

Sustainable food systems and systemic risks

**What role does the Investor Coalition on Food Policy
play to promote health and resilience?**

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Foreword

Greenbank's vision is to empower our clients to invest their money as a force for good, together championing the transition to a healthier planet and a more equitable society. Sometimes, this involves us working to inform policy that helps sustainable investing thrive.

Public policy can play a powerful role in shaping and incentivising progress toward sustainable development by setting the rules of the game. Throughout the economy, 'externalities' can occur - which is where the production or consumption of goods or services results in costs or benefits to a third party which are not reflected in the market price of the activity. For example, companies which produce unhealthy food do not pay for the healthcare required to treat diet-related health problems. Policies and regulation are often needed to establish frameworks that require broader social or environmental impacts to be reflected in the cost of the product being sold.

This holds true when we are thinking about how to effectively address some of the longer-term systemic risks and opportunities our economy faces, from climate change to biodiversity loss and poor nutrition. As sustainable investors, we can help to mitigate whole-system threats through strategic engagement with policymakers and standard setters. Engagement with policymakers also creates a supportive enabling environment for sustainable investments, as it can create a level playing field that rewards companies and investors for higher levels of social and environmental performance. Managing and mitigating long-term systemic risks is also consistent with our fiduciary duty to act in the best financial interest of clients and their beneficiaries.

Greenbank has had long-running engagement with food sector companies on a wide range of environmental and social issues, both through direct dialogue with companies and through collaborative engagements such as the Food Foundation's Plating up Progress initiative, the Access to Nutrition initiative and ShareAction's Healthy Markets initiative¹. Through these collaborations we identified structural challenges and externalities that we believed could only be effectively addressed through government policy. Ultimately, we felt that if the challenges are left for the market to address, a widening gap would exist between leaders willing to take voluntary action and laggards who would not, and it will be difficult to create the transformational change to our food environment which is required.

In July 2021, the National Food Strategy was launched, a 'farm to fork' review of England's food system, commissioned by the Department for Environment, Food and Rural Affairs. This provided a window of opportunity for Greenbank to launch a project to bring together investors to engage with parliamentarians on the risks and opportunities facing the food system and what policies and regulation investors would

¹Now part of ShareAction's Long-term Investors in People's Health programme, see: shareaction.org/investor-initiatives/long-term-investors-for-peoples-health

Fast forward to 2024 and the Investor Coalition on Food Policy now comprises over 30 investors with over

£6 trillion
in assets under management or advice.

like to see introduced. Fast forward to 2024 and the Investor Coalition on Food Policy now comprises over 30 investors, with over £6 trillion in assets under management or advice. Health is one of the three priority pillars in our engagement strategy for 2024, closely aligned to one of our eight sustainable development themes: health and wellbeing. Alongside our work with the Coalition, we also have strands focused on access to medicine, air pollution and worker health. You can read more about our engagement approach and strategy [here](#). Investors now have a seat at the table as part of food policy discussion, including being part of government working groups deciding what data should be reported by companies as well as contributing to House of Lords reviews on the topic and holding several bilateral meetings and round tables with parliamentarians. This report shares the story of the Coalition so far, looking first at the why the coalition exists and what its core aims are and then exploring its activities and impact to date.

Sophie Lawrence
Stewardship and Engagement Lead, Greenbank
Chair, Investor Coalition on Food Policy



Why does the Investor Coalition on Food Policy exist?

The Investor Coalition on Food Policy² (the Coalition) was established in July 2021 in response to the launch of the National Food Strategy.³ It exists to harness the power of the investment community to engage collectively with government in support of policies that will help build a healthy, sustainable and affordable food system. It is currently focused on UK policy, but has plans to expand the scope in the future.

The Coalition includes a wide range of different global financial institutions, from large institutional investor names to smaller sustainability-focused ones, alongside health-focused foundations and civil society organisations. The Coalition's investor advisory group consists of Greenbank, Guy's and St Thomas' Foundation and Legal and General Investment Management and is chaired by Greenbank's stewardship and engagement lead, Sophie Lawrence. The [Food Foundation](#), a charity with the vision to change food policy and business practice to ensure everyone across the UK can access a healthy and sustainable diet, serves as the Secretariat.

The Coalition has adopted several different engagement methods to date to achieve its aims, including:

- responding to government consultations
- communicating directly with policymakers through roundtables and bilateral meetings
- contributing to think tank research
- coordinating investor statements
- submitting evidence to House of Lords enquiries.

You can read more about these in the '[Investor Coalition key activities and impact](#)' section.

²foodfoundation.org.uk/initiatives/investor-coalition-food-policy

³nationalfoodstrategy.org

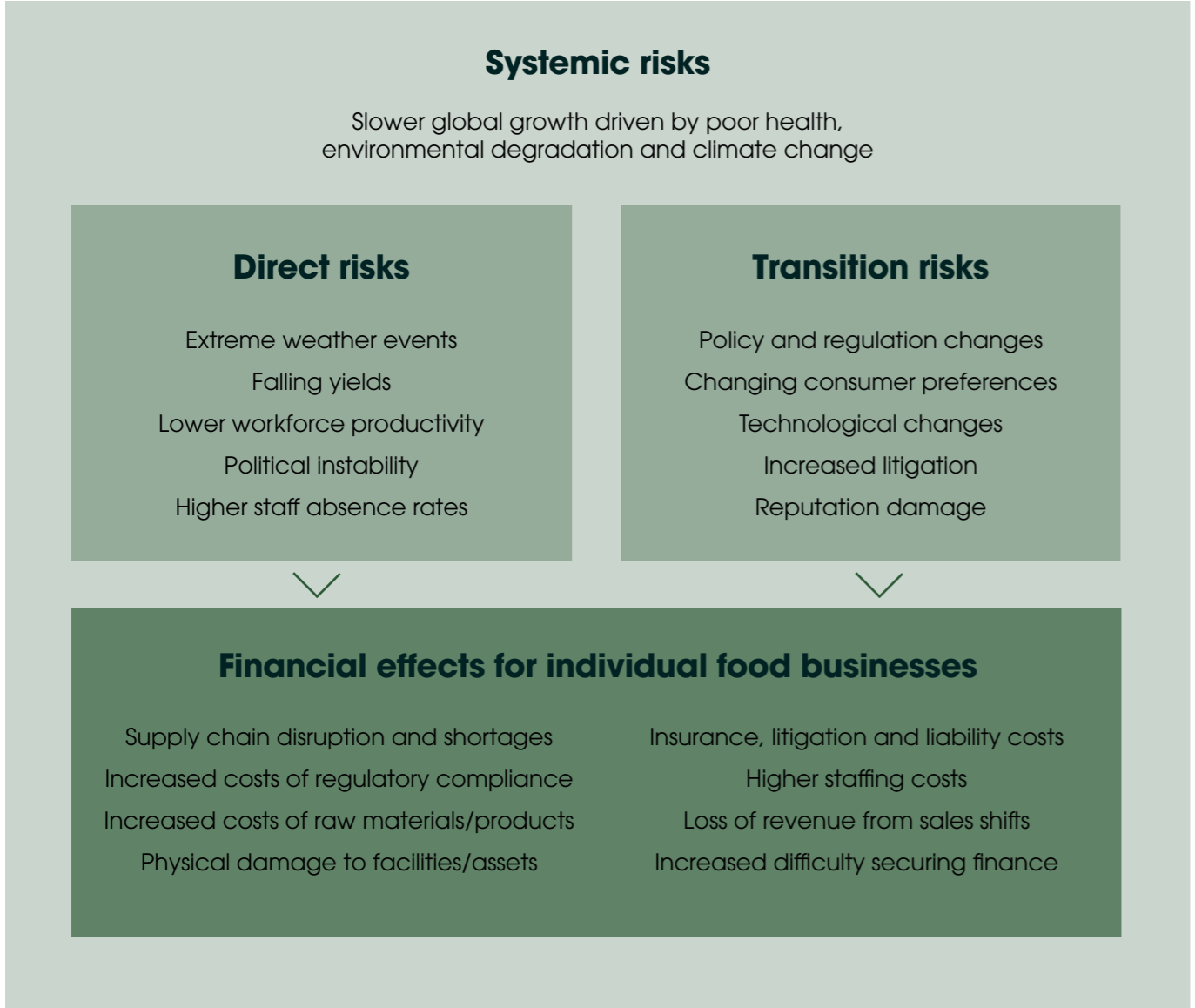


“The Coalition has gone from strength to strength under the fantastic leadership of Greenbank. The Coalition’s achievements to date show how impactful policy engagement by the investment community can be. We know that systemic, structural issues will not be solved by market forces alone; they need governments to create the right enabling environment. The investor voice is a powerful one in making strong arguments for this to policymakers, and we would urge other investors to join initiatives like the Coalition. We look forward to continuing to work closely with Greenbank to push for the transformational change we need to see in our food system.”

Sarah Buszard
Investor Engagement
Manager
Food Foundation

Why should investors focus on sustainable food systems?

Investors are increasingly aware of the material financial risks if we fail to transition our food system to one which is healthy, sustainable and affordable.



Source: foodfoundation.org.uk/2023-05/PuP_Policy_Briefing_report_Financial_risks_.pdf



Key statistics on our food system

Health

Between **691** and **783** million people globally were affected by hunger in 2022⁴, yet almost

3 billion

are living with obesity or are overweight⁵

One in five deaths are associated with poor diet⁶ and

< 0.1%

of the UK population currently eat a diet which meets all of the Government's healthy eating recommendations (Eatwell Guide)⁷



⁴FAO, IFAD, UNICEF, WFP and WHO. 2023. The State of Food Security and Nutrition in the World 2023. Urbanization, agrifood systems transformation and healthy diets across the rural-urban continuum. Rome, FAO. doi.org/10.4060/cc3017en

⁵World Obesity Federation, World Obesity Atlas 2023, March 2023, worldobesityday.org/assets/downloads/World_Obesity_Atlas_2023_Report.pdf

⁶The Lancet, Health effects of dietary risks in 195 countries, 1990–2017: a systematic analysis for the Global Burden of Disease Study 2017, April 2019, [thelancet.com/journals/lancet/article/PIIS0140-6736\(19\)30041-8/fulltext](https://thelancet.com/journals/lancet/article/PIIS0140-6736(19)30041-8/fulltext)

⁷Scheelbeek P, Green R, Papier K, et al. Health impacts and environmental footprints of diets that meet the Eatwell Guide recommendations: analyses of multiple UK studies bmjopen.bmj.com/content/10/8/e037554

The World Health Organization recently declared antimicrobial resistance, driven in part by overuse of antibiotics in livestock production, to be one of the top global public health threats facing humanity.⁸ Globally there were

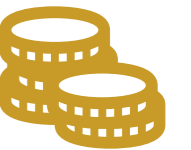
4.95 million



deaths per year in 2019 associated with antimicrobial resistance (AMR)⁹

The rising incidence of diet-related disease is placing a significant burden on already stretched health services in the UK and beyond. For example, Frontier Economics reports that the current annual full cost of obesity in the UK is an estimated

£58 billion



on account of costs to the UK's National Health Service (NHS) and social care, lost productivity, workforce inactivity and welfare payments¹⁰

The consultancy McKinsey has estimated that better health could add

US\$12 trillion

to global GDP by 2040 — this is equivalent to

0.4% faster growth per year¹¹

⁸EClinicalMedicine, Elsevier Ltd, 2021, Antimicrobial resistance: a top ten global public health threat, [thelancet.com/pdfs/journals/eclinm/PIIS2589-5370\(21\)00502-2.pdf](https://thelancet.com/pdfs/journals/eclinm/PIIS2589-5370(21)00502-2.pdf)

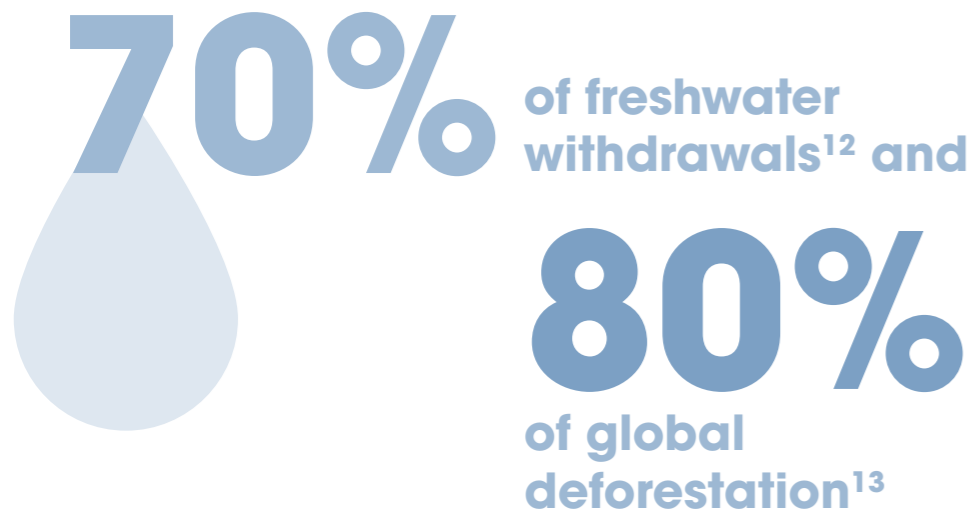
⁹Murray, Christopher J L et al. The Lancet, Volume 399, Issue 10325, 629 - 655. Global burden of bacterial antimicrobial resistance in 2019: a systematic analysis, [thelancet.com/journals/lancet/article/PIIS0140-6736\(21\)02724-0/fulltext](https://thelancet.com/journals/lancet/article/PIIS0140-6736(21)02724-0/fulltext)

¹⁰Frontier Economics, Estimating the Full Costs of Obesity, 2022, frontier-economics.com/media/5094/the-full-cost-of-obesity-in-the-uk.pdf

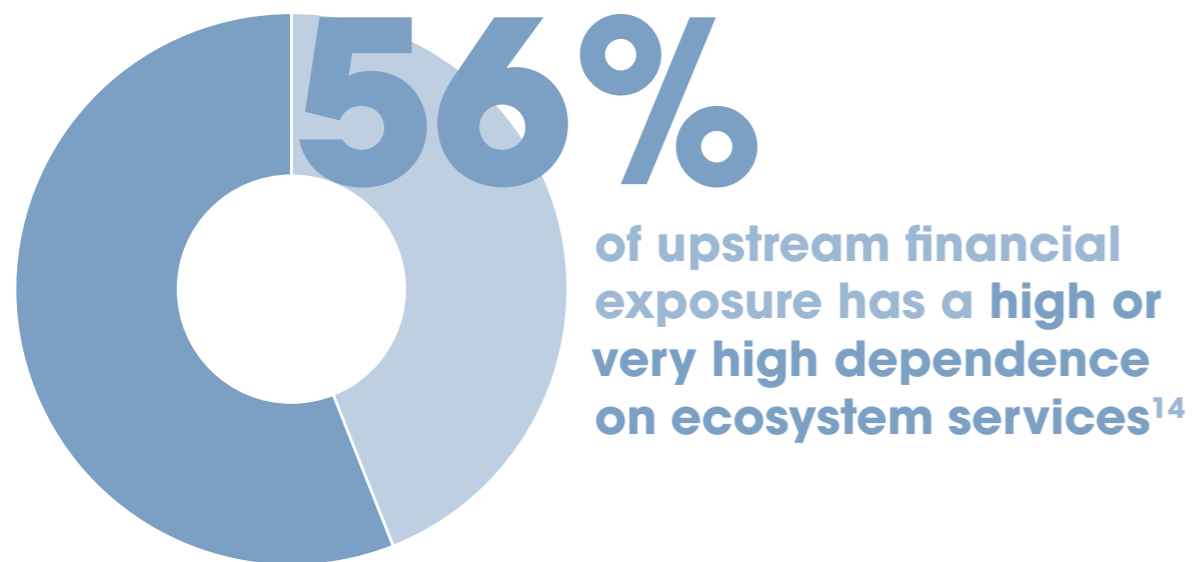
¹¹Prioritizing health: A prescription for prosperity, McKinsey, mckinsey.com/industries/healthcare/our-insights/prioritizing-health-a-prescription-for-prosperity

Environmental degradation

The food system is responsible for



A recent report from the Green Finance Institute found that



¹²Ringler, C. Et al. Global Food Security, Elsevier, 2022. The role of water in transforming food systems www.sciencedirect.com/science/article/pii/S221191242200030X?via%3Dihub

¹³United Nations Convention to Combat Desertification, 2022. The Global Land Outlook unccd.int/resources/global-land-outlook/global-land-outlook-2nd-edition

second edition. UNCCD, Bonn.

¹⁴greenfinanceinstitute.com/wp-content/uploads/2024/06/GFI-GREENING-FINANCE-FOR-NATURE-FINAL-FULL-REPORT-RDS4.pdf

Climate change

The food system is responsible for around **1/4** (26%) of global greenhouse gas emissions.¹⁵



This includes emissions from land use change, crop production, processing, transport, packaging, and retail



A unique aspect of the agrifood sector is the composition of its emissions, which are heavily skewed towards potent gases like methane and nitrous oxide. These emissions are particularly damaging to the planet because, on a per unit basis, they have a much larger global heating effect and greater short-term potency than carbon dioxide does¹⁶



¹⁵Reducing food's environmental impacts through producers and consumers, Poore, J., and Nemecek, T. 2018, science.org/doi/10.1126/science.aag0216

¹⁶Overview of Greenhouse Gases, US EPA 2024, epa.gov/ghgemissions/overview-greenhouse-gases

What are the core aims of the Coalition?

As sustainable investors, Greenbank are interested in the long-term resilience and profitability of companies. To fully understand the risks and opportunities facing companies, we need access to good quality and comparable data on how companies are contributing to the risks, and how they are affected by them – so-called ‘double materiality’. However, there is currently a lack of disclosure from companies on how they are addressing these risks.

Create a level playing field for companies by introducing mandatory reporting guidelines

To date, reporting performance on a company’s health-related impacts has been voluntary, meaning that only some companies are reporting data. Where companies are reporting, they are often disclosing different metrics and using varying definitions of what constitutes a ‘healthy’ product. This hinders the ability of investors and other stakeholders to compare performance across the sector, hold businesses to account and accurately understand what progress is being made as well as importantly analyse the risks and opportunities facing companies. Several companies are supportive of clear guidelines from government on what information should be reported so that there is a level playing field across the industry.

The National Food Strategy recommended developing mandatory reporting requirements for companies in the food sector to report on the healthiness of their products and broader sustainability performance. The Coalition strongly supports this recommendation and has been engaging extensively with government in support of this measure. Mandatory reporting includes metrics such as the sales of healthy products aligned to a government endorsed nutrient profiling model and sales of fruit and vegetables. We have also been calling for the reporting guidelines to be aligned with other emerging disclosure requirements within the EU and globally where possible, to reduce the reporting burden for companies and to reflect the global nature of food industry supply chains.

The Coalition argues that reporting requirements need to be mandatory to drive the greatest impact. Voluntary approaches to data disclosure have had limited success in increasing transparency in the food industry, despite growing investor engagement on the issue¹⁷.

¹⁷The Food Foundation, Implementing Mandatory Business Reporting in the Food Sector, July 2022, [foodfoundation.org.uk/sites/default/files/2022-08/PUP%20Aug%202022.pdf](https://www.foodfoundation.org.uk/sites/default/files/2022-08/PUP%20Aug%202022.pdf)

Change the commercial incentives

Research on what the National Food Strategy calls the ‘junk food cycle’ tells us that the foods which are most profitable to produce and sell tend to be those that are more processed, highly palatable, often higher in sugar, salt and saturated fat, easy to brand and market, more convenient for consumers, with longer shelf lives and with lower ingredient input costs. Businesses therefore have an economic incentive to stock and sell more of these types of products, if left unchecked. By contrast, less processed whole foods, such as fruit and vegetables, are not as easy for businesses to market and do not generate high levels of added profit.

Changing the commercial incentives for companies to shift the food environment through long-term, consistent policy intervention has the potential to create positive changes. The Soft Drinks Industry Levy (SDIL) is a good example of this, as it has stimulated the reformulation of drinks, positively impacting population health and having a negligible impact on company turnover¹⁸. Sugar-sweetened beverage taxes have been increasing globally in recent years and are now in effect across all regions, including national level taxes in more than 100 countries and territories. There are currently 132 sugar-sweetened beverage taxes in operation, covering 57% of the world’s population¹⁹. The National Food Strategy suggests that the SDIL should be extended in the UK to a sugar and salt reformulation tax, with a sufficient ramp up period to give businesses time to implement. There are different ways this could be applied, either upstream to all sugar and salt sold for use in manufacturing or applied to certain food categories produced by manufacturers, the latter creating an incentive for reformulation.

Polling by Demos and YouGov, as well as the Food, Farming and Countryside Commission has found the majority of the public in the UK are in support of an extension to the SDIL (ranges from 50-70%)²⁰. A common argument made against tax increases is that they would impact the poorest hardest, although evidence also shows that this group are hit hardest by the harms from ‘unhealthy’ products. To address this challenge, proposals have been made to ensure that any tax revenue collected can be redistributed to support wider healthy eating initiatives and measures such as free school meals. A coalition of civil society organisations called Recipe for Change²¹ has come together to campaign for the introduction of an industry levy on unhealthy food and is committed to building the evidence base on the impact of different potential taxes.

With any policy that is implemented, it is important that there is consistency in its direction over the long term, to allow companies to plan and invest the necessary capital in transitioning their business model. These costs are passed on indirectly to investors as providers of capital to companies.

¹⁸A multi-method evaluation of the UK Soft Drinks Industry Levy, Jean Adams, MRC Epidemiology Unit, University of Cambridge

¹⁹World Bank Group. 2023. Global SSB Tax Database. See ssbtax.worldbank.org/

²⁰yougov.co.uk/pollitics/articles/37045-britons-support-higher-taxes-foods-are-high-sugar-

²¹recipeforchange.org.uk/about/

Investor Coalition key activities and impact

1. Food Data Transparency Partnership (FDTP)
2. Coordinating investor statements
3. House of Lords Committee on Food, Diet and Obesity
4. Bilateral meetings and roundtables with parliamentarians
5. Building a wider understanding through media and events



1

Food Data Transparency Partnership (FDTP)

FDTP is a partnership between the Department for Health and Social Care (DHSC), the Department for Environment, Food and Rural Affairs (DEFRA), the Food Standards Agency, industry, academia and civil society²².

The Coalition's role

Since 2022, the Coalition has played an advisory role to the UK Government's Food Data Transparency Partnership (FDTP). Throughout the project, the Coalition has been involved in regular bilateral discussions with officials to make the case for the introduction of mandatory health and environmental reporting and has responded to the working group consultations on the outputs. We have also been vocal when the initiative faced rollbacks in scope or ambition.

Impact

The FDTP was established in response to the National Food Strategy's recommendation to introduce mandatory reporting for food sector companies. This was in part as a direct result of the Coalition's advocacy and engagement with the Government following the report's release via investor statements and bilateral meetings. Ahead of the Coalition engaging with the UK Government as part of FDTP, there was no mention of investors as a stakeholder group. In its initial scope, FDTP was due to have four working groups: eco, animal welfare, health and an expert user and data group. Both the health and eco working groups were due to explore a mandatory reporting methodology for companies. In June 2023, the scope was confirmed as being significantly scaled back, to focus solely on the health and eco working groups and for the health group to explore reporting which was voluntary only. This led to Greenbank's stewardship and engagement lead stepping down from co-chairing an FDTP working group. The Coalition continues to support the initiative under the leadership of the new Labour government and to advocate for the agreed metrics from the eco and health working groups to ultimately be made mandatory for food sector companies to report.

²²[gov.uk/government/groups/food-data-transparency-partnership](https://www.gov.uk/government/groups/food-data-transparency-partnership)

2

Coordinating investor statements

Since 2021, the Coalition has coordinated several investor letters and statements to parliamentarians.

The Coalition's role

These letters and statements have been coordinated by the advisory group and the Food Foundation and have been focused on different topics to coordinate with milestones in the Government's work to address the National Food Strategy recommendations. They include expressing our support for mandatory reporting, making the case for why investors are important stakeholders in food policy development discussions and expressing our disappointment in rollbacks of the scope and ambition of the Food Data Transparency Partnership project.

Impact

Greenbank coordinated the first letter to DHSC and DEFRA in support of the National Food Strategy recommendation to introduce mandatory reporting for food sector companies in July 2021, and it garnered support from 21 signatories. In response to our letter, Victoria Prentis MP²³ said "the investor perspective will be crucial to help us better understand how mandatory reporting could incentivise positive behaviour change amongst businesses, as well as how regulation would work best for companies and investors". The statements have played a key role in opening the door to bilateral meetings with parliamentarians.

²³Victoria Prentis MP was Minister of State (Department for Environment, Food and Rural Affairs) at the time of responding to our letter in January 2022.

3

House of Lords Committee on Food, Diet and Obesity

The Food, Diet and Obesity Committee was appointed in January 2024 to consider the role of foods, such as 'ultra-processed foods', and foods high in fat, salt and sugar, in a healthy diet and in tackling obesity. It will assess how shifts in behaviours and trends have impacted obesity, how government policies have influenced these shifts, and the role of the industry and the wider public in the public health landscape.

The Coalition's role

In April 2024, the Coalition was invited to submit evidence to the House of Lords Select Committee on Food, Diet and Obesity²⁴. As well as submitting written evidence, Greenbank's stewardship and engagement lead, Sophie Lawrence also gave evidence in person. She explained the mechanisms by which investors have influence over companies and what the Coalition sees as the challenges and opportunities for food companies in developing healthier offers, including a lack of consistent, long-term policy signals from government. She explained why investors are in support of the mandatory reporting of health and sustainability metrics to create a level playing field for companies who are developing healthier products. She also noted concerns over potential corporate lobbying of government to water down regulation which would support a healthier, sustainable and affordable food system.

Impact

This was an exciting opportunity for the investor voice to be on the public record on how to address the issue of rising diet-related poor health in the UK. The final report²⁵ was released in October and included several of the Investor Coalition on Food Policy recommendations, including the need for mandatory reporting of health targets and the need for a whole government approach to tackling the issue. Our Stewardship and Engagement Lead will be attending the official launch of the report in the House of Commons in November. The Government has to respond to the report by the end of 2024.

²⁴committees.parliament.uk/committee/698/food-diet-and-obesity-committee/

²⁵publications.parliament.uk/pa/ld5901/ldselect/ldmfdo/19/1902.htm

4

Bilateral meetings and roundtables with parliamentarians

The Coalition has facilitated several meetings with senior Ministers and MPs over the last 3 years to demonstrate that there is private sector support for the reform of food policy.

The Coalition's role

An example of a recent meeting was a roundtable held in April 2024 organised by the Food Foundation to provide investors and food businesses with an opportunity to put forward our vision for a healthy, sustainable and affordable food system.

The event, on 23 April 2024, was hosted by Baroness Anne Jenkin (Conservative Peer) and attended by Shadow Minister for DEFRA, Daniel Zeichner MP (now Minister of State for DEFRA)²⁶. Vidhya Alakeson, Director of External Affairs for Keir Starmer, was also in the room. Investors and businesses were invited based on the leadership they are already demonstrating in tackling either (or both) the health or environmental crises. Alongside Greenbank, participants included BNP Paribas Asset Management, Compass Group UK & Ireland, Cook Foods, The Co-operative, Danone, Guy's and St Thomas' Foundation, Iceland, Sainsbury's, Sodexo and Tesco.

There were several requests in common from the businesses and investors in the room, including the need for consistent, long-term policy making and the need for mandatory reporting for food sector companies. There was also strong support for revisiting the National Food Strategy recommendations, recognising that the consultation had been far-reaching with a comprehensive evidence base backing up the findings.

Impact

The meetings have been an important opportunity to put forward our policy requests to cross-party parliamentarians, and to communicate expectations to food businesses about what issues matter to investors. We have maintained consistency in our message and asks, despite changing priorities within government, ensuring that the long-term systemic risks facing companies are on the Government's agenda.

²⁶Daniel Zeichner MP has recently been appointed as the Minister of State in the Department for Environment, Food and Rural Affairs (as of 8 July 2024)

5

Building a wider understanding through media and events

Coalition members have been active in talking and writing about the Coalition's work at various events and through media appearances.

The Coalition's role

In May 2023 the Chair of the Coalition (Greenbank's Sophie Lawrence) was invited to represent the finance industry as a member of the BBC Rural Affairs Committee, with which she continues to be involved. Greenbank and the Coalition have also contributed to news outlets such as BBC Farming Today, BBC Business Daily, The Times and [CNBC International](#). Coalition representatives have spoken at several industry events on the topic, including at COP 26 and as panellists at the [2023 City Food and Drink Lecture](#) as well as talking on panels at the Conservative and Labour party conferences in 2023.

Impact

These opportunities have helped us to educate the public and wider finance industry about the risks and opportunities facing the food system, the limitations of voluntary reporting in driving change, the role corporate lobbying plays in limiting government action, and how currently it can be more profitable for companies to produce and market unhealthier products. Raising awareness of these issues and challenges can help catalyse wider change on the issue.

Next steps

Working on policy brings unique challenges including the pace of change and the need to maintain consistency in our message, despite setbacks and changing priorities within government. As an example of this, in the time we have been engaging with parliamentarians through the Investor Coalition on Food Policy we have had 6 different Secretaries of State for the Department for Health and Social Care. We have persevered throughout this, keeping the issue on the government agenda. Numerous policy measures around changing our food environment and nutrition have faltered in the past and we believe that a lack of private sector, and investment community support has been a factor in this, so it is important to keep engaging. Ultimately, we feel there is potential for the Government to create a Good Food Bill, proposed in the National Food Strategy as the legislative basis for mandatory reporting and other policy measures to improve diet-related health and food policy. This should also be accompanied by targets that would enable the Government to be held to account on progress.

A big focus for the Coalition going into the second half of 2024 and beyond will be to initiate dialogue with the new Labour Government ministers and officials, to share the investor case for ambitious government policy to address the risks and opportunities facing our food system. A new strand of our work is planned to look at corporate lobbying within the food sector. Some preliminary research is being conducted which focuses on the scale of the issue and what investors could do to help tackle and increase transparency of lobbying activities.

Greenbank

For further information on the services we provide, or to arrange a meeting, please contact us.

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