



Health & Global Food Systems: An Investor's Guide

Executive Summary June 2025

First Sentier MUFG
Sustainable Investment Institute

About the institute and its sponsors and partners

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Executive summary

The global food sector profoundly impacts human health, with obesity, malnutrition, food insecurity and antimicrobial resistance from animal farming posing critical challenges. In 2020, 42% of the global population was classified as overweight or obese, with projections indicating a rise to 54% by 2035¹ (Figure 3). The consumption of ultra-processed foods, which make up over 50% of total caloric intake in some high-income nations, has exacerbated diet-related health issues, including diabetes and cardiovascular diseases.²

Figure 1: Global Trends in Adult Overweight and Obesity (2020-2035). (Source: World Obesity Federation, 2024)¹

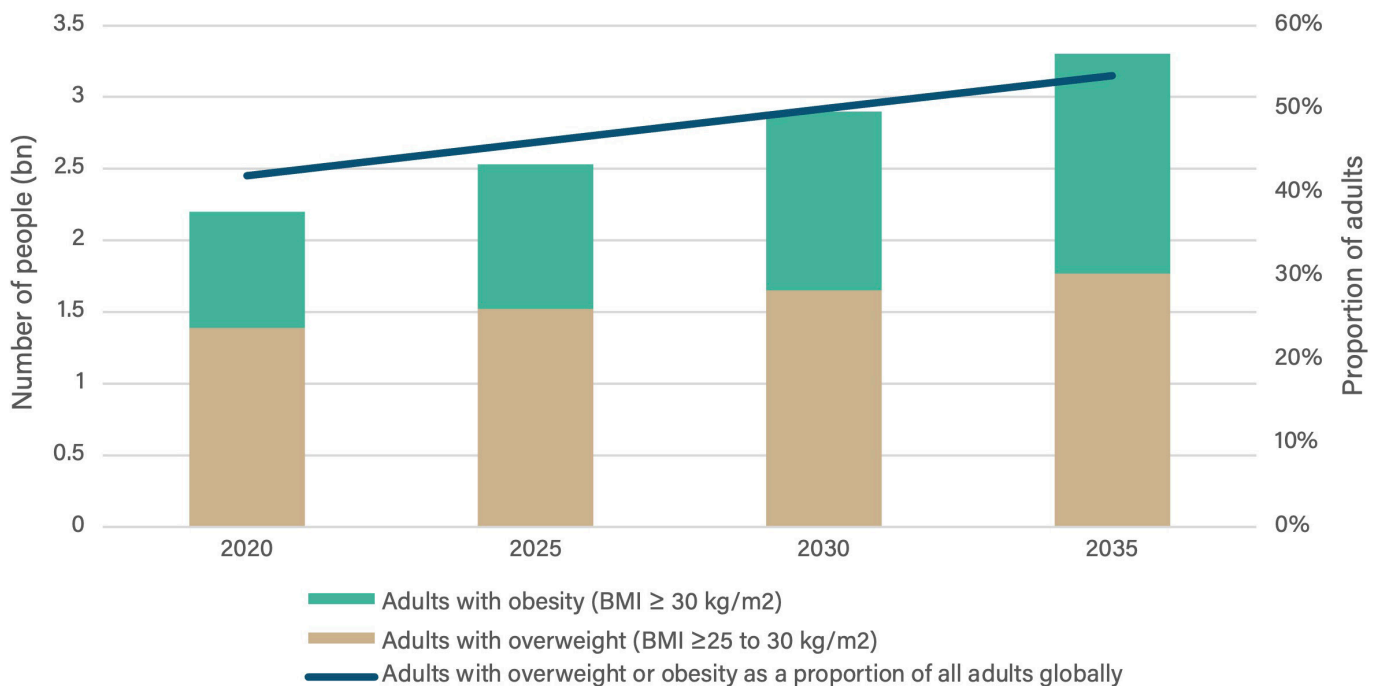
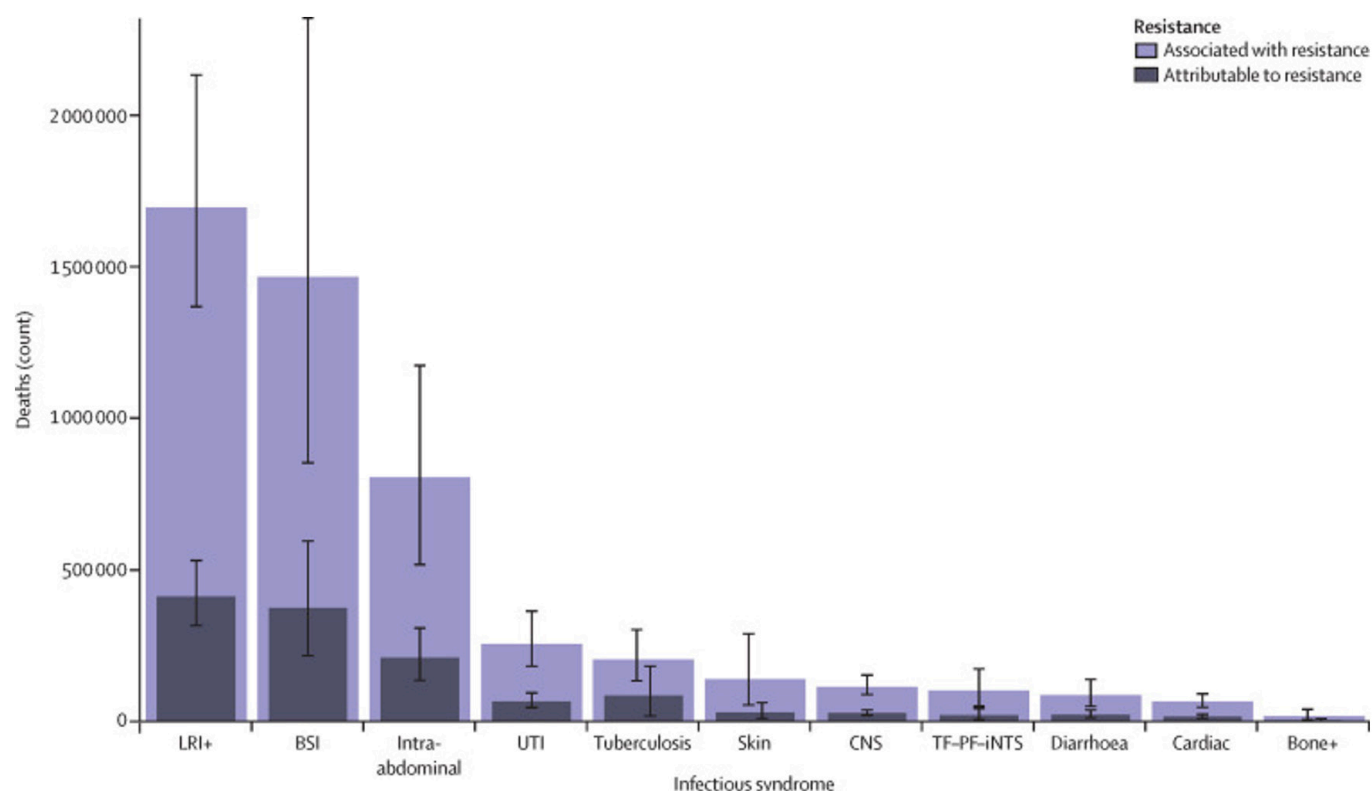


Figure 2: Deaths attributed to Antimicrobial Resistance. (Source: Murray, C. J. L., et al., 2022) 3)



Additionally, the misuse of antibiotics in livestock and aquaculture is accelerating antimicrobial resistance, a growing crisis responsible for 1.27 million human deaths annually (Figure 2).

If left unchecked, antimicrobial resistance-related fatalities could double by 2050, with significant economic consequences. This report explores these challenges, their financial implications, and the regulatory developments addressing them.³

The intersection of the food sector and public health has major financial repercussions. Rising obesity rates and antimicrobial resistance are increasing healthcare costs, productivity losses, and regulatory pressures, leading to significant risks for investors. Governments are increasingly implementing policies, including sugar taxes, marketing restrictions and limits on the inappropriate use of antibiotics, directly affecting corporate revenue streams. Consumer preferences are also shifting toward healthier and more transparent food choices, creating competitive advantages for

companies that adapt. Investors must assess company strategies for mitigating health risks, ensuring regulatory compliance, and capitalising on changing consumer behaviours to build sustainable, long-term investment portfolios.

Obesity is a leading contributor to non-communicable diseases, responsible for an estimated 42 million deaths annually.⁴ Ultra-processed foods, rich in sugars, salts, and unhealthy fats, are the primary drivers of this trend. The economic burden of obesity is substantial, costing OECD countries 3.3% of GDP.⁵ Without intervention, global healthcare costs related to obesity could surpass \$18 trillion by 2060. Childhood obesity is particularly concerning, with rates doubling over the last five decades. Similarly, antimicrobial resistance threatens public health and global economies, with projections indicating a 3.8% reduction in GDP by 2050 due to its impact on healthcare systems, agricultural productivity, and labour markets.

The dominance of ultra-processed foods in global diets contributes to poor health outcomes, particularly among low-income and marginalised communities. Food marketing strategies exacerbate these health risks, especially among children and communities of colour. Companies target vulnerable populations through television, digital advertising, and celebrity endorsements, normalising unhealthy consumption patterns. In 2019, U.S. fast-food advertising spending exceeded \$5 billion, with the majority directed toward products high in fat, sugar, and salt.⁶ The disproportionate marketing of unhealthy foods to marginalised communities exacerbates existing health disparities, contributing to higher rates of obesity, diabetes, and cardiovascular disease.

Governments worldwide are implementing policies to mitigate the health risks associated with unhealthy diets and antibiotic misuse in agriculture. Sugar taxes, front-of-package labelling, and restrictions on unhealthy food marketing are gaining traction, with over 100 countries implementing sugar-sweetened beverage taxes and nearly 70 countries adopting front-of-package labelling systems. Mandatory food composition policies, including reformulation targets for salt, sugar, and trans fats, are becoming more prevalent. Meanwhile, regulations on antibiotic use in livestock, such as the EU's ban on antibiotic growth promoters, are setting industry precedents. Companies

that fail to adapt face financial penalties, export restrictions, and reputational damage, while those embracing reformulation and transparency stand to gain market share.

Investors play a pivotal role in shaping a healthier and more sustainable food system.

Supporting companies to proactively address health risks can mitigate financial exposure and drive long-term value.

Key considerations include:

- **Corporate strategies for reducing ultra-processed food dependence.**
- **Compliance with emerging regulations.**
- **Efforts to curb antibiotic misuse in food production.**

This report provides a framework for assessing food sector risks and opportunities, empowering investors to make informed decisions that align with evolving market and regulatory landscapes. In addition to risk assessment, the report offers investor engagement guidance on key health-related issues in the food sector, equipping investors with targeted questions to drive meaningful corporate action across six key themes:

Key themes	Description
Pricing and affordability	Examines whether companies are making healthier foods more accessible and affordable, particularly for low-income consumers. Focuses on how pricing strategies support equitable access to better nutrition.
Sales and targets	Assesses whether companies set and report on measurable targets to increase the sales of healthier products, promoting transparency and accountability in their health and nutrition commitments.
Marketing and advertising	Explores how companies influence consumer behaviour through advertising, particularly whether they prioritize healthy foods and limit unhealthy food marketing, especially to children.
Product reformulation and innovation	Looks at how companies improve the nutritional profile of their products through reformulation and innovation, ensuring that healthier options are embedded across product lines.
Governance and strategy	Evaluates whether nutrition and health are embedded into corporate strategy and governance structures, reflecting leadership commitment to public health and long-term business sustainability.
Risk management	Focuses on how companies identify, assess, and manage risks related to health, particularly in connection with ultra-processed foods, shifting consumer preferences, and evolving regulations.

Addressing these challenges will not only benefit financial portfolios but also contribute to improved public health outcomes and economic stability.

Why this matters for investors

The food sector's role in public health is increasingly influencing financial markets, with major implications for corporate profitability, economic stability, and long-term investment sustainability. Investors must consider the systemic risks associated with obesity, malnutrition, and antimicrobial resistance, as these challenges translate into mounting healthcare costs, productivity losses, and regulatory pressures on businesses.

Governments worldwide are introducing stringent food policies, such as sugar taxes, front-of-package labelling, and restrictions on unhealthy food marketing, which directly impact corporate revenue streams

and necessitate strategic adaptation. Companies that fail to reformulate their products or adjust their business models accordingly may suffer from declining consumer demand and reputational damage, while those that proactively address these issues stand to gain market share in an evolving marketplace.

For investors, assessing how well companies manage these risks and opportunities is essential. By considering factors such as pricing strategies, product composition, regulatory compliance, and reputational risks, investors can make informed decisions that align with sustainable, long-term value creation. Understanding the interplay between food sector practices and health outcomes is crucial to mitigating risk and ensuring resilient investment strategies in a rapidly changing global landscape.

A call to action for investors

Investors play a crucial role in driving change within the food sector by prioritizing health-conscious and sustainability-focused companies. Key actions for investors include:

- **Encouraging companies to reduce their reliance on ultra-processed foods and curb the misuse of antibiotics in food production, helping investors to mitigate financial risks while contributing to improved public health outcomes.**
- **Engaging with food companies to set measurable targets for product reformulation, enhance the affordability of healthier options, and eliminate the routine use of medically important antibiotics in livestock and aquaculture.**

By supporting companies that proactively address these risks through responsible marketing, transparent antibiotic stewardship, and compliance with evolving regulations, investors can make informed decisions that align with long-term value creation while fostering a healthier, more sustainable food system.

References

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