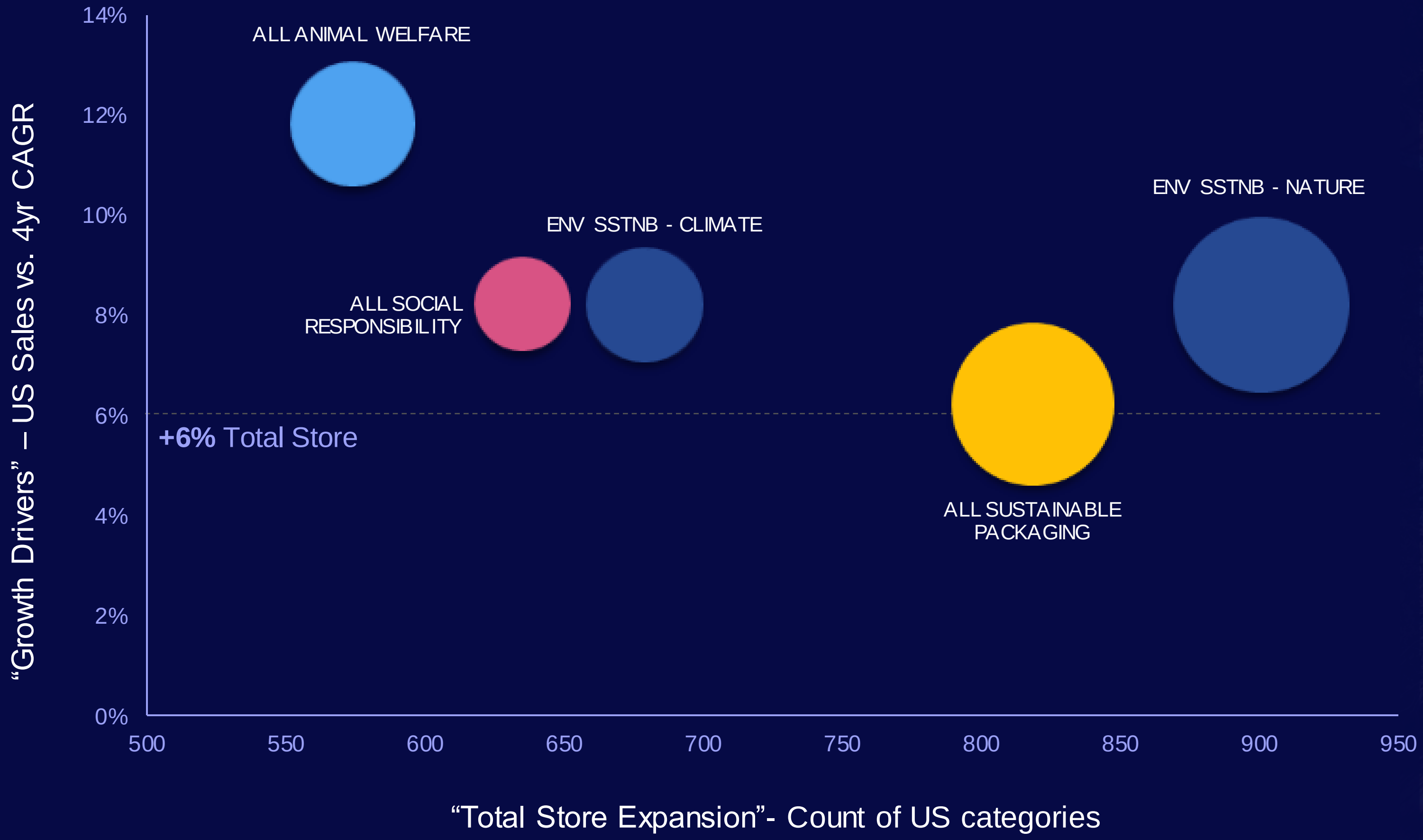
Climate Collaborative Community of Practice

Sherry Frey, VP Total Wellness
Sherry.frey@nielseniq.com

Sustainability outpacing store growth



+248

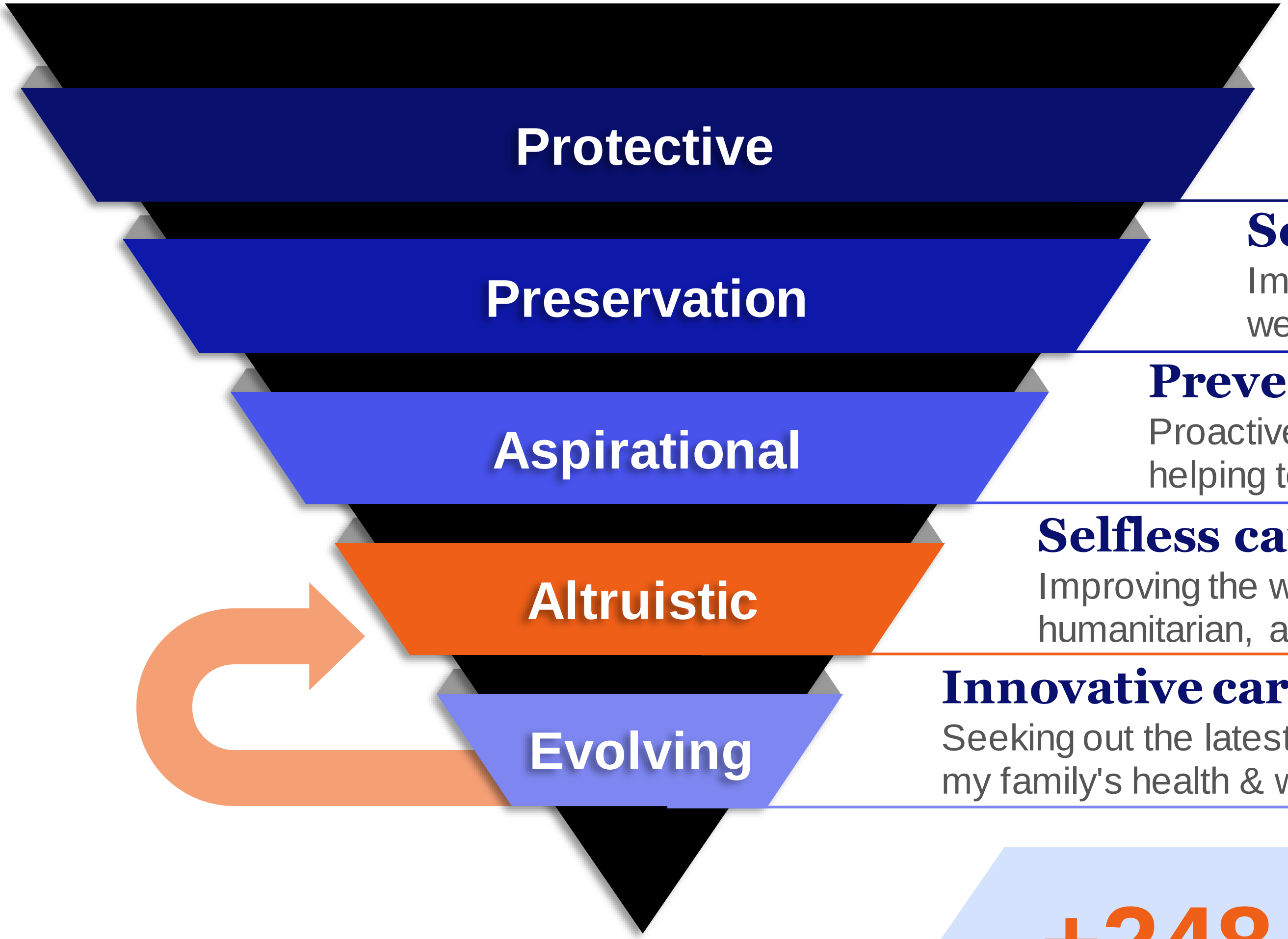
basis points

More growth in products with claims on ***environmental***, ***sustainable packaging***, ***animal welfare***, ***social responsibility*** than on products without over the last four years

Bubble size denotes total sales in L52 week All attributes represent claims STATED on package unless indicated by an * symbol
Source: NIQ, Retail Measurement Services, NIQ Product Insight, powered by Label Insight, Total US xAOC; Total Store; # of Categories selling, 4-yr CAGR ($); 52 weeks ending December 30, 2023

NIQ

Consumers increasingly connecting personal health with health of the planet and others



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**

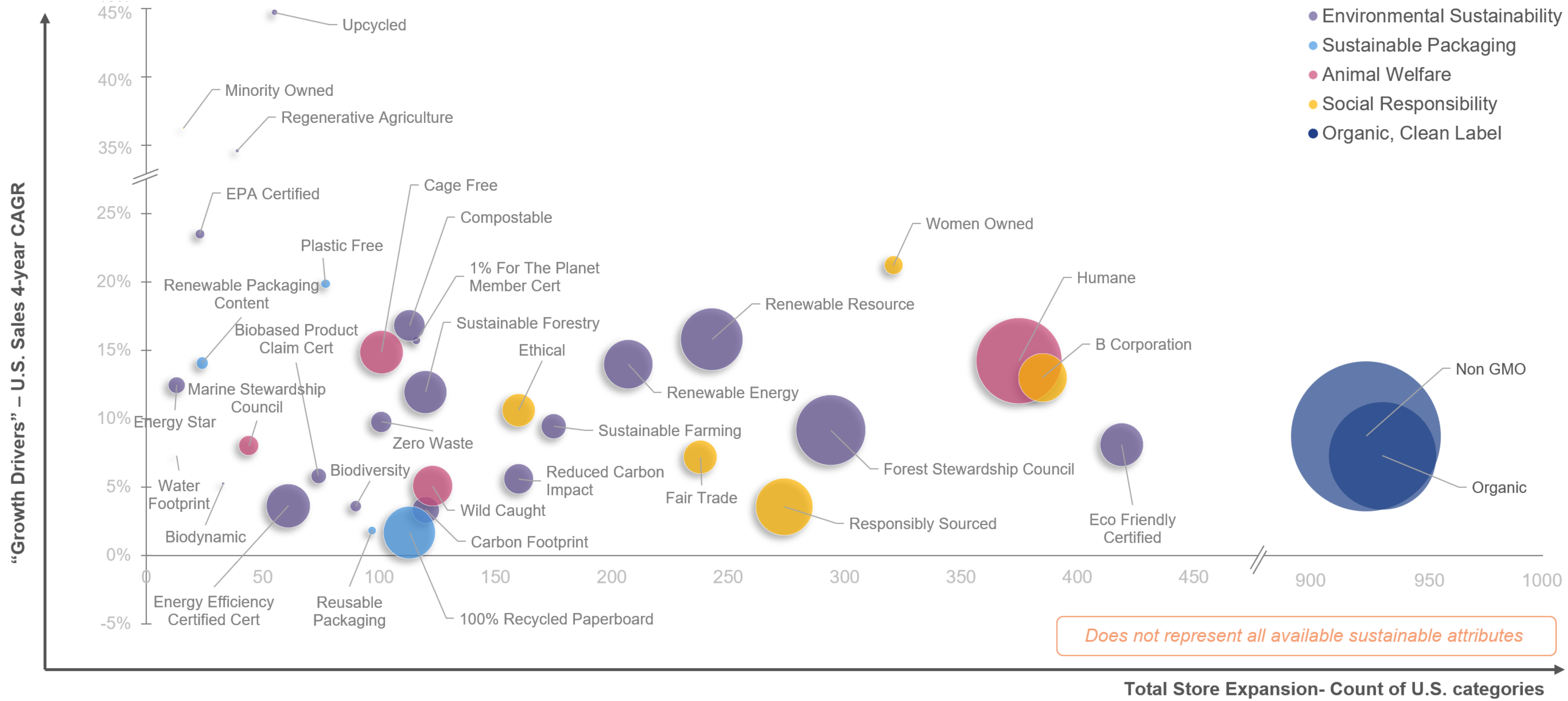
Selfless care
Improving the world around me by advocating for environmental, ethical, humanitarian, and/or philanthropic causes

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

+248
basis points

More growth in products with claims on ***environmental***, ***sustainable packaging***, ***animal welfare***, ***social responsibility*** than on products without over the last four years

Sustainability claims continue to grow across the store

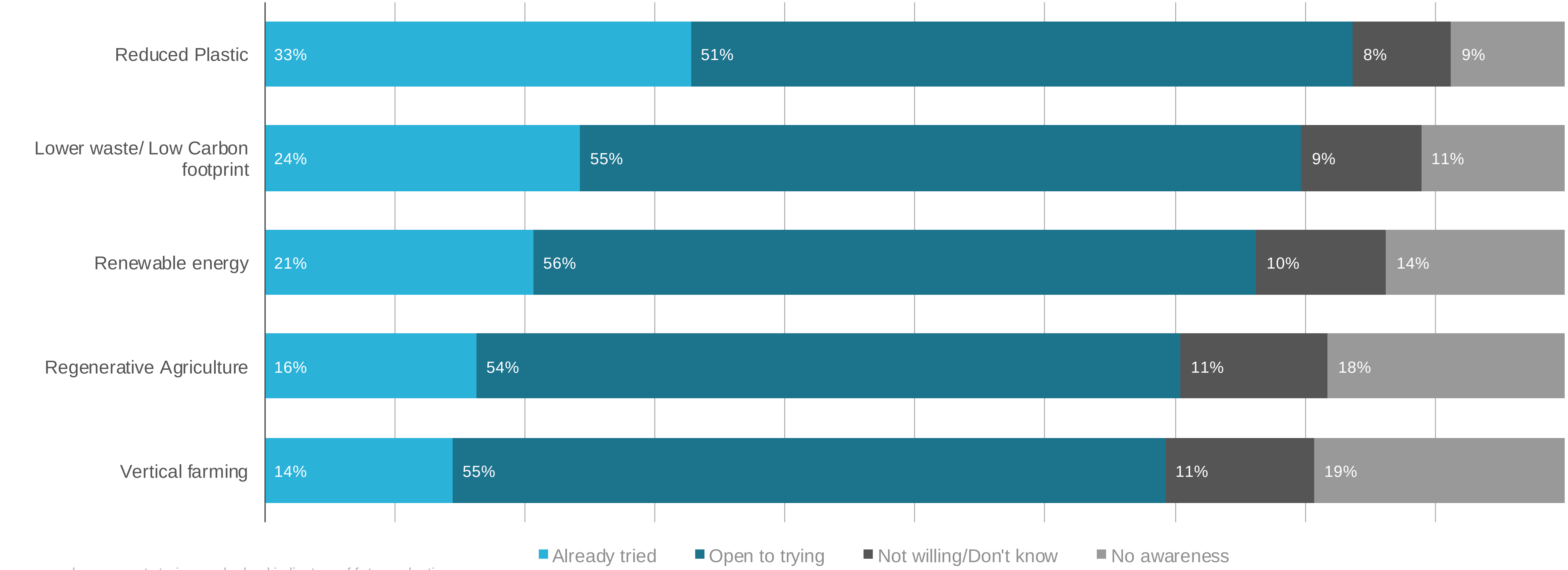


Bubble size denotes total sales in L52 week All attributes represent claims STATED on package unless indicated by an * symbol

Source: NIQ Retail Measurement Services, NIQ Product Insight—powered by Label Insight, Total US xAOC ; Total Store; Count of categories, 4-year $ CAGR; 52 weeks ending January 27, 2024

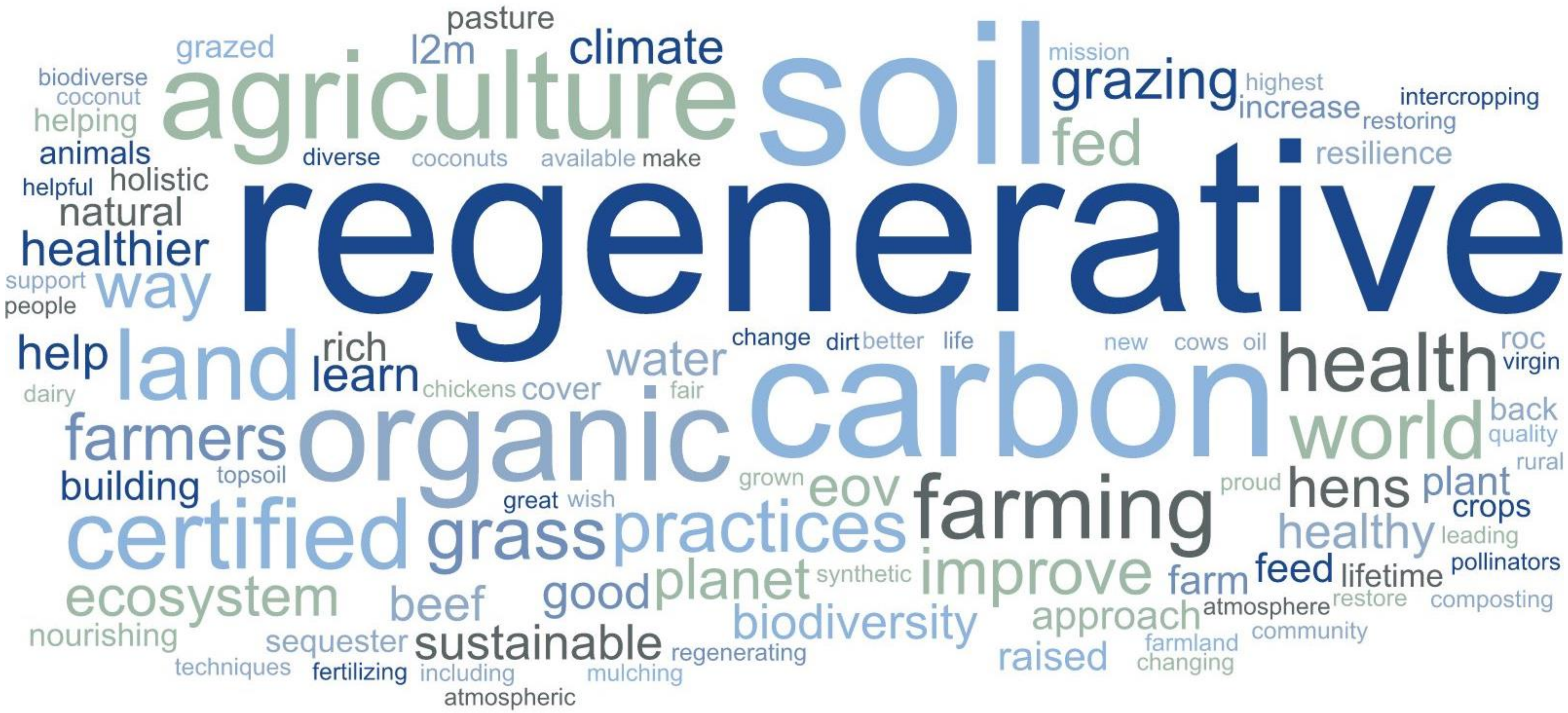
Consumers are open to sustainability innovations, including regenerative agriculture

Willingness to trial new innovations



Awareness and openness to trying can be lead indicators of future adoption
Source: NielsenIQ Leading Edge Report
Q. Please select what best describes your awareness and willingness to trial about this innovation

How brands are talking about regenerative agriculture



Source: Top regenerative brands in sales, on pack and w eb site messaging

NIQ

Consumer engagement with sustainability varies

	34% Skeptics	14% Idealists	22% Minimalists	11% Healthy 'me' & 'planet'	19% Evangelists
	Low awareness and priority	*Passionate but struggle to put into practice*	*Basic awareness of sustainability but no strong motivation*	*Embrace importance with a focus on health and take some action*	*"Walk the talk"*
Say How important is sustainability?	●○○○○○○○○○	●●●●●●●●○○	●●●○○○○○○○	●●●●●●●○○○	●●●●●●●●○○
Do What actions do they take?	●●●○○○○○○○	●●●●○○○○○○	●●●●●●○○○○	●●●●●●○○○○	●●●●●●●●●●
Meaning What sustainability means to them	*Low association to any aspect*	*Better conditions for farmers* *Giving back to society* *Support of minorities*	*Reduced pollution*	*Almost all aspects from planet to people*	*All aspects from planet to people*

34%
Skeptics

14%
Idealists

22%
Minimalists

11%
Healthy ‘me’ & ‘Planet’

19%
Evangelists

What *claims* resonate?

***Sustainable packaging*, *responsibly sourced* and *zero waste* are more universally regarded but specific claims resonate for key cohorts that will drive brand engagement**

Skeptics: *Little attention at all*

Idealists: *Little attention but more focus on*

- *Sustainably transported*
- *Responsibly sourced*

Minimalists: *Little attention with exception of*

- *Sustainable packaging*

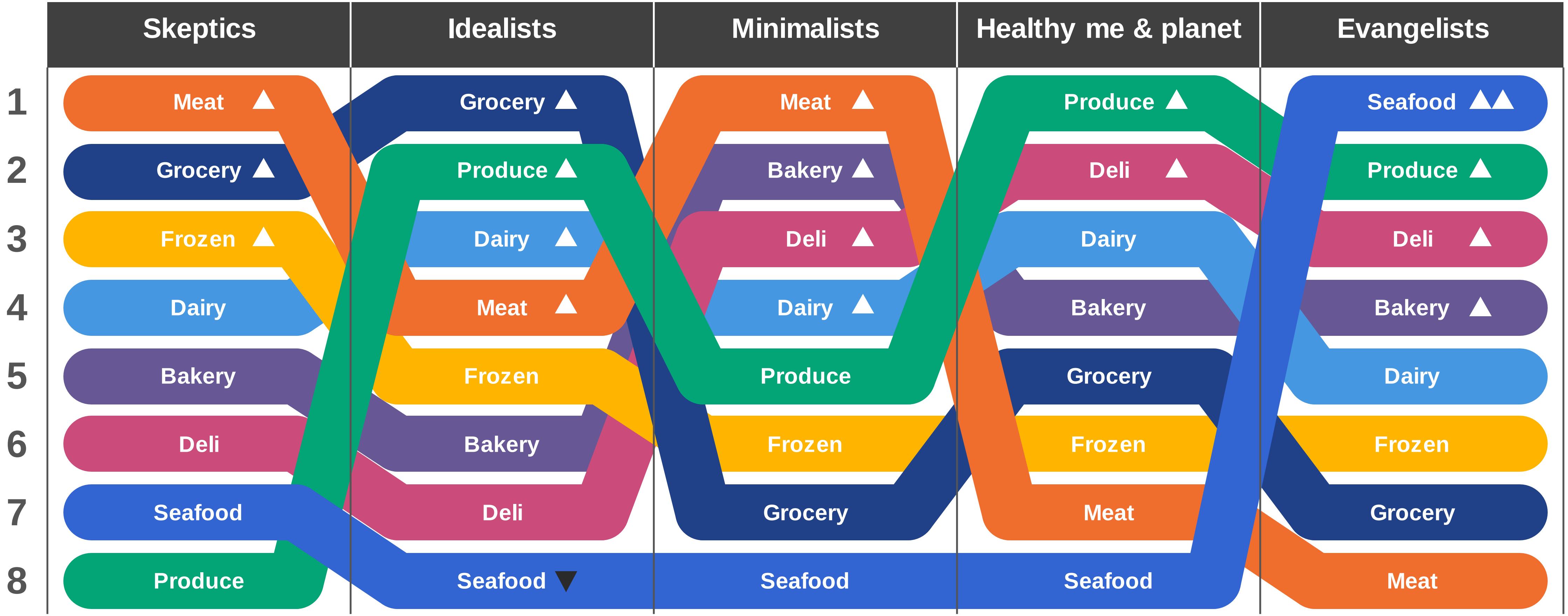
Healthy ‘me’ & ‘Planet’: *Less importance than evangelists but stronger focus on generic claims*

- *Eco friendly*
- *Green*
- *Certified*
- *Biodegradable*

Evangelists: *Looks at full gambit of claims but eps.*

- *Social responsibility*
- *Following ESG*
- *Plant based options*

Green Divide segments prioritize differently across the store



△ = Indicates where segments index higher than expected

▼ = Indicates where segments index lower than expected

Index = Segments’ share of total sales compared to Total Panel

Source: NielsenIQ Homescan Panel; Total U.S., All Outlets; NIQ Green Divide segmentations; 52 weeks W/E 06/03/23

Planetary Health and Wellness Are Priorities for All Consumers

	34% Skeptics	14% Idealists	22% Minimalists	11% Healthy 'me' & 'planet'	19% Evangelists	Total variation from index
Sustainable packaging	98	105	100	103	100	10
Environmental sustainability	98	102	99	103	102	10
Natural	98	109	100	102	101	14
Clean Label	94	103	100	104	106	19
Social responsibility	86	102	97	111	119	68
*NIQ Better For™	80	114	94	116	126	82
Plant based	82	122	87	125	128	106
Organic	70	134	90	125	138	137
Regenerative agriculture	69	LS	76	153	146	154

Most mainstream

Least mainstream

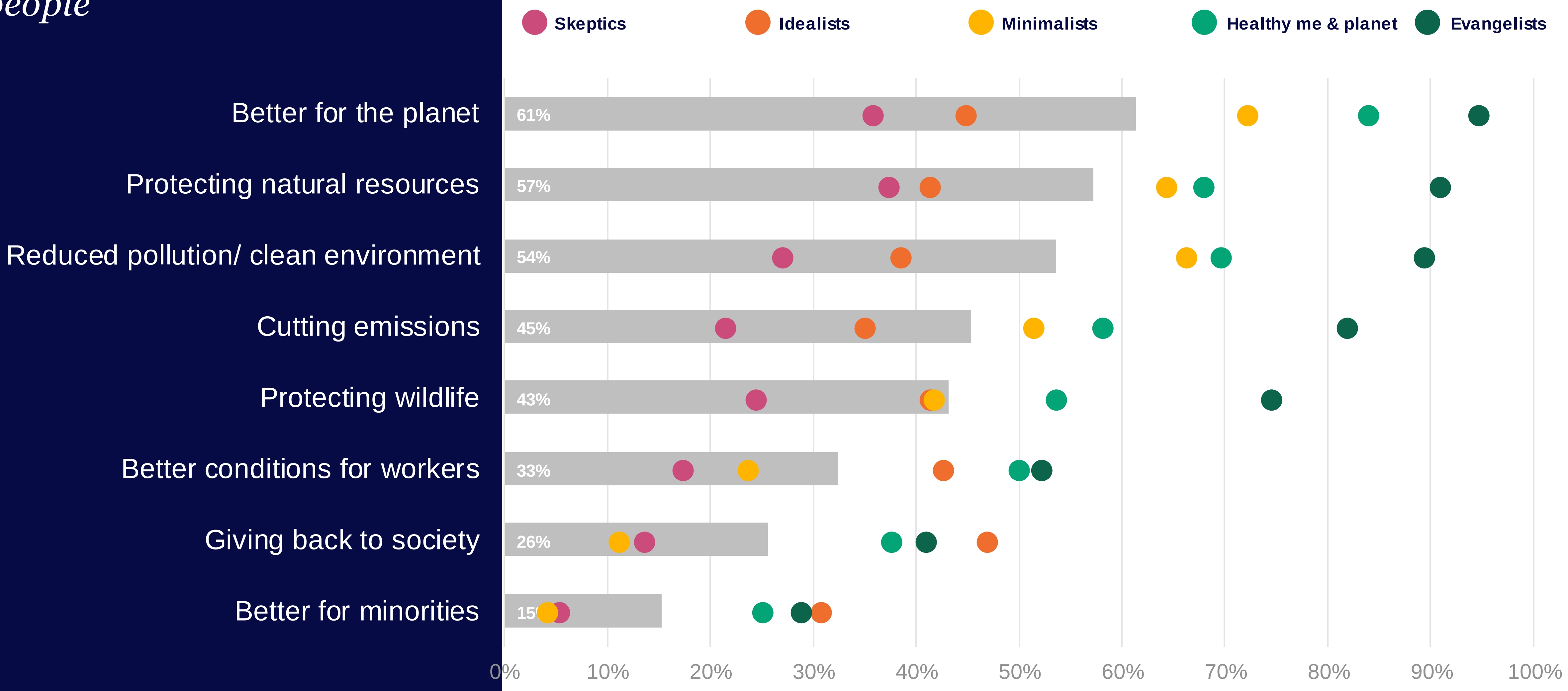
Index of Dollar Purchases | 100 = average

Variation calculated as sum of differences between dollar index and buyer group indexes
Source: NIQ Homescan Panel, NIQ Product Insight, powered by Label Insight, Total US; All Outlets; Total Store, *NIQ Better For Segment™ coded for Food & Beverage only; Share of Total Store Index to Total Panel; 52 weeks ending February 17, 2024

NIQ

Sustainability means *different things to different people*

But understanding different emotional connections will enable more targeted communication



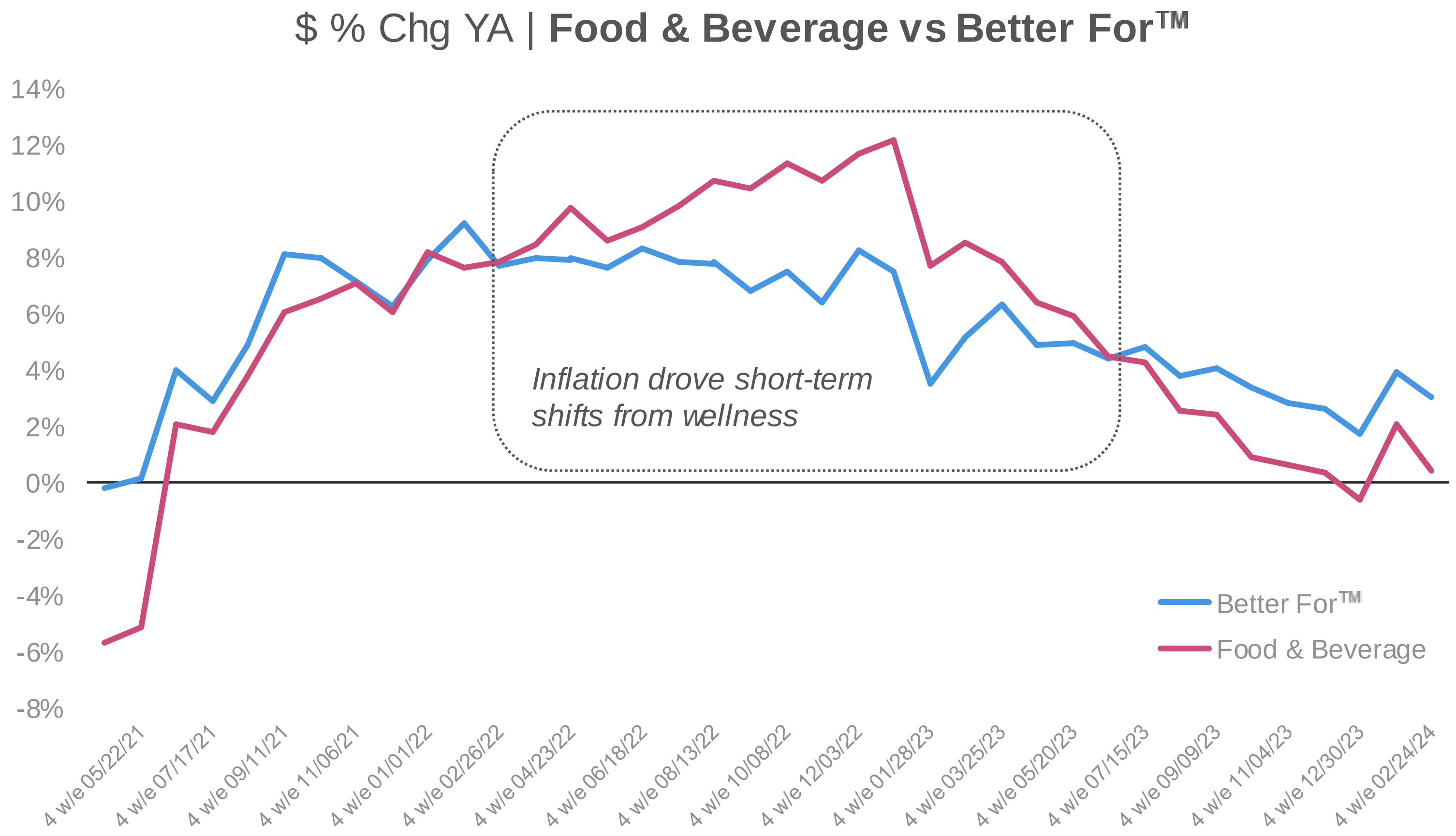
Source: NIQ 2023 Sustainability Report – Q, Sustainability means different things to different people. In this list, what does it mean for you?
Grey bar looks at the global average of consumer responses and each dot represents different consumer segment response
The closer the dots are together, the greater consensus; the further apart indicates nuanced attitudes to specific groups

NIQ

* small base

NIQ *Better For™...*

Inflation impacted Better For™ trends in the past year, trend is shifting back

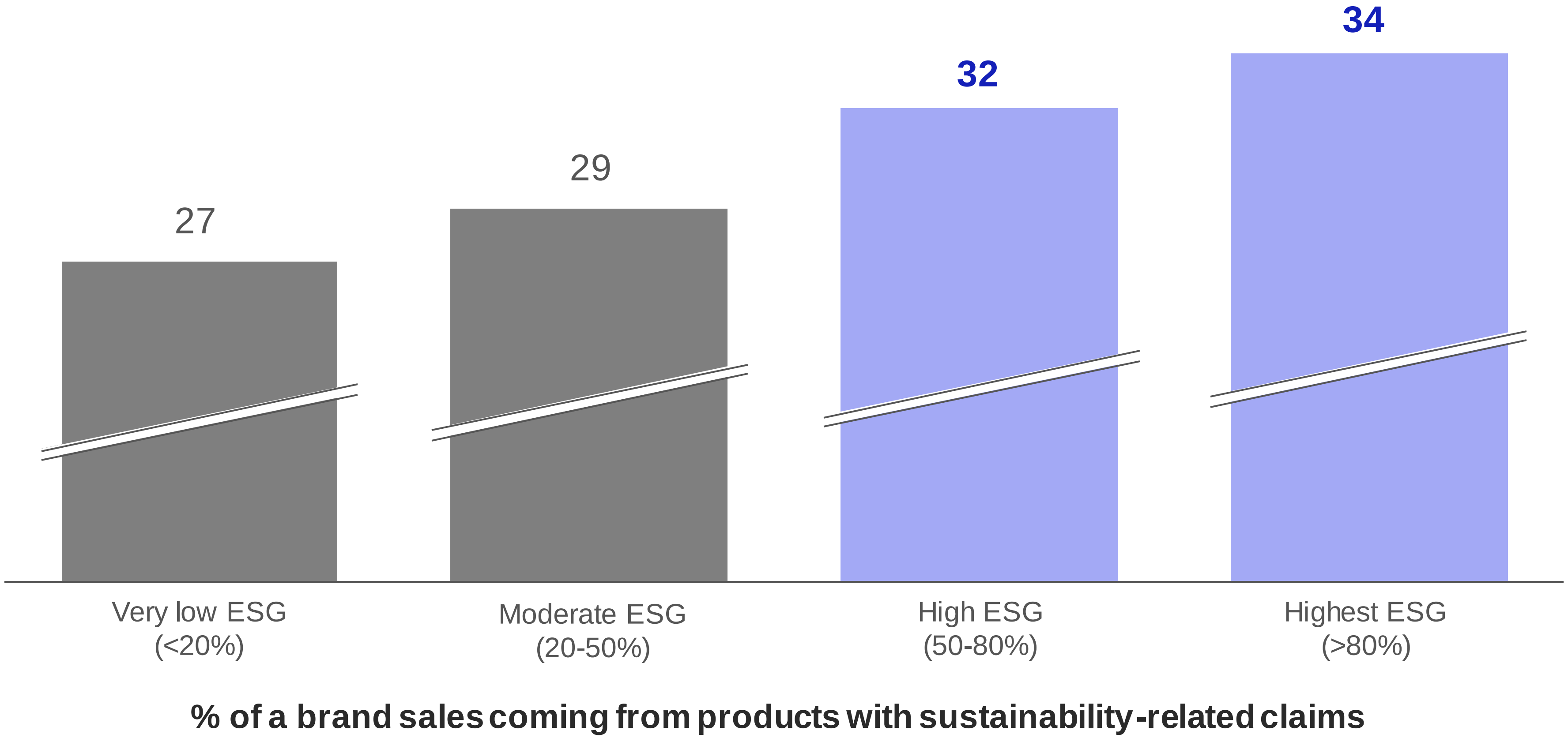


Source: NIQ, Retail Measurement Services – NIQ Product Insight, powered by Label Insight; Total US xAOC; Total Food & Beverage vs Better For segment; $ % Change vs year ago; 4-week trended through week ending February 24, 2024

NIQ

Products (branded and private label) with a higher degree of sustainability-related claims enjoy higher loyalty

Brand repeat rate[1] by sustainability-brand groups, % of households buying 3+ times



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

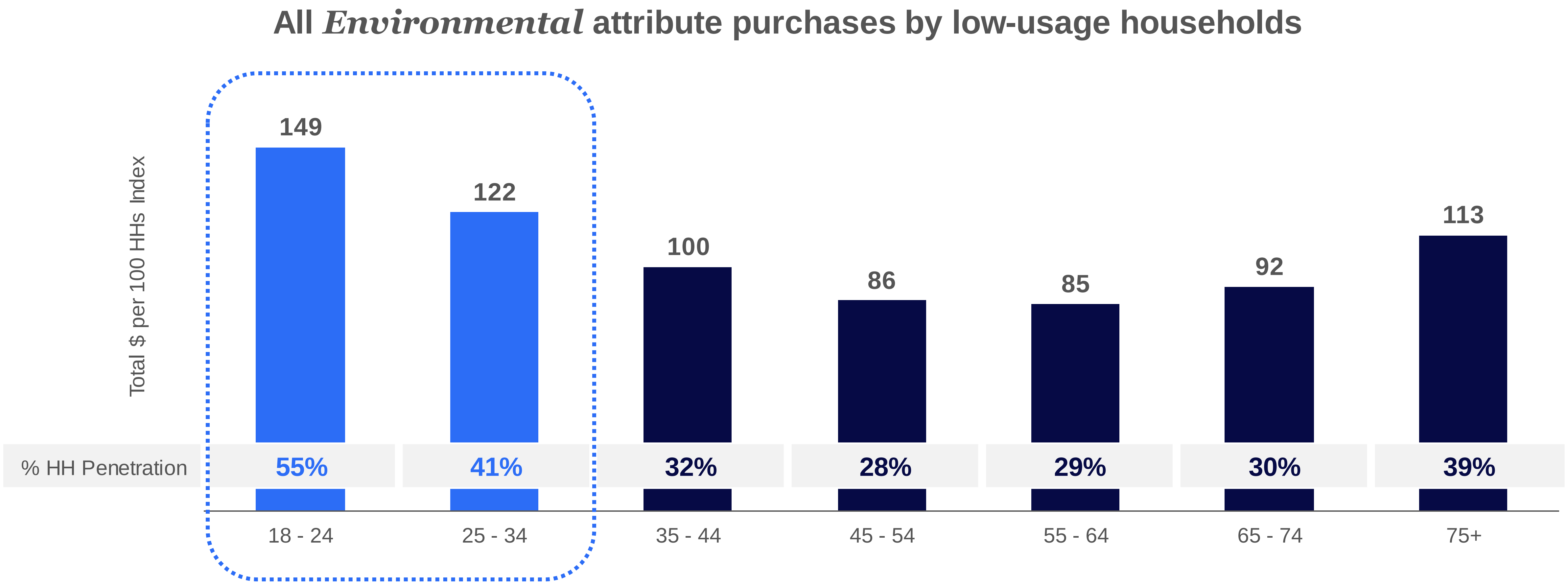
"Sustainability" includes environmental, social, packaging, animal welfare claims, organic and plant-based

+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)

NIQ McKinsey & Company

Future looks strong for sustainability based on young consumers

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

Consumer demand for natural, sustainable products & packaging is strong[1]...

47%
are very likely to choose a particular brand if it has health benefits for them as well as the planet

24%
want brands to increase their use of ingredients in a more sustainable way

45%
want retailers to help them be more sustainable through reduced plastic or more compostable packaging

...and growing[2]

+7.6%
Natural & Organic
$ sales

+8.3%
Food as Medicine
$ sales

+6.7%
Better For
$ sales

[1]NIQ Sustainability Report (2023); [2]NIQ Total US x AOC, NIQ Product Insight, 52 w eeks ending 7/15/2023

NIQ BASES