

# ShareAction Healthy Markets Initiative

## What is Healthy Markets?

Obesity is one of the most pressing global public health issues. Its negative effect on people's health, national health services and the economy is considerable. In the UK, two thirds of adults are overweight or obese, and the management of obesity and overweight related ill health costs the NHS £6.1 billion annually.

The severity of its impact is amplified by the current Covid-19 pandemic. It has underscored the urgent need to build a healthier and more resilient society, with a focus on preventative measures. In the UK, obesity raises the risk of death from Covid-19 by 33 per cent, and excess weight is the second biggest risk factor for complications from the virus after old age.

ShareAction's Healthy Markets initiative brings together investors to ask food and drink companies to play their part in building a healthier population. The initiative benchmarks companies in collaboration with ATNI, attends company AGMs and supports a growing coalition of investors to engage directly with companies. Through these actions, the initiative seeks to improve population health and future-proof businesses.

## What is the business case for investors?

Unhealthy food environments are one of the biggest contributors to rising obesity rates. This means unhealthy food and drink is all too often the easiest and most accessible option.

Food and drink manufacturers and retailers play a significant role in shaping people's diets. In the UK, two of every three pounds spent on food is in supermarkets, with over half of the grocery market made up of supermarkets' own brand products. This sector is also highly concentrated, with just a handful of companies responsible for the majority of sales of key product categories.

As a sector it is therefore at substantial risk if it fails to adapt to increasing public awareness and demand for healthy foods, as well as significant government interventions, such as those recently announced under the UK Government's refreshed Obesity Strategy. This is focused on curbing rising obesity levels by improving food environments through targeting in-store promotion and placement of unhealthy foods. Companies that do not already have plans and targets to address these measures will be at a significant disadvantage. Compounded by the Covid-19 pandemic, there is an urgent need for investors and companies to take responsibility on these issues.

To accurately analyse the risks and opportunities to their holdings, investors must have access to adequate data. However, there is a currently a significant lack of disclosure on what food and drink companies are doing to support the health of their customers. Investors therefore do not have access to the information they need to analyse the risk profile of companies in their holdings and make informed decisions about their investments.

## What are the goals of the initiative?

The Healthy Markets initiative seeks to make retailers and manufacturers fully accountable for their role and impact on people's diets. In order to promote public health and sustainable growth, the initiative will educate companies on the interventions available to them, drive improvements in corporate performance, increase reporting and encourage the development of nutrition strategies.

The current target companies for the initiative are:

- **Retailers:** Tesco, Sainsbury's, Co-op, Morrisons, Asda (Walmart), Iceland, Aldi, Waitrose, Lidl, Marks & Spencer and Ocado
- **Manufacturers:** Nestlé, Arla Foods, PepsiCo, Unilever, Mars, Coca-Cola, Danone, Kraft Heinz, Mondelez, Associated British Foods, General Mills, Kellogg's, Suntory, Post Holdings, Britvic, Premier Foods and AG Barr.

## What progress has been made so far?

To date, the initiative has focused on engaging with the top ten food retailers in the UK. Through a growing coalition of asset managers and asset owners, positive progress is evident and retailers have begun to make public commitments to improve performance.

ShareAction has supported this engagement through investor briefings and reports published in collaboration with the Access to Nutrition Initiative. The [UK Product Profile](#) and [Supermarket Spotlight](#) report were published in 2019 and 2020 respectively. The former assesses the healthiness of packaged products sold in the UK, whilst the latter is the first of its kind to collate publicly available information on the commitments the top ten UK supermarkets are making to support the health of their customers. By pulling this data together and highlighting where gaps exist, this report enables investors to begin to compare companies across the sector and see where further action is needed.

In 2020, ShareAction attended the AGMs of fifteen food and drink companies, both in the UK and internationally. Supported by members of the investor coalition, ShareAction asked questions to company boards, raising the profile of the campaign and facilitating investor led conversations.

## How can investors get involved?

Health is a key investment issue which has been thrown into the spotlight during the Covid-19 pandemic. This is a critical point for investors and businesses to ensure they are prepared to manage the potential risks and capitalise on the opportunities that this topic presents.

Asset managers and asset owners who are interested in working with ShareAction, either independently or as part of the Healthy Markets investor coalition, or have any questions about the initiative, can contact:

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