Join The Dots: What significance does health have in responsible investment?

Curation and Maddyness have created Join the Dots, a platform dedicated to ESG that highlights the need for businesses to look at all three in correlation. At our launch event, we invited three experts to discuss the E, the S and the G along with a moderator. The result? A masterclass in how joined up thinking can drive both a sustainable and profitable business.

Temps de lecture : minute

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Join the Dots is a series of podcasts, events and articles designed to equip your business with the knowledge to navigate and understand the complexities of ESG.

Jessica Attard is head of health programme development at ShareAction, a charity that promotes responsible investment. Speaking to Maddyness UK, Jessica discusses the importance of health in the context of ESG and why both investors and companies need to make health a priority in their decision making.

Good health is the bedrock of a thriving society, well performing companies, and a strong and resilient economy. It is generally valued above all else by individuals and is what enables us to live independent and fulfilling lives, as well as contribute productively as workers and be active participants in the economy. In 2019, over two-thirds of public savers surveyed in the UK said health and wellbeing (SDG 3) was the most important SDG to them. Roll forward three years, and that sentiment is likely only to have increased as a result of the pandemic.

At present though, our lives are being cut short. Fifteen million working-age people die prematurely around the world. In some developed countries, life expectancy has stalled for the first time since records began, and in countries like the UK there's almost a twenty year difference in healthy life expectancy between people living in the richest and poorest places.

As a result of the pandemic, about 100M people have fallen back into extreme poverty and these adverse impacts are felt hardest by the most vulnerable groups.

Our research shows that health poses a blind spot to investors and is leaving negative health externalities created by companies to go unchecked. Put simply, this is contributing to poor health at a population-level and exposes companies and investors to unnecessary financial risk.

This is why we're establishing the Long-Term Investors in People's Health (LIPH) initiative, a global partnership that will see health elevated as a systemic risk by the investment system. LIPH will highlight best practice, provide opportunities for collaborative engagement, and work with investors to define metrics and improve the data and reporting on this topic.

We're doing this with support and input from a wide range of partners around the world, including Guy's and St Thomas' Foundation and The Health Foundation. Leading this agenda will be a global alliance of investor signatories.

Creating positive change

When we think about health, we often equate this to an absence of illness and focus on the role of the healthcare and pharmaceutical industries in treating illness. The reality is that health is much more about preventing illness from happening in the first place.

To stay well, we need all the building blocks of good health to be in place including good jobs that pay a living wage and offer security, safe and appropriate housing, clean air to breathe, and access to healthy food at an affordable price point. If some of these building blocks are missing, it can mean we can’t access the things we need to be healthy, and can lead to chronic stress and ultimately poor health.

Companies have an outsized influence on all of these factors and can be a force for driving better health – but too often this isn’t the case. Investors can play a role in encouraging companies to measure, mitigate and report on their health impacts to drive accelerated corporate progress on this theme.

Listen to episode 3 of the Join the Dots podcast

The connection between health and wealth

Like climate change and biodiversity loss, poor health poses a systemic risk that many investors cannot diversify away from. As the COVID-19 pandemic has shown, the cost burden of poor health can have devastating consequences on companies directly and on the economy across the world.

For example, around the world there are now more sugar taxes than there are carbon taxes. Creating huge risks to companies over reliant on the sale of unhealthy products. Given corporate disclosure is typically poor on this topic, investors may be exposed to greater financial risk than they recognise.

In the US, poor worker health costs employers $575B a year from everything from lost productivity due to worker absence and chronic conditions to injuries leading to workers compensation. The average (and rising) cost of poor health in the US is $3,900 per worker per year.

In India, where twenty-one of the world’s thirty cities with the worst air pollution can be found, air pollution costs Indian businesses $95B every year, equivalent to 3% of India’s GDP.

We also see growing opportunities for investing in startups and innovators contributing positive health outcomes or providing solutions to health challenges. By raising the issue of health as a systemic risk and by supporting and empowering investors to better integrate this into their practices, we expect to see capital shifting over time toward these companies.

The role of companies in driving better health

Companies and their investors have an opportunity to reverse some of the negative health trends we see today, and to capitalise on the positive ones. As much as 80% of people’s health is shaped by their environment – this includes the jobs they do, the things they consume, and the places they live.

A wide range of companies influence and are impacted by people’s health, which means both the corporate and investment sectors have a critical role to play. We’ve developed the framework below to help investors consider companies’ health impacts using three scopes, mirroring the approach used for climate disclosures: Scope 1 (worker health), Scope 2 (consumer health), and Scope 3 (community health). We will work with investor signatories, academics and others to establish sectors of importance within each of these pillars, as well as a set of metrics that investors can consider when assessing investee companies’ health impacts and risks.

With our investor signatories, we’ll be calling on companies of all sizes to assess where their greatest health-related impacts are generated. Are they related to the impact the company has on its workforce because of the size of that workforce and nature of the work? Is it on consumers because of the type of product or service the company makes, markets or sells?

Once companies understand this, they’re able to begin making practical steps to reduce and mitigate any negative health impacts they’re generating, and optimise the positive ones. Startups in particular have an opportunity to demonstrate what is possible, as they’re often more agile and able to respond to risks and opportunities more quickly.

Jessica Attard is head of health programme development at *ShareAction*.

Join the Dots is a collaboration between Curation and Maddyness. To get involved or collaborate with us for your own series, email hello@maddyness.com.

Join The Dots: Taking a methodical approach to ESG for your startup with

Eleanor Winton

Join The Dots: The rise of rewilding tech with Duncan Grossart

Join The Dots: What significance does health have in responsible investment? with Jessica Attard

Join The Dots: SMEs daunted in face of ESG demands with Marc Lepere

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Article écrit par Jessica Attard