

## **Position Paper**

### **Ethical issues related to health and nutrition within the Food & Beverages Industry**

March 2017

#### **1 Introduction and background**

- 1.1 The CFB published a Policy Statement in 2005 entitled *'Ethical Issues relating to the food industry'*, which sought to look at general principles and expand on issues of particular concern and relevance to the CFB. A review of this policy highlighted a need for revision, particularly in light of growing concerns over poor health, nutritional wellbeing and the global rise in obesity led clinical illness. A basis from which to engage with companies on these issues was also recognised.
- 1.2 This paper will therefore:
- consider relevant biblical teaching and Methodist tradition;
  - survey the ethical issues relating specifically to nutrition, wellbeing and health within the food and beverage industry; and
  - pose questions regarding health and nutrition issues for engaging with companies from an ethical perspective.

#### **2 The Biblical background**

- 2.1 The opening chapters of Genesis teach that food is given by God, but that post-fall it will not always serve its intended purpose of nourishing the body for God's service. Both the availability of food and humankind's attitude to it are affected by the fall as relationships with the Creator and Creation are affected, and this good gift is often abused. When food is not used in the way it was intended it can have a detrimental effect on the body and the ability to use it to honour God.
- 2.2 Despite the fall, throughout the Bible food is still considered as a gracious provision and blessing from God. In Genesis chapter 9, as God blesses Noah a new covenant is made with him and the diet of humankind is broadened to include animals. In the wilderness of Exodus chapter 16 the Israelites are provided with manna each day to teach them to trust that God is able to provide for them. In the New Testament Jesus teaches his disciples not to worry about food, but to trust that their Father in heaven knows their needs and will provide for them (Matthew 6:31-33).
- 2.3 In Deuteronomy chapter 14 God sets out food laws which mark out certain foods as 'unclean' and therefore forbidden for consumption. Whilst these laws seem to limit God's blessings they actually mark out the Israelites as the chosen 'holy' nation, and demonstrate God's desire to set them apart from the idolatrous nations surrounding them. The teaching of the New Testament declares that in the new covenant of Christ all foods are again considered 'clean', and Christians are free to eat and enjoy all that God has created for food: *"Then he heard a voice saying, 'Get up, Peter; kill and eat.' But Peter said, 'By no means, Lord; for I have never eaten anything that is profane or unclean.' The voice said to him again, a second time, 'What God has made clean, you must not call profane.'* Acts 10: 13-15.
- 2.4 God also commands the people to bless others by being generous in sharing their food. In Deuteronomy we read: *"Every third year you shall bring out the full tithe of your produce for that year, and store it within your towns; the Levites, because they have no allotment or inheritance with you, as well as the resident aliens, the orphans, and the widows in your towns, may come and eat their fill so that the Lord your God may bless you in all the work that you undertake."* Deuteronomy 14: 28-29
- 2.5 Rich foods and feasting in the Bible are seen as wonderful pictures of God's blessing and a foretaste of the 'great banquet' in heaven: *"On this mountain the Lord of hosts will make for all peoples a feast of rich food, a feast of well-matured wines, of rich food filled with marrow, of well-matured wines strained clear. And he will destroy on this mountain the shroud that is cast over all peoples, the sheet that is spread over all nations; he will swallow up death for ever. Then the Lord God will wipe away the tears from all faces, and*

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*the disgrace of his people he will take away from all the earth, for the Lord has spoken.*" Isaiah 25:6-8 in his parables, Jesus also uses the imagery of a great banquet to refer to the kingdom of heaven (Luke 14:16-24, Matthew 22:1-14).

- 2.6 The Bible is also full of examples where food and drink is seen as a demonstration of God's good gifts: "Go, eat your bread with enjoyment, and drink your wine with a merry heart; for God has long ago approved what you do." (Ecclesiastes 9 v7) and "You cause the grass to grow for the cattle, and plants for people to use, to bring forth food from the earth and wine to gladden the human heart, oil to make the face shine, and bread to strengthen the human heart." Psalm 104: v14-15.
- 2.7 Conversely, famine and a failure of the harvest in the Old Testament are often a result of God's covenantal curse for Israel's disobedience: "You have looked for much, and, lo, it came to little; and when you brought it home, I blew it away. Why? Says the Lord of hosts. Because my house lies in ruins, while all of you hurry off to your own houses. Therefore the heavens above you have withheld the dew, and the earth has withheld its produce. And I have called for a drought on the land and the hills, on the grain, the new wine, the oil, on what the soil produces, on human beings and animals, and on all their labours". Haggai 1:9-11
- 2.8 The role of food as an important and central aspect of Christian fellowship is also evident in the New Testament and was an important part of the early Church. Jesus often ate with his followers and at the last supper when he broke the bread and poured the wine, he commanded his followers to "do this in remembrance of me". Getting together for the 'breaking of bread' was an important part of the early Church's fellowship (Acts 2).
- 2.9 However, there are also clear warnings against the misuse of food in the Bible. Whilst food is a blessing to be received from God with thanksgiving, it can be abused when the true purpose of food or God's authority over humankind is not acknowledged. When this is the case, other influences such as financial greed, bodily appetite or the opinions of others can determine how individuals and corporations view and use food. As a consequence of the misuse of food, many around the world face the health implications of over-nutrition whilst others face the prospect of malnutrition and its associated problems.
- 2.10 At a corporate level, a failure to recognise the call to trust God for the provision of food (Exodus 16, Matthew 6:31-33) or the need to be generous and fair in stewarding this God-given gift (Deuteronomy 14:28-29) may result in greed and an uneven, unfair distribution of food.
- 2.11 At a more personal level, a failure to recognise that food is a good gift from God to nourish the body may lead to the over or under-indulgence of food.
- 2.12 Gluttony and its consequences are warned against in the Bible: "Do not be among winebibbers or among gluttonous eaters of meat; for the drunkard and the glutton will come to poverty, and drowsiness will clothe them with rags." Proverbs 23:20-21 "Those who keep the law are wise children, but companions of gluttons shame their parents." Proverbs 28:7
- 2.13 In 1 Corinthians 6, the Apostle Paul warns believers not to sin against the body which is a temple of the Holy Spirit: "Or do you not know that your body is a temple of the Holy Spirit within you, which you have from God, and that you are not your own? For you were bought with a price; therefore glorify God in your body." 1 Corinthians 6:19-20. Whilst Paul is speaking into a context of sexual immorality here, the principle applies to any other body-harming activity such as the abuse of drugs, alcohol or food.

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2.14 The biblical approach to food and nutrition appears to be one which embraces the paradox of it being a gift from God to be consumed and enjoyed whilst recognising that when used inappropriately it can cause great damage and harm. Therefore emphasis is placed on:

- the need for self control; and
- the responsibility to protect and encourage food security and healthy dietary choices.

This gives rise to the argument that products, advertising, or retail outlets which actively encourage unhealthy eating habits will be subject to enhanced scrutiny from an ethical investment perspective.

### **3. Methodist Tradition and teaching**

3.1 In his sermon, The Good Steward (sermon 51) John Wesley speaks about the role of humankind as steward of all that the Lord has entrusted to them, including food: *“God has entrusted us, thirdly, with a portion of worldly goods; with food to eat, raiment to put on, and a place where to lay our head; with not only the necessaries, but the conveniences, of life.”*

3.2 He then goes on to remind believers that they will be called to account for how they have stewarded these goods, the implication being that Christians must use food to preserve health and godliness and ensure that others do not hunger but are treated with love and care: *“The Lord of all will next inquire, “How didst thou employ the worldly goods which I lodged in thy hands Didst thou use thy food, not so as to seek or place thy happiness therein, but so as to preserve thy body in health, in strength and vigour, a fit instrument for the soul?... Wast thou accordingly a general benefactor to mankind feeding the hungry, clothing the naked, comforting the sick, assisting the stranger, relieving the afflicted, according to their various necessities? Wast thou eyes to the blind, and feet to the lame, a father to the fatherless, and a husband to the widow? And didst thou labour to improve all outward works of mercy, as means of saving souls from death?”*

3.3 John Wesley is also credited with saying: *“Do you not know that God entrusted you with that money (all above what buys necessities for your families) to feed the hungry, to clothe the naked, to help the stranger, the widow, and the fatherless; and, indeed, as far as it will go, to relieve the wants of all mankind? How can you, how dare you, defraud the Lord, by applying it to any other purpose?”*

3.4 John Wesley also considered that spiritual and physical health was closely related and that it is therefore important for Christians to take care of their physical health. He authored a book entitled ‘Primitive Physick’ which aimed to bring practical medical advice to those who could not afford medical doctors. In the prologue to the book, Wesley gives practical advice on maintaining a healthy diet which seems to emphasise eating good quality and wholesome food in small quantities: *“The great rule of eating and drinking is to suit the quality and quantity of food to the strength of the digestion; to take always such a sort and such a measure of food as sits light and easy on the stomach.”*

3.5 John Wesley believed that spiritual disciplines (or ‘works of piety’), which help a Christian grow and mature in loving God, are bound together with acts of justice and compassion (or ‘works of mercy’) through which disciples live out their love for God in the world by loving their neighbours as themselves. Christian perfection is loving God with all your heart and loving your neighbour as yourself, where the spiritual and practical needs of your neighbour must be recognised (‘whether they relate to the bodies or souls of men; such as feeding the hungry, clothing the naked, entertaining the stranger, visiting those that are in prison, or sick, or variously afflicted...’). This means that throughout its history, the Methodist Church has sought to address poverty and injustice, including tackling food poverty. For example, many Methodist Churches today run or support foodbanks. The Joint Public Issues Team published ‘Faith in Foodbanks’, which looks at the reasons why people are hungry and how and why churches are responding.

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**4. Current issues around food health and nutrition**

- 4.1 The range of ethical issues within the food and beverages industry is broad, encompassing labour and business ethics; nutrition, health and food security; environmental ethics; and animal welfare among others. The CFB's previous policies: 'Ethical Issues Related to the Food Industry' and 'Nestlé', highlighted issues across all of these areas. This paper however, focuses solely on issues related to health and nutrition since these are unique to the food and beverage industry. Other issues which can be applied across different sectors will be addressed in other CFB work.
- 4.2 Issues related to nutrition and health is of major ethical concern when considering the impact of the food industry. It is possible for the activities of companies, whether involved in food production, distribution, or retail, to encourage unhealthy and unbalanced diets, or inhibit access to a healthy, balanced diet. Issues that will need addressing with companies would include, but are not limited to the following.
- 4.3 Food security  
Food security has been defined as existing when all people have access to sufficient amounts of safe, nutritious and affordable food to provide the foundation for active and healthy lives. Food security is a complex problem given that the global food system is itself complex and is fundamentally dependent on natural resources whilst at the same time influenced significantly by social factors such as trade, urbanization and changing demographics as well as governmental policies.
- 4.4 Whilst food security might be seen as more of a challenge for the developing world, even in the UK food poverty is a growing issue. In recent years an extensive network of foodbanks has become established in the UK in response to increasing numbers of families unable to afford basic food. These foodbanks are largely run by churches and charitable organisations.
- 4.5 Companies can pose a threat to food security when they do not:
- Adequately manage risks to production and supply whether caused by political instability, weather-related production shortfalls or other influences.
  - control and minimise food waste;
  - make food affordable, accessible or nutritionally balanced;
  - make good use of resources risking food productivity; or
  - use efficient and sustainable methods for producing and distributing food.
  - The Access to Nutrition Index (ATNI) identifies how some of the largest companies are engaging with these issues and benchmarks their performance to facilitate meaningful investor engagement. Details of the Access to Nutrition Index can be found in section 7.
- 4.6 Undernutrition  
A lack of food security can lead to undernutrition where there is insufficient access to nutrients from food. Undernutrition can lead to stunting (underdevelopment), wasting (underweight), or vulnerability to infectious disease through immune system compromise. Undernutrition remains a systemic problem affecting millions of people, not just as a result of having insufficient food, but also where sufficient food is lacking in the micronutrients needed to sustain health and wellbeing.
- 4.7 Companies can help to combat undernutrition by making their food products more widely available and by fortifying products with micronutrients. Food and beverage companies have the ability to do this through the strategic use of expansion targets and distribution networks, with reformulation of products targeted for undernourished populations. Many companies, such as Nestlé and Unilever, now have policies to address the challenge of undernutrition through micronutrient fortification. However ATNI reported in 2016 that no companies had integrated undernutrition into expansion goals at a strategic level.

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**4.8 Obesity and overweight**

Worldwide obesity has more than doubled since 1980. Most of the world's population live in countries where overweight and obesity kills more people than underweight. Increased Body Mass Index (BMI) is a major risk factor for non communicable diseases (NCDs) such as cardiovascular diseases (which were the main causes of death in 2012); Type 2 diabetes; musculoskeletal disorders; and some cancers. Childhood obesity is also reaching alarming proportions around the world. Many children now live in an obesogenic environment which encourages weight gain caused by an increase in the availability and popularity of unhealthy foods and a decline in physical activity. Childhood obesity is linked to a higher chance of obesity in adulthood leading to premature death and disability in adulthood, but also has physical and psychological health implications for childhood. As obesity and overweight are now more of a problem in middle and low income countries, many are now facing the double burden of dealing with health problems linked to undernutrition and infectious disease, but also a rapid increase in NCDs related to overweight and obesity, particularly in urban settings.

4.9 Although government policy, education and individual choice will play a large role in the addressing the problem, food and beverage companies also have a responsibility to influence and inform public health in the way they conduct their business. Companies can do this by encouraging and enabling all people to make healthier dietary choices in four main ways:

- changing the content or impact of food by reformulating content or decreasing portion sizes;
- labelling products clearly and responsibly;
- ensuring the availability and affordability of healthy choices to all; and
- marketing less healthy foods more responsibly, especially to vulnerable groups such as children.

These are explored further below.

**4.10 Reformulation and nutritional content**

Food companies ought to be committed to reformulating food and drink products where possible to increase nutrient content and reduce salt, sugar and fat where it is unnecessarily high. Some products which might be regarded as 'luxury' or 'treat' items such as confectionary products are often high in sugar, fat and salt. This doesn't make them inherently unethical, but such products must be marketed and priced appropriately to discourage over-consumption. Producers and retailers can also reduce the negative impact of food high in sugar, salt and fat by reducing the portion size.

**4.11 Responsible labelling**

It is important that consumers are able to make informed decisions about their diet, with nutritional content such as fat, salt and sugar clearly labelled on products. Supermarkets use two different methods to do this: the 'traffic light' system and Guideline Daily Amounts (GDA). There is no general consensus on the best method to use, although the Food Standards Agency (FSA) recommends the 'traffic light' labelling scheme which lists the amount of fat, saturated fat, sugar and salt with easy to understand red, amber and green traffic lights. Research has shown that almost half of UK adults lack the numeracy skills to enable them to make use of figures based on percentage of GDA. It is also important that children are able to understand nutritional labelling to aid education in making healthy food choices. The major UK food retailers currently use conflicting systems which may increase consumer confusion and dilute awareness.

4.12 Nutritional content and traffic light labelling can also be applied to out-of-home dining by adding calorie or nutritional content information to menus in restaurant and fast food outlets. Many companies are already displaying this information or highlighting healthy choices on their menus.

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**4.13 Availability and affordability of healthy options**

Retailers such as supermarkets should endeavour to stock healthy option choices to enable consumers to make informed choices. It is also important that cost does not become a barrier to health, and suppliers and retailers should seek to price products fairly and appropriately so as not to encourage 'nutrition discrimination'

4.14 The same principles also apply to out-of-home dining establishments. To ensure that consumers are given the opportunity to make healthy choices, the range of items available should contain healthier options which are fairly priced. Where restaurants and fast food outlets offer 'meal deals' these should include healthy options or allow for the possibility of substituting items such as potatoes or salad in place of fries.

**4.15 Responsible marketing and promotion**

In addition to clearly labelling products with their nutritional content, retailers should also ensure that their marketing practices are responsible with regards to nutrition and health. Producers and retailers have a particular responsibility in this area to ensure that the way they market products does not encourage the over consumption of those which are high in sugar, salt and fat, but rather encourages a healthy, balanced diet. Retailers have particular responsibility in this area as it relates to marketing to children.

4.16 Examples of marketing campaigns which might promote the purchase of unhealthy foods are those which offer significant discounts for multiple purchases of unhealthy products or offer prizes or discounts for collecting tokens on packaging. Some campaigns may particularly target vulnerable groups such as children through their advertising or packaging and encourage the purchase of unhealthy foods. Irresponsible product placement can lead to the impulse purchasing of unhealthy products such as through the placement of confectionary at supermarket checkouts.

4.17 Other examples of irresponsible or inappropriate marketing practices might include offering sports equipment for schools which requires the purchase of a large number of confectionery or snack products, the negotiating of exclusive contracts with schools for vending machines, or sponsorship that seems aimed at promoting the unethical marketing of food products.

**4.18 Product content transparency and traceability**

Producers and retailers have a responsibility to ensure that the food they sell is clearly labelled with its contents and that consumers are not in any way misled. The horsemeat scandal in 2013 highlighted the need for companies to audit producers and suppliers to ensure that the labelling of their products is accurate and ingredients are traceable. The scandal led to the establishment of the National Food Crime Unit in 2014 and to the tightening of regulations and increased scrutiny.

4.19 Where foods contain genetically modified (GM) ingredients this must also be made clear to consumers under EU regulations. The use of genetically modified crops remains controversial for a number of reasons including the potential risks to human health and the environment, and unease about the unnaturalness of the technology. Whilst there are negative controversies associated with GM crops, the potential benefits that the technology could offer to developing countries in improving food security must also be taken into consideration.

**4.20 Breast Milk Substitutes**

The marketing of Breast Milk Substitutes (BMS), particularly in developing countries, has been an ethical concern since the 1970s. Dubious methods of marketing these products has in the past contributed to infant mortality where women have been unable to afford formula milk or where water impurities have led to illness. In 1981 the World Health Organisation published its International Code of Marketing of Breast-Milk Substitutes ('The Code') to provide guidelines to companies marketing BMS. The main principles of the

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Code are that BMS products should not be advertised nor should they be promoted through healthcare facilities or the giving away of free samples to mothers or healthcare professionals. All information on BMS products should be purely scientific and factual and give clear information on the benefits of breast feeding and the hazards of artificial feeding. The Code also states that all products should be labelled in the indigenous language and should not depict pictures of babies. A more lengthy consideration of BMS issues and the CFB's previous work on this is included in the appendices.

#### **4.21 Alcohol**

The misuse of alcohol has a significant impact on health, and serious knock-on effects for society. Excessive, rapid and chronic drinking pose serious health risks with alcohol rated as the third largest lifestyle risk factor for disease and death in the UK after smoking and obesity. Societal problems linked to excessive alcohol consumption include increased crime and violence rates, family breakdown, and financial loss to individuals, employers and public services.

4.22 Companies have a responsibility to market and price products appropriately so as to guard against over-consumption and ensure that measures are in place to comply with age restrictions. Because of the seriousness of problems linked to the misuse of alcohol, the CFB does not invest in companies with significant exposure and has published a Position Paper and Policy on Alcohol.

## **5 Global and UK policy and guidance on health and nutrition**

### **5.1 UN Sustainable Development Goals**

The United Nations launched its Sustainable Development Goals in 2015 to provide a framework for governments to address sustainability issues. Relevant goals include:

Goal 2: Zero Hunger

- By 2030, end hunger and ensure access by all people, in particular the poor and people in vulnerable situations, including infants, to safe, nutritious and sufficient food all year round.
- By 2030 end all forms of malnutrition, including achieving, by 2025, the internationally agreed targets on stunting and wasting in children under 5 years of age, and address the nutritional needs of adolescent girls, pregnant and lactating women and older persons.

Goal 3: Good Health and Well-Being

- By 2030 reduce by one-third premature mortality from non-communicable diseases through prevention and treatment, and promote mental health and wellbeing.

Goal 12: Responsible Consumption and Production

- By 2030 halve per capita global food waste at the retail and consumer levels and reduce food losses along production and supply chains, including post-harvest losses.

### **5.2 World Health Organisation**

The World Health Organisation (WHO) established the Commission on Childhood Obesity in 2014 which published its report in 2016. The report sets out a comprehensive list of recommendations for governments and other stakeholders to address childhood obesity in different contexts around the world. The first of its six major recommendations is 'to promote the intake of healthy foods and limit the intake of unhealthy foods and sugar-sweetened beverages' and is particularly relevant to the food and beverage industry.

5.3 Recommendations to achieve this include:

- ensuring nutritional information for adults and children are developed and disseminated in a simple, understandable and accessible manner to all;
- implementing a tax on sugar-sweetened beverages;
- implementing a set of recommendation on the marketing of foods and non alcoholic beverages to children;
- developing nutrient profiles to identify healthy and non-healthy foods;

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- standardising a global nutrient labelling system;
- implementing interpretive front-of-pack labelling; and
- increasing access to healthy foods in disadvantaged communities.

#### **5.4 UK Public Health Responsibility Deal**

The UK government published its Public Health Responsibility Deal (PHRD) in 2011 which sets out a number of pledges which business can sign up to committing to actions which encourage and enable people to make healthier choices.

5.5 There are five core commitments which businesses can sign up to, and a number of more focused pledges on areas including food and alcohol. Food pledges come under the core commitment “*we will promote and enable people to adopt a healthier diet*” and concern out-of-home calorie labelling, salt reduction, and artificial trans-fat removal. Alcohol pledges come under the core principle “*we will foster a culture of responsible drinking, which will help people to drink within guidelines*” and address issues such as product labelling, under age drinking, making units of alcohol and calorie content clear, and advertising and marketing. A number of companies have signed up to the core commitments and individual pledges.

#### **5.6 UK Government’s Childhood Obesity Strategy**

The Strategy (published in the summer of 2016) points out that nearly a third of children aged 2 to 15 are overweight or obese and younger generations are becoming obese at earlier ages and staying obese for longer. Reducing obesity levels will save lives as obesity doubles the risk of dying prematurely. Obese adults are seven times more likely to become a type 2 diabetic, which may cause blindness or amputation, than adults of a healthy weight. Not only are obese people more likely to suffer from physical health conditions such as heart disease, they are also more likely to be living with conditions such as depression.

5.7 The Government also points to the economic costs. The UK spends more each year on the treatment of obesity and diabetes than on the police, fire service and judicial system combined. It was estimated that the NHS in England spent £5.1 billion on overweight and obesity-related ill-health in 2014/15.

5.8 The burden falls hardest on children from low-income backgrounds. Obesity rates are highest for children from the most deprived areas and this is getting worse. Children aged 5 and from the poorest income groups are twice as likely to be obese compared to their most well off counterparts and by age 11 they are three times as likely.

5.9 The Government strategy is to significantly reduce England’s rate of childhood obesity within the next 10 years. The first visible part of the strategy is the introduction of a soft drinks industry levy across the UK. In England, the revenue from the levy will be invested in programmes to reduce obesity and encourage physical activity and balanced diets for school age children. This is a levy on producers and importers, and not on consumers, and is designed to encourage producers to reduce the amount of sugar in their products and to move consumers towards healthier alternatives. Producers and importers have been given two years to lower the sugar in their drinks so that they won’t face the levy if they take action. Many manufacturers have already taken steps to reduce the overall levels of added sugar in their drinks, but the levy will create stronger incentives for action.

## **6 Relevant previous CFB policy, decisions and actions**

### **6.1 Food Policy**

In 2005, the CFB policy, *Ethical Issues relating to the Food Industry*, was adopted, which highlighted the main issues of concern within the industry. Given the time elapsed since its publication and the growing importance and scope of the issues it sought to address, it was felt that a revision was required.

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#### **6.2 Alcohol Policy**

The CFB has always considered the abuse of alcohol to be an issue of great importance and in 1999 produced a position paper addressing the issue, followed by a policy in 2002. In 2012 both were revised to take account of changes in the industry and growing ethical concerns. The revised policy provides guidelines for ethical investment in companies exposed to alcohol.

#### **6.3 CFB actions and JACEI Advice**

With the exception of companies with significant exposure to alcohol, the CFB has never taken a decision to exclude or divest from a company on nutrition and health issues related to the food and beverages industry.

6.4 However, there was a long period when the CFB did not invest in Nestlé because of the controversies around BMS, although the company was never officially excluded from investment on ethical grounds. In 2005, following a great deal of work, JACEI advised the CFB that there was no ethical reason to preclude investment in Nestlé. The CFB has been invested in Nestlé ever since but has continued to monitor and assess the company's ethical suitability throughout this time, reporting to the Methodist Conference on a regular basis. A detailed summary of the CFB's actions with regard to Nestlé and BMS can be found in Appendix II. This Position Paper and accompanying Policy supersedes and replaces the CFB Policy on Nestlé published in 2007.

6.5 In line with the CFB policy on alcohol, a number of companies are excluded solely on the basis of alcohol exposure and others on the basis of exposure to alcohol and tobacco. Companies are generally considered to be of concern when exposure to alcohol approaches 20% of revenue or earnings and are then reviewed by JACEI. Historically, exposure to tobacco has been considered as being of greater concern than that to alcohol. Companies whose main business is in the production or sale of alcohol and tobacco are automatically excluded from investment.

## **7 Relevant investor tools**

### **7.1 Access to Nutrition Index**

The Access to Nutrition Index (ATNI) is published by the Access to Nutrition Foundation (ATNF), and is based on the premise that food and beverage manufacturers have a significant role to play in improving global nutrition.

7.2 ATNI regularly assesses and ranks the world's largest food manufacturers on their nutrition related commitments, practices and performance. It does this with the aim of driving improvement in the way that companies address global nutrition challenges such as through increasing consumer access to nutritious and affordable food and beverages by way of appropriate product formulation, pricing, and distribution, as well as being responsible in the way they influence consumer choice and behaviour through their marketing and labelling.

7.3 ATNI can be used as a tool for engagement with food and beverage companies as it provides an objective source of information for evaluating companies on their nutrition performance. It also allows for benchmarking companies against their peers and against international standards and best practice, which should encourage improved performance.

### **7.4 FTSE4Good**

FTSE4Good is a stock market index designed to assist responsible investors in identifying companies with high standards of corporate social responsibility. In order to qualify for inclusion in the index, companies must meet a set of criteria covering areas such as the environment, human rights, and supply chains.

FTSE4Good is the only responsible investment index to include criteria, including in-country verification, for

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the responsible marketing of BMS and so is particularly relevant when assessing companies exposed to this area.

## **8 Revised CFB Position**

8.1 This Position Paper recognises that since the CFB adopted its policy on the Food and Beverage Industry in 2005, much has changed, principally:

- Trends in consumption away from home-cooking and locally bought fresh foods towards dining out and buying of convenience foods at supermarkets.
- The significant increase in the availability of fast foods and nutritionally poor foods both in terms of access and cost.
- The rise in marketing, particularly to children and young people, through the internet and social media.
- The cost to society in terms of treating non-communicable diseases loss of employment due to ill health, and general wellbeing has continued to grow.
- The impact of an obesogenic environment on children is of particular, and growing, concern.
- The failure of producers and retailers adequately to accept responsibility for marketing food and beverages responsibly, protecting and encouraging food security, particularly in developing countries, and reformulating products with fortified nutrients to tackle under-nourishment.

8.2 Given the increasing concern about the impact of poor nutrition to individuals and to society:

- There is a clear need for the CFB to increase the level of proactive engagement with companies that have a material exposure to these issues.
- With increased exposure, there would need to be escalated engagement around corporate practices, marketing and the promotion of food and beverages.
- If a company has a significant exposure to these issues but refuses to engage, then there may be a question of whether it is suitable for investment.

## **8.3 Conclusion**

- Exposure to nutrition and health issues related to food and beverages is not considered in isolation from other ethical issues;
- Companies whose main business is in the production or sale of food and beverages which are high in sugar, salt or fat, such as sugar-sweetened drinks, fast food or confectionary products, will be subject to enhanced scrutiny compared with those involved with more nutritionally balanced food and beverages;
- Products with unnecessarily high sugar, fat, or salt content which are not marketed as 'treat' products or priced appropriately will be a cause for concern;
- Companies which offer a range of products, including healthy choices, and which seek to address undernutrition through fortification and distribution to undernourished populations will be looked on more favourably;
- The CFB should continue to focus its engagement with companies on business behaviour and responsible marketing, particularly:
  - Supporting public and industry health awareness campaigns;
  - Supporting individuals in making healthy dietary choices;
  - Ensuring advertising and marketing, including labelling, meets regulatory and responsibility 'best practice', including the marketing of BMS
  - Retailing food and beverages in a responsible way that does not encourage excessive consumption, particularly of foods and beverages with poor nutritional content
  - Ensuring that sales, advertising and offers are not targeted at children or other vulnerable groups

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**Appendix I**

**Questions to consider when analysing companies exposed to the food and beverages industry**

In order to make ethical decisions about companies exposed to the food and beverages industry, it will be important to ask questions about their policies and performance both generally and more specifically with regard to health and nutrition. A list of possible questions that might be relevant to companies in the food and beverage production, processing, distribution or retail sectors is set out below.

**General**

- Does the company engage with governments on issues which will have an impact on their ability to operate ethically, for example labour legislation?
- Does the company collaborate with partners and organisations to drive sustainable and ethical sourcing and retail practices?
- Does the company have good reporting and transparency on environmental, social and governance issues generally?
- Is the company taking initiatives to make its supply chain more sustainable and resilient to major changes both social and environmental?

**Nutrition, health and food security**

- Is the company building resilient and sustainable supply chains? Does the company work with its supply chain to support the development of sustainable farming methods and marine management?
- Does the company offer a range of foods which are accessible and affordable for low-income communities?
- Does the company have a policy to reduce food waste both within its own operations and in its supply chain?
- Is the company a signatory of the CDP (formerly known as the Carbon Disclosure Project) supply chains program?
- Does the company offer a broad range of food options, including healthy options at an affordable price?
- Has the company signed up to the government's Public Health Responsibility Deal commitments?
- Does the company make efforts to educate its customers on health, nutrition and well-being?
- Does the company clearly label its food products with easily understandable nutritional information such as the through the traffic light system or providing information on percentage of GDA?
- Do the company's marketing practices encourage a healthy & balanced diet, including product placement, pricing and offers?
- Is the company's marketing responsible in terms of who it targets?
- Does the company comply with government regulations with regards to GM foods and the labelling of products containing them?
- Does the company's marketing of breastmilk substitutes meet with national and international regulations?
- Does the company have management and audit processes in place to ensure that the regulations are complied with and make efforts to investigate where there are allegations of code breaches?

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#### **Appendix II**

##### **Breast Milk Substitutes (BMS)**

The marketing of Breast Milk Substitutes (BMS), particularly in developing countries, has been an ethical concern since the 1970s with dubious marketing practices being widely viewed as having an impact on, or contributing to, infant mortality where water impurities may have led to illness and early death.

The preamble to the World Health Organisation International Code of Marketing of Breast Milk Substitutes (1981) states: *“For many years [the WHO and UNICEF have] emphasized the importance of maintaining the practice of breast-feeding—and of reviving the practice where it is in decline—as a way to improve the health and nutrition of infants and young children. Efforts to promote breast-feeding and to overcome problems that might discourage it are a part of the overall nutrition and maternal and child health programmes of both organizations and are a key element of primary health care as a means of achieving health for all by the year 2000”.*

As a result of the WHO commitment, priority was given to preventing malnutrition in infants and young children by supporting and promoting breast feeding, by inter alia regulating inappropriate sales promotion of infant foods that can be used to replace breast feeding.

The CFB fully subscribes to the principles contained within the International Code of Marketing of Breast Milk Substitutes, and that wherever possible priority should be given to natural feeding.

The main points contained within the Code are that:

- No advertising of breast milk substitutes to pregnant mothers is allowed
- No direct approach to pregnant mothers by manufacturers with product samples
- No free gifts distributed to pregnant mothers and no ‘in-shop’ promotion of such goods
- No direct approach to health workers with product samples of such goods
- Strict accountability regarding labelling including indigenous languages

Whilst the Code is designed to be implemented globally, in certain circumstances, the use of breast milk substitutes may be deemed necessary, desirable or a matter of choice, the key principle being that the Code is nevertheless applied and upheld in the host country. Breast milk substitutes are therefore viewed as legitimate products, and that their sale is not viewed as inherently unethical. An investment exclusion policy based on their manufacture and sale is therefore not appropriate. The Code defines a range of products that constitute ‘breast milk substitutes’. BMS applies to infants of 0-4 months, and also includes complementary breast milk substitutes for young children normally between 4-6 months.

There have been regular allegations of violations of the WHO Code over a number of years, and CFB has regularly engaged with manufacturers and NGOs on allegations regarding breaches to the Code, as well as its interpretation.

Following a period of due diligence, and based on considerable constructive engagement, JACEI advised CFB that it found no ethical impediment to allowing investment in Nestlé (BMS constitutes c2% of global sales), and an investment was subsequently made.

Since that time JACEI has been regularly briefed on the issue of BMS and ongoing engagement with Nestlé. JACEI was careful to advise that the CFB should not apply different standards to Nestlé than it would to other companies. The same principles therefore apply in the selection, retention or disposal of any investment with exposure to BMS products. The issue has regularly exercised the attention and concern of Conference and in 2015 a paper on Nestlé and BMS was debated and the existing position affirmed, but with a significant vote against. .

Part of the due diligence framework CFB applies in reviewing BMS companies is the FTSE4Good BMS process, which it publicly supports. As part of the process to gain entry to the family of FTSE4Good indices, BMS manufacturers are required to undergo further performance hurdles, especially in ‘high-risk’ countries (defined as

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high child mortality or malnutrition and where applying the Code is viewed as potentially weak). Companies fulfilling the requirements for inclusion are then required to submit to external verification via country audits. The results of these audits are shared with the company and made public. An annual workshop brings the company together with investors and NGOs to discuss the results. CFB views this as adding considerable integrity and robustness to an area that continues to incite controversy and dissent.

Overall the CFB has articulated its approach and position on BMS manufacturers thus:

- There are occasions when the appropriate response to an ethical issue is to disinvest from, or avoid investment in, the company involved. There are other occasions when the appropriate response to an ethical issue is to engage with the company in expectation that concerns will be heard and appropriate changes will be instigated.
- There may be instances however, where a company's application of the Code is so poor, the only ethical response is to exclude or divest.
- There are some products whose manufacture and sale may be considered incompatible with Methodist aims and values. The opinion of JACEI is that breast milk substitutes do not fit into this category.
- There has been sufficient evidence of progress to make engagement an appropriate approach for the CFB on this issue.
- JACEI advised the CFB that there were insufficient reasons to avoid investment in BMS manufacturers on ethical grounds, although any such holdings require continued monitoring and engagement, and the CFB should continue to listen to the views of other groups or NGOs with particular knowledge and insight.
- This Position paper and Policy on Ethical Issues related to Health & Nutrition within the Food and Beverage Industry supersedes and replaces the CFB Policy on Nestlé published in 2007.