Written evidence from ShareAction

Childhood obesity follow-up 2019 inquiry

I am writing on behalf of ShareAction, a registered charity established to promote transparency and responsible investment practices by pension funds and other institutional investors. We are a member organisation and count amongst our members well-known NGOs and charitable foundations, as well as over 26,000 individual supporters. ShareAction is working to reform our financial services sector to ensure it meets four key goals:

1. Major financial institutions account for their impacts on people and planet;
2. Investors, and the companies they invest in, act within safe ecological limits;
3. Investors, and the companies they invest in, build a fair, just and healthy society;
4. The investment system is diverse and inclusive at all levels.

Regulatory and market responses to childhood obesity are emerging as an important investment topic. This is why through our *Healthy Markets* campaign, we are working with the financial services sector to help them better understand the performance of food and drink companies in influencing our eating habits as well as the associated financial opportunities and risks. The aim is to promote the integration of this information in investment decisions, long-term stewardship of assets and the consideration of the view of clients, beneficiaries and pension scheme members and drive improvements in corporate actions.

Key messages

- Obesity, particularly childhood obesity, is one of the most serious public health challenges of our time. Moreover, it has significant financial ramifications in terms of the medical treatment costs it poses to the National Health Service (NHS) and the reduced productivity levels and weaker economic growth associated with a less healthy workforce.

- Dietary choices are heavily influenced by our food and drink environments, and so the response from policy makers and regulators to childhood obesity should continue to focus on improving the availability, accessibility and affordability of healthy food for all.

- In this context, the Government should be encouraged by the progress made by food and drink companies through a combination of fiscal and legislative measures in areas such as reformulation of soft drinks. As such, the Government should adopt stronger measures to drive improvements in the
nutritional quality of packaged food and drink products, which remains poor. In this context, 69% out of 3000 products sold by major food and drink manufacturers in the UK were classified as unhealthy in a recent study from the Access to Nutrition Initiative (ATNI).

- Moreover, it is important that the UK Government continue to look at ways to strengthen the existing marketing framework to limit children exposure to the advertising of unhealthy food and drinks. The findings of the recent ATNI study referred to above also showed that 85% of all products on sale were not appropriate to be marketed to children according to World Health Organization’s guidance.

- Finally, the financial sector, in its engagement with major food and drink companies, is increasingly acknowledging the investment case for solutions to childhood obesity as highlighted in our report “Hitting the Sweet Spot”. This means that many investors are seeking improvements in disclosure of companies’ actions in this area and driving improvements in their practices.

- Therefore, the UK Government should explore how regulation could promote companies’ disclosure in this area hence removing current barriers to corporate engagement and harnessing the power of the investment system to support better food environments.

- HMT, BEIS and DWP have undertaken initiatives improving corporate reporting on environmental, social and governance (ESG) factors. Obesity is one factor, and as with others (e.g. climate change, child labour, etc.) should receive due attention. There is scope for DHSC to work with the aforementioned departments, to improve the reporting regime for financial institutions relating to obesity and other public health issues. In doing so, the Government could further tackle obesity, as well as mitigate the financial risks to companies and investors it entails.

We would be interested in meeting to discuss this response and our research into the role of investors in addressing childhood obesity.

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