FAST FACTS ON PACKS

GDA Nutrition Labelling
Report 2016

FOOD INDUSTRY ASIA

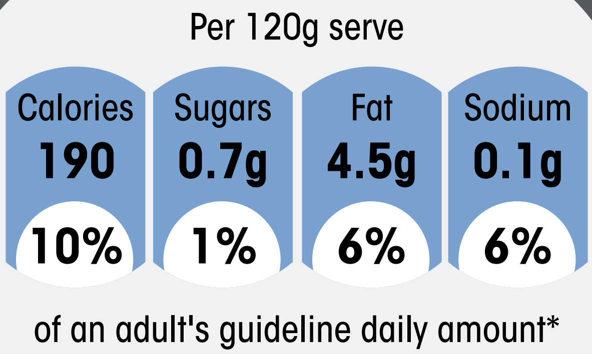
Contents

Introduction

FIA members are committed to providing practical and easy-to-understand nutrition information for consumers. One of the most successful approaches globally has been the Guideline Daily Amount (GDA) system, which shows the amount of energy (and in some cases nutrients) in a serving of a food or beverage. In 2010, FIA members made a collective commitment to adopt a front-of-pack GDA labelling approach in Asian markets based on a common set of criteria. In 2011, to determine the extent of this roll-out, the FIA Council instructed the Secretariat to conduct a preliminary survey of members.

This report is a follow-up of the study conducted in 2012, and provides the industry with information on the progress of the GDA rollout in the region, as well as whether the adoption percentage of the labelling has improved since the first survey.

This survey enables the industry to monitor its own voluntary initiatives as part of the effort to provide informative labelling based on scientific studies and international recommendations—a move that will help consumers make more informed food choices.



Executive Summary

This report was commissioned to provide a semi-quantitative in-market research analysis to independently measure penetration of front-of-pack (FOP) GDA labels in key markets in Asia for FIA members. This report provides a second time-point evaluation of the current progress of GDA adoption, in comparison to the first study that was conducted in 2012.

Methods of analysis include quantitative comparison of GDA adoption across countries and product categories by 13 FIA members. Qualitative insights from five in-depth interviews have also been incorporated into the report to provide context for the findings.

The research, which was conducted in 2015 and presented in 2016, draws attention to the fact that companies are adopting GDA labelling in Asia more widely, and in many more different types of product categories.

Results of data analysed show that 11 FIA members have adopted GDA labelling for all/partial SKUs in selected markets in Asia. Out of those 11 members, five have implemented FOP GDA labelling in all Asian markets that they operate in, while six others plan to expand GDA adoption to more countries.

This higher GDA adoption in recent years coincides with the nine companies that are members of the International Food and Beverage Alliance (IFBA), and have made global commitments to roll out GDA labelling in all their markets by the end of 2016. It is encouraging to see that two non-IFBA members have also adopted GDA labelling in all or selected markets in Asia, respectively.

Moreover, since the first survey in 2012, an increasing number of members have adopted GDA in more markets, such as the Philippines and Singapore. Six more FIA members have adopted GDA labelling for all or some SKUs in the Philippines; in 2012, only three members had GDA labelling in the country.

Further interviews with FIA members reveal that there are still barriers and challenges in adopting GDA labelling in Asia. The main challenges include:

- The need to harmonise GDA labelling across different countries in Asia
- Supply chain or logistical complexity
- Lack of consumer understanding of GDA labelling

Overall, our members agreed that there is a greater need to increase nutrition labelling awareness and education among consumers, to better help them understand nutrition information and make proper informed choices.

The report finds the prospects of the GDA adoption in its current position very promising. The report also acknowledges the fact that the analysis conducted has a few limitations, such as:

- These results may not fully differentiate GDA labelling from some products that provide only information on Calories (kcals) per serving, but without the percentage (%) of the adult GDA per serving. This option is used to avoid potential conflicts with national regulation on the different GDA-recommended values for each country.
- This survey does not take into consideration the fact that some of the member companies have included other nutrients (sugars, fat and sodium) in their GDA labelling, in addition to energy (Calories).

The report concludes that it would be ideal to:

- Create more awareness of GDA labelling and provide better nutrition labelling education for consumers through stronger collaborations with local food industry associations, small and medium F&B enterprises, food retailers, supermarket chains, schools and policymakers (Health Promotion Board, Ministry of Health).
- Measure baseline knowledge of consumers' understanding of nutrition labelling and the preferences of Asian consumers.

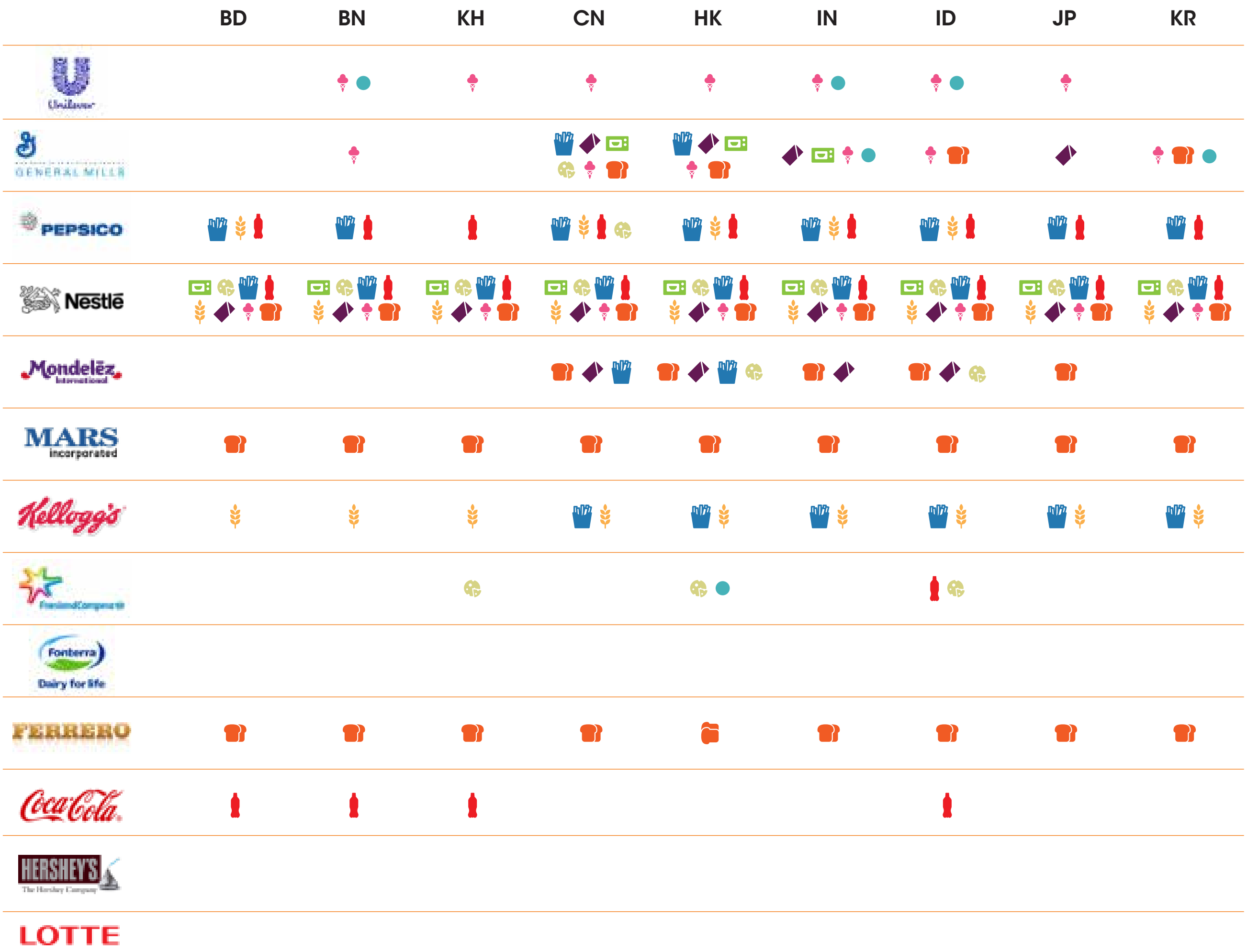
GDA Labelling Adoption Overview

Overall, 11 out of 13 FIA members surveyed have adopted GDA labelling in at least one Asian country (all or some SKUs).

Five companies have already adopted, or in the midst of adopting, GDA labelling in **all markets** they operate in, while six others plan to adopt it in some Asian markets.

GDA penetration in Asia appears to be catching up with other parts of the world, where 11 FIA members have presently adopted GDA labelling. Overall, all but two members have indicated their commitment to roll out GDA labels in Asia.

FIA members who have adopted or are planning to adopt GDA labelling in Asia:



Legend - Countries

Bangladesh	BD	Hong Kong	HK	South Korea	KR	Pakistan	PK	Taiwan	TW
Brunei	BN	India	IN	Laos	LO	Philippines	PH	Thailand	TH
Cambodia	KH	Indonesia	ID	Malaysia	MY	Singapore	SG	Vietnam	VN
China	CN	Japan	JP	Myanmar	MM	Sri Lanka	LK		

Study Methodology and Specifications

Length of Interview	15min to 20min
Methodology	Online Survey
Sample Size (n)	13 FIA Members
Fieldwork Period	24 August 2015 to 25 November 2015

Legend - Product Categories

- Confectionery
- Snacks (Sweet)
- Snacks (Savoury)
- Cereals & Breakfast Cereals
- Pre-prepared Meals
- Non-alcoholic Carbonated Drinks & Beverages
- Dairy Products
- Ice Cream
- Others

Benefits of GDA Labelling

How GDA Labelling Can Benefit Consumers

Several FIA members have made global commitments to roll out GDA labelling in all their markets by the end of 2016. There is a general sense that GDA labelling needs to reach a critical mass to become an effective tool for consumers to make informed decisions.

The advantage of front-of-pack GDA labelling is that it is a fact-based, scientific method that leaves the judgment in the consumers' hands. Nutritional labels that try to recommend certain types of food can be confusing for consumers.

Often, such labels are interpreted as "good food" or "bad food", despite the fact that moderate consumption is often absolutely acceptable from a healthy diet perspective. Therefore, a standardised labelling approach that consumers can even recognise across borders is what FOP GDA labelling is trying to achieve.

Education on nutrition information and how to design a healthy diet is perceived as an area with a lot of room for improvement. While some countries include nutrition in their curricula, reading nutrition labels is not yet part of the teachings in most countries.

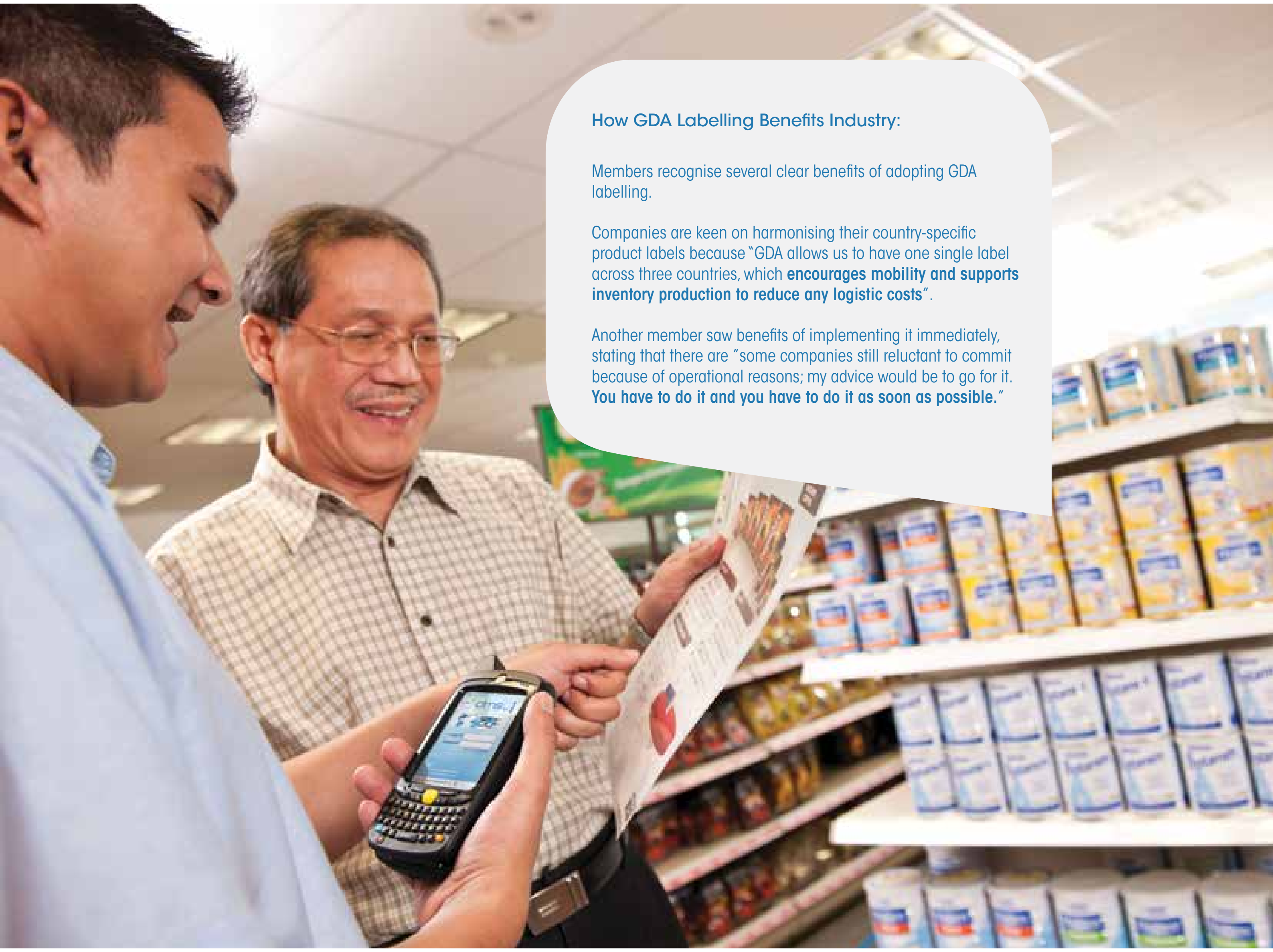
The area of collaboration between educational institutions and industry players in Asia is still perceived to be lagging behind other regions, such as Europe or America. Educating the younger generations about GDA labels early on would facilitate better nutrition intake and empower more informed consumer decisions at the point of sale.

How GDA Labelling Benefits Consumers:

On how labelling benefits consumers, one member said that "[t]he GDA labelling helps consumers to have **clearer and quicker access to information** from the front…to make informed choices when purchasing in supermarkets".

GDA is also seen to be **objective**. One member said that "GDA labelling is the best way to inform consumers because **we are not deciding which packs we are going to put the labels on.**"

Another mentioned that "GDA is in line with [our] beliefs – of having **monochromatic, fact-based information** – where there is no colour-coding. It is very **straightforward and clear,** as it shows the energy information and references back to the nutritional table".



How GDA Labelling Benefits Industry:

Members recognise several clear benefits of adopting GDA labelling.

Companies are keen on harmonising their country-specific product labels because "GDA allows us to have one single label across three countries, which **encourages mobility and supports inventory production to reduce any logistic costs**".

Another member saw benefits of implementing it immediately, stating that there are "some companies still reluctant to commit because of operational reasons; my advice would be to go for it. **You have to do it and you have to do it as soon as possible.**"

Benefits of GDA Labelling for the Food Industry as a Whole

Members of the International Food and Beverage Alliance (IFBA) have already made global commitments to roll out GDA labelling in all their markets by the end of 2016.

The goal is to reach a critical mass to make GDA labelling an effective tool for consumers to make informed decisions.

Southeast Asia, as a region, is in the process of taking big steps forward, with regard to the adoption of GDA labelling for more product categories. Future steps will need to include bringing more non-multinational companies on board, in order to make GDA labelling a regional success by the end of 2016.

There are many benefits for companies that choose to adopt GDA labelling and harmonise their country-specific product labels. Multi-country labels can reduce wastage and save on costs. Moreover, single labels for several countries can facilitate more efficient supply chain operations and streamline complicated inventory processes.

The more companies come on board for a standardised labelling approach, the easier it will be to work together with the regulatory authorities to promote the scheme and work towards better consumer education.

While Southeast Asia is still on its way to achieve fact-based, scientific nutrition labelling for all product categories, it would be a major milestone to achieve the 2016 global commitment made by IFBA members.

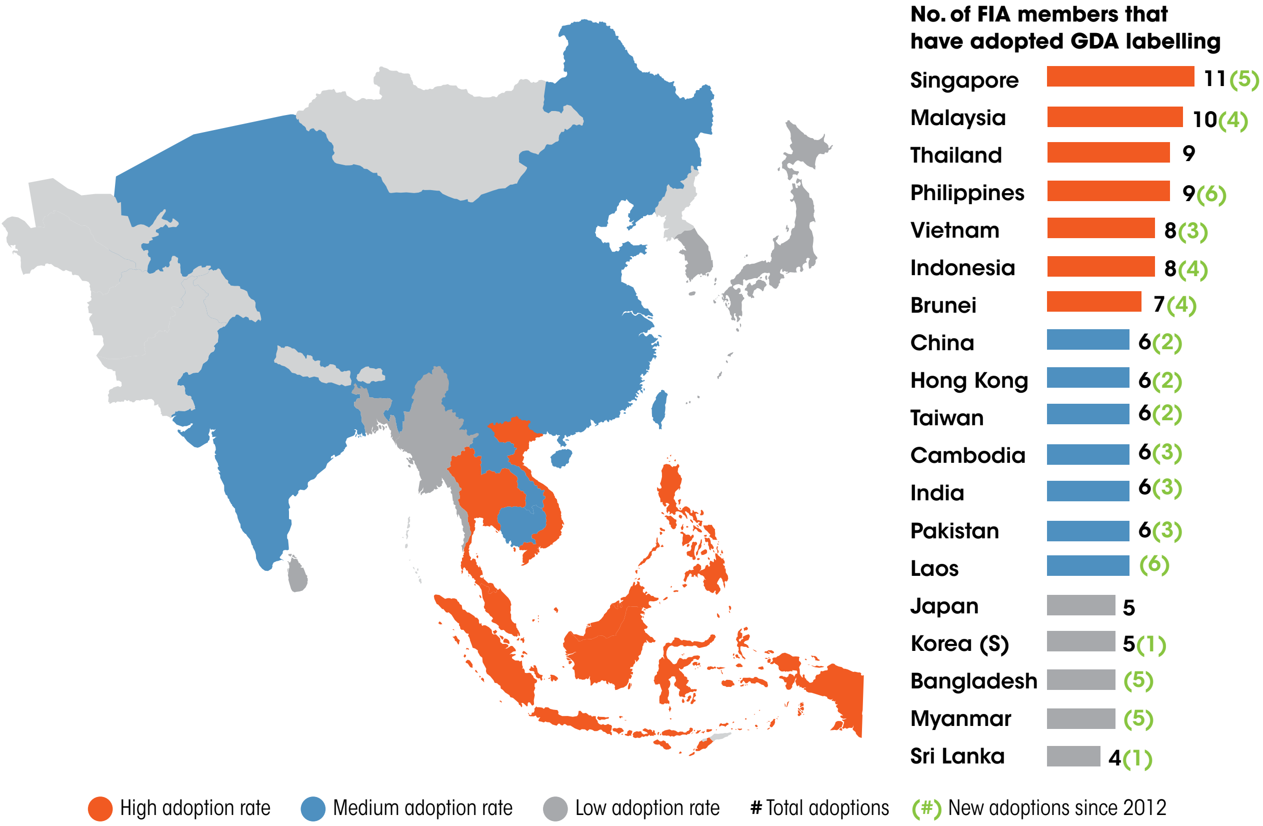
Section 1

Penetration of GDA Labelling by Country and Product Category

Singapore and the Philippines have seen the highest increase in GDA labelling adoption since 2012

2015 GDA Labelling Penetration | Adopted GDA Labelling for All or Some SKUs in Asia

All FIA members who have adopted/plan to adopt GDA labelling for all or some SKUs in Asia (n=11)



Country Penetration Overview

The adoption of GDA labelling is most prevalent in Singapore, with 11 out of 13 FIA members using GDA labels for all or some SKUs.

This is followed by Malaysia, where 10 members have rolled out GDA labels. The Philippines has seen the most progress in GDA labelling adoption since 2012—nine FIA members now have GDA labels for all or some SKUs, compared to three members previously.

GDA labelling is currently not prevalent in Sri Lanka, and that is unlikely to change by year-end.

Penetration of GDA Labelling by Country

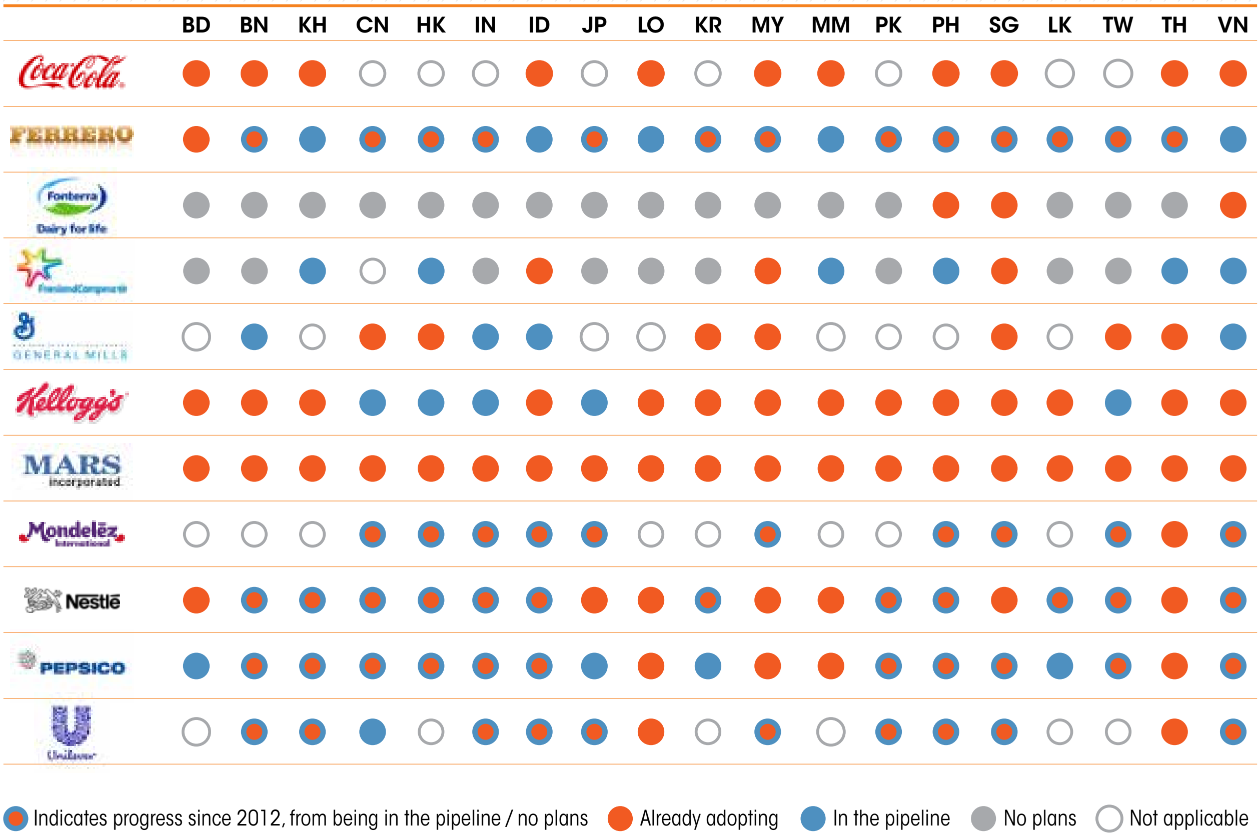
Ferrero, Kellogg's, Mars, Nestlé and PepsiCo have rolled out GDA labels in all Asian countries they operate in.

Fonterra, Coca-Cola, Mondelēz, FrieslandCampina, General Mills and Unilever, which have adopted GDA labelling in a few markets, have plans to further expand their current portfolios across all Asian markets.

In the last few years, GDA labelling has become much more common across many markets in Southeast Asia.

The general trend points towards a wider adoption of GDA labelling among FIA members.

Summary of GDA Labelling by Country



Legend - Countries

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China	CN	Japan	JP	Myanmar	MM	Sri Lanka	LK		

Penetration of GDA Labelling by Product Category

Confectionery products, together with non-alcoholic carbonated drinks, dairy products and ice cream, demonstrated the highest rate of GDA labelling penetration—10 FIA members have rolled out GDA labels. Companies involved in confectionery products are Ferrero, Mars, Mondelēz, Nestlé and General Mills.

Summary of GDA Labelling by Product Category

	Confectionery	Snacks (Sweet)	Snacks (Savoury)	Cereals & Breakfast Cereals	Pre-prepared Meals	Non-alcoholic Carbonated Drinks	Dairy Products	Ice cream
Coca-Cola	Did not select category	Did not select category	Did not select category	Did not select category	Did not select category	Already adopting	Did not select category	Did not select category
Ferrero	Already adopting	Did not select category	Did not select category	Did not select category	Did not select category	Did not select category	Did not select category	Did not select category
Fonterra Dairy for life	Did not select category	Did not select category	Did not select category	Did not select category	Did not select category	Did not select category	Already adopting	Already adopting
FrieslandCampina	Did not select category	Did not select category	Did not select category	Did not select category	Did not select category	Already adopting	Already adopting	Did not select category
General Mills	Already adopting	Already adopting	Already adopting	Did not select category	Already adopting	Did not select category	In the pipeline	Already adopting
Kellogg's	Did not select category	Did not select category	In the pipeline	Already adopting	Did not select category	Did not select category	Did not select category	Did not select category
Mars Incorporated	Already adopting	Did not select category	Did not select category	Did not select category	Did not select category	Did not select category	Did not select category	Did not select category
Mondelēz International	Already adopting	Already adopting	Already adopting	Did not select category	Did not select category	Did not select category	Already adopting	Did not select category
Nestlé	Already adopting	Already adopting	Did not select category	Already adopting	Already adopting	Already adopting	Already adopting	Already adopting
PepsiCo	Did not select category	Did not select category	Already adopting	Already adopting	Did not select category	Already adopting	Already adopting	Did not select category
Unilever	Did not select category	Did not select category	Did not select category	Did not select category	Did not select category	Did not select category	Did not select category	Already adopting

Already adopting In the pipeline Did not select category

Benefits of a Harmonised GDA Labelling System in Asia:

The benefits of adopting a harmonised GDA labelling scheme in this region is of importance not only to the business, but consumers as well, as shared by one of our members: "We can measure ourselves much better, in terms of consumer understanding of the information rolled out in the labels, against one single system".

This sentiment was echoed by another member, who said: "As the GDA format is very different for different countries, it would be better and more efficient if we used an aligned GDA format in this region, thus making it easier for consumers to process this information."

Section 2

Barriers and Challenges in GDA Labelling

Overcoming the Barriers

FIA members suggested several approaches in overcoming these barriers. First, implementation through a top-down approach: "For the GDA process to work within a company, it has to be top-down. All the various market leaders have to be aligned in terms of their understanding of the process. It involves a lot of planning, coordination and support."

Second, have a clear timeline and budget: "Critical factors would be managing a clear timeline, minimising wastage and managing any business losses in between. All our market leaders have to be very clear on timeline and budget."

Third, continuous monitoring of progress: "We have a tool to help monitor progress and labelling processes. This can track the various stages of approval and implementation in the different department such as marketing, R&D, etc."

Fourth, the industry has to conduct its own research: "The whole industry also conducts its own research on labelling. Thus, we identify a common area and get rid of uncommon and unfavourable criteria that other companies could not access".

Finally, include all companies regardless of size: "We should get the non-multinational companies on board to really embrace nutrition labelling, which is the basic, back-of-pack labelling, and also roll out GDA labelling on every product without compromise".

However, one member noted that some progress has been made to ease the implementation of GDA labelling: "Initially, there was a lot of push-back. I think that all of the regulatory authorities have come around to accept it as what it is – that is, nutrition labelling in its purest form."

Despite the progress of GDA adoption in Asia since 2012, one member highlighted the need for urgency towards widespread adoption, stating that: "If the 'critical mass' in the region for the consumers to really recognise GDA as a useful scheme is not reached by end-2016, then the GDA may just become irrelevant."

Overcoming Challenges: Working Towards Front-of-Pack (FOP) GDA Labelling Across Southeast Asia

At the beginning of 2016, the implementation of GDA labelling in Southeast Asia was still facing a number of challenging barriers. The region is culturally diverse; economically, countries are at very different stages of their development and regulatory frameworks are far from being compatible across borders.

FIA members report that achieving consistent GDA labelling for all SKUs has presented them with both internal and external challenges.

Internally, the challenge is to align the supply chains and operational efficiencies with the need to meet country-specific labelling requirements and standards. The problem is not to apply different reference values for individual countries, but rather, the differing legal requirements on size and layout of the labels for specific countries.

External factors include challenges with competing labelling schemes, as well as lack of capacity for testing and classification of nutrients. For several developing countries with less advanced capabilities for laboratory testing, there is a lack of capacity for classification of nutrients. This can act as a barrier to smooth implementation of nutritional labelling and prevent wider adoption of GDA labelling. Implementation could progress much faster if countries are provided assistance with nutritional testing and classification. These challenges can surface in countries that are pre-marketing-controlled and require approval for all food labels.

Moreover, companies need to comply with different sets of country-specific regulation and convince other stakeholders to follow a fact-based, scientific standard. In 2015, there were already a number of competing schemes for nutritional information in Southeast Asia. While there are advantages and disadvantages to interpretative schemes (intended to provide recommendations to consumers), competing information and room for subjective interpretation can also be confusing. FIA members agree that an informative, fact-based standard that leaves the judgment in the consumers' hands is the best way forward.

Understanding the Challenges:

FIA members reported that achieving consistent GDA labelling across all SKUs has presented them with both internal and external challenges. Externally, the lack of standardisation in Asia was a common issue faced by members - one said: "We face the barrier of adopting this global policy into our market because most of the market in Southeast Asia is pre-marketing-controlled. What this means is that beside the food and the product, the label also has to be approved by the local authorities, so it depends from country to country."

For example, one member stated that "the reference values for daily intake for different nutrients are varied in different countries." Another said that "the main challenges in harmonising a single package label with Front-of-Packaging [FOP] across Asia markets are the different national labelling or language requirements, and supply chain or logistic complexities."

In addition, members reported that consumers in Asia lack a good understanding of GDA labels: "Personally, I don't think that consumers understand the nutritional label. How we engage all the stakeholders, including the industry itself, to educate consumers is an even bigger challenge."

"The big challenge for all stakeholders is how to educate consumers to read the nutritional label, including the GDA label."

Leveraging Technology to Provide Better Information for Consumers and Advance the Education Agenda

While many FIA members acknowledge the potential of technology to provide useful information for the consumers (in particular at the point of sale), very few industry players currently have projects in the pipeline to actually leverage new technologies.

The companies who already have or are in the process of developing new ways of providing additional information have focused on mobile apps and websites with more comprehensive product information. These resources go into more detail, but are confined to what can be provided, with the limited amount of space available on a label.

FIA members acknowledge that while such initiatives do have the potential of improving the consumers' point-of-sale experience, they admit that going beyond just their own products will be challenging. Consumers will expect a better and more informed shopping experience in the future and technology integration will become an essential part of that.

Leveraging Technology:

FIA members acknowledge the potential of technology to provide useful information for the consumer.

One member said: "I do believe that technology will be the future. Labels would not have such detailed information, but consumers would want to look for information through scanned QR codes or labels. Companies would also place all the consumer-requested information online for easy access and comparison."

A member elaborated on an example where technology can be useful, and what has already been done in that space: "We are rolling out a QR code-based scheme. It gives information on nutritional, societal and environmental aspects, in order to benefit from the limited space that we have on the label."

Another member echoed that sentiment:
"Technology offers an opportunity rather than a threat. I see the app as a platform we can leverage on in terms of nutritional information and other activities driven by the marketing team."

However, a key challenge is to ensure that the integration and user experience are easy and interactive enough so that consumers will actually use the technology.: "We did attempt to develop an app where a consumer may just scan the barcode and receive all the information regarding the product through their smartphone; however, it may not be the most efficient way of doing things."

Section 3

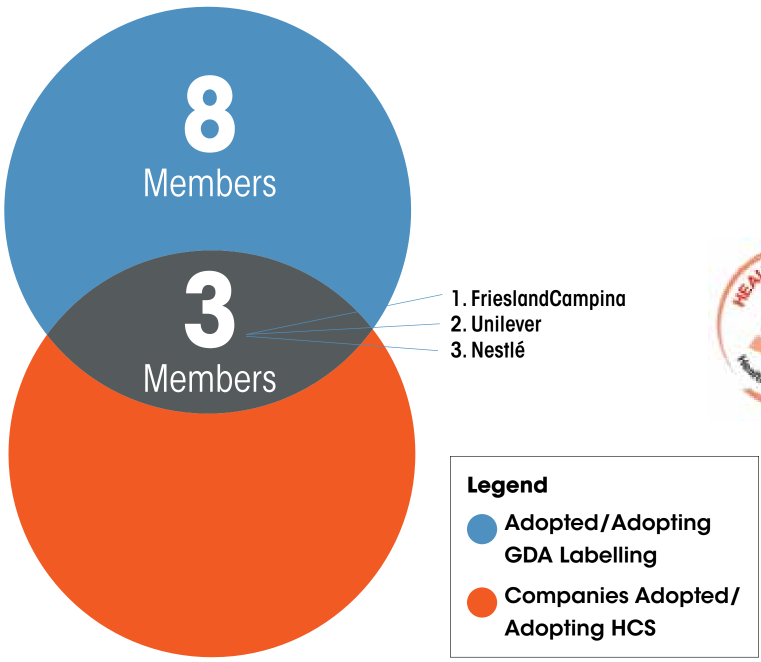
Beyond Front-of-Pack GDA Labelling in Asia

Participation in Other Front-of-Pack Nutrition Labelling

The majority of FIA members do not participate in any other voluntary front-of-pack nutrition labelling in Asia. Of those who do, FrieslandCampina, Unilever and Nestlé have implemented Singapore's Healthier Choice Symbol (HCS).

Overall, FIA member companies strongly support the implementation of objective and informative nutrition labelling on food products, as this does not rely on individuals' interpretation of food labels.

The implementation of the HCS demonstrates the members' commitment to continuously and systematically improve their products' nutritional value to meet the local needs and requirements. It is important to note that not all product categories are applicable or relevant under the HCS scheme.



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