The Methodist Church

FOOD, NUTRITION AND WELL-BEING: AN INVESTOR PERSPECTIVE

Joint Advisory Committee on the Ethics of Investment 2017

FOOD, NUTRITION AND WELLBEING: AN INVESTOR PERSPECTIVE

It has been said that 'health is like money; we never have a true idea of its value until we lose it', and the world is in something of a crisis as far as dietrelated health is concerned.

Diet-related obesity is a significant and growing public health issue that the World Health Organisation (WHO) has categorised as a global pandemic. Worldwide, the prevalence of obesity has doubled since 1980, with more than 1.9 billion adults classed as overweight and 600 million as obese – that suggests nearly 40% of the global adult population is now officially overweight. Most of the world's population live in countries where dietrelated obesity now kills more people than undernutrition. In most cases obesity is preventable, being caused by calorific imbalance, poor diet from foods high in fat, sugar and salt, coupled with a lack of regular physical activity. The consequences for public health are stark with significant rises in cardiovascular diseases, the leading cause of premature death.

In addition, wasting or undernutrition remains a serious global health issue. Over 2 billion people suffer from micronutrient deficiency (small amounts of nutrients required to orchestrate a range of positive physiological functions), with children the worst affected. Around 161 million children are stunted, with around 45% of premature deaths in children caused by undernutrition.

Once considered a high-income country issue, greater wealth in the developing world has resulted in an increase in obesity. Data on childhood obesity and overweight (2014) reflects this trend. Globally, 41 million children under the age of five are considered to be overweight or obese, and the bulk (nearly 31 million) live in middle and low income countries.



As well as the human cost, there is a significant economic cost to both conditions, with around 3% of global GDP lost to obesity every year and 2-3% of GDP due to undernutrition, much of the latter in low or middle income countries. In the hardest hit countries, up to 11% of GDP is lost to undernutrition every year.

Global food and beverage companies have an important role to play in responding to the twin issues of dietrelated obesity and undernutrition by offering healthy choices, products that have excess sugar, salt and fats removed and products with fortified micronutrients.

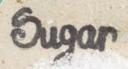
During the year the Central Finance Board (CFB) has progressed its thinking on food, nutrition and wellbeing by refreshing its 2005 policy on food in order to focus engagement wholly on the twin epidemics of diet-related obesity and under-nutrition. A position paper and subsequent policy statement has set out the pertinent areas for engagement with business.

CASE STUDY: NESTLÉ

Nestlé is the world's largest food producer and was among the first to respond to the need to focus on nutrition and wellness. Although it remains controversial for some regarding its breast milk substitutes business, Nestlé's science-based approach is helping to tackle both dietrelated obesity and undernutrition. For instance, the company has detailed policies on salt, sugar, saturated fats and micronutrient fortification.

Nestlé has a commitment to help reduce undernutrition by reaching a benchmark 200 billion micronutrient fortified servings of food worldwide, particularly focused on children and women. This contributes positively to public health, tackling specific incidences of vitamin deficiency through affordable, healthy options. A 'nutritional compass' appears on nearly all products so consumers can compare energy, protein, carbohydrate and fat data across product ranges. A 'good to remember' box provides tips on how to use the product as part of a balanced diet.

An overall science-driven approach means the company is able to conduct potentially far-reaching research, including the impact of diet and nutrition on cognitive health and mental deterioration. These initiatives are welcomed, while recognising the responsibility for the industry as a whole to go further in promoting healthy eating.



WHAT SHOULD RESPONSIBLE INVESTORS BE DOING?

The policy statement recommended by JACEI is focused on engagement with food and beverage manufacturers, processors and retailers, given the worrying trends in consumption towards fast, processed and nutritionally-poor foods.

JACEI believes there is a strong case for action and a clear need to increase the level of proactive engagement with companies in the sector, particularly around corporate practices, marketing and promotion. The policy statement therefore sets out the areas in which the CFB will seek to engage, including:

 general company approaches towards the manufacture or retail of products so as to support informed consumer choices

- general company approaches towards the reformulation of products to remove excess sugar, salt and fat
- corporate policies that support reductions in clinical diet-related obesity or undernutrition
- the production, sale or marketing of unhealthy products targeted at children.

In general, companies that predominately produce or retail foods high in sugar, salt or fats, and which are not marketed as 'treat products', should be subject to enhanced scrutiny, whilst those that offer a range of healthy choices or reformulated products will generally be looked on more favourably.

From the Chair of the Joint Advisory Committee on the Ethics of Investment (JACEI):

This short report has focused on food, nutrition and wellbeing as it affects and impacts the food and beverage industry. However, during 2016/2017, JACEI has also advised the CFB in other ethical areas, particularly;

- maintaining a strong focus on climaterelated issues and implementation of CFB policies on climate, different fuel types, and energy generation
- commencing engagement work targeting transparency in corporate lobbying
- completing engagement with companies on implementing a 'fair funerals' policy
- welcoming engagement on farm animal welfare issues, signing the Global Investor Statement, and supporting efforts to develop a position paper and policy statement on farm animal welfare
- welcoming continued ecumenical efforts on sustainable mining, with further mine visits undertaken
- supporting the Church Investors Group (CIG) by leading its water risk engagement programme

- engaging with companies on responses to the Modern Slavery Act
- remaining supportive of the FTSE4Good Breast Milk Substitutes (BMS) process, engaging with manufacturers on BMS-related risk and continuing to support the Access to Nutrition Index (ATNI) on BMS issues
- maintaining a watching brief on tax justice and financial ethics.

A summary report on the work of JACEI is contained in the Agenda of the Methodist Conference. The full report is available at www.methodist.org.uk/jacei and on the CFB website. Other position papers and policy statements on a range of ethical investment issues are also available at www.cfbmethodistchurch. org.uk/ethics.

The Committee welcomes comments and feedback on its work, and I encourage you to contact me with any questions or concerns about ethical investment and the Church.

The Revd Dr Stephen Wigley, Chair, Joint Advisory Committee on the Ethics of Investment (JACEI)

The Methodist Church Joint Advisory Committee on the Ethics of Investment

The Joint Advisory Committee on the Ethics of Investment (JACEI) is composed of representatives appointed by the CFB and by the Methodist Council. It meets four times a year to advise the CFB on the ethical aspects of its work and monitors its decisions from an ethical standpoint.

Joint Advisory Committee on the Ethics of Investment (JACEI) Methodist Church House, 25 Marylebone Road, London NW1 5JR Telephone: 020 7467 5245 Fax: 020 7467 5282 Email: jaceichair@methodistchurch.org.uk Web: www.methodist.org.uk/jacei



The Central Finance Board of the Methodist Church (CFB) is responsible for managing and investing £1.2bn of Methodist assets. Its challenge is to make good financial returns, whilst acting within the teachings of the Methodist Church. Its mission statement affirms that "we aim to construct investment portfolios which are consistent with the moral stance and teaching of the Christian faith [and] to be a Christian witness in the investment community".

Central Finance Board of the Methodist Church (CFB)

9 Bonhill Street, London EC2A 4PE Telephone: 020 7496 3630 Fax: 020 7496 3631 Email: invest@cfbmethodistchurch.org.uk Web: www.cfbmethodistchurch.org.uk