

**Roundtable on Workplace Health Investment as a Corporate Strategy  
at Tokyo Nutrition for Growth Summit 2021:  
Potential of Health and Productivity Management**

7th December, 2021

**【Discussion Summary】**

**1. Background**

The Ministry of Economy, Trade and Industry (METI) held an official government event at the Tokyo Nutrition for Growth Summit 2021 held on December 7th and 8th, 2021, under the theme of “Workplace Health Investment as a Corporate Strategy: Potential of Health and Productivity Management”.

In the face of international calls for action on malnutrition, the role of companies for employee health is becoming increasingly important. Investing in workforce health, such as working on the nutrition status of employees by improving eating habits, will lead to sustainable business activities and increased corporate values in the future.

The speakers of this event included leaders of companies that engage in health and productivity management, investors, international organizations, and an NGO. They discussed corporate strategies and stakeholder perspectives on health investment.

**2. Corporate Strategies for Health Investment**

Two global companies that engaged in advanced health and productivity management introduced their efforts to maintain and improve the health of their employees, and their contributions to the health of society as a whole through their products and services.

The Johnson & Johnson Credo, drafted in 1943, states that the company “must support the health and well-being of our employees and help them fulfill their family and other personal responsibilities.” Johnson & Johnson believes that changing the trajectory of health for humanity begins at home, and that is why they empower employees to achieve their personal best in health and well-being, cascading the effect not only to success in business, but also to the health of their customers and communities. Johnson & Johnson supports total health – physical, mental, emotional and financial – through employee benefits, resources and programs such as digital tools for health risk assessment, health coaching, and improving literacy on healthy diet.

Ajinomoto is committed to creating social and economic value through the Ajinomoto Group Creating Shared Values (ASV), setting a company vision focused on "resolving food and

health issues". Based on the belief that promoting employee health is an initiative that contributes to improving employee engagement, motivation, and productivity, Ajinomoto is working to improve health awareness and knowledge, and to promote self-care habits of employees. Examples of their approaches were introduced, including visualization of health status, seminars on proper sugar content, and provision of healthy meals in the company cafeteria.

### **3. Stakeholders' perspectives on corporate health investment**

Health and productivity management is positioned as an element of "S" in ESG (Environmental, Social, and Governance), and institutional investors have begun to incorporate the certification of "Health and Productivity Management Outstanding Organization (White 500)" into their ESG evaluation criteria. In addition, the Corporate Governance Code revised by the Tokyo Stock Exchange in June 2021 includes caring for the employees' health and working environment. It also refers to the disclosure of information on investments in human capital in management strategies.

AXA Group, which has approximately 130 trillion yen in assets under management, emphasized the importance, in the context of ESG investment, of promoting disclosure of information on human capital and health.

OECD introduced the need to encourage healthy lifestyle choices such as healthy exercise and diet by improving the working environment, where people spend a great amount of their time. In order to cover a larger population in the future, it is important to expand the number of companies that engage in health and productivity management by globally promoting information disclosure about "health promotion in the workplace". OECD will continue to conduct surveys (see appendix) on the status of efforts in each country.

The Global Alliance for Improved Nutrition (GAIN) introduced the Workforce Nutrition Alliance which they co-chair with the Consumer Goods Forum, which improves the nutritional status of workers at headquarters and in supply chains. They showed how powerful workforce nutrition programs can advance worker health, wellbeing and productivity and how it can raise company financial performance through enhanced productivity, more attractive recruitment offers, stronger loyalty, and reduced turnover.

### **4. Future Prospects**

In light of these discussions, METI will contribute to the improvement of global nutrition by promoting companies' workplace health investment and disseminating Japan's "Health and Productivity Management" initiatives internationally.

In Japan, more than 50,000 companies self-declared their intention to make their workplaces healthier in 2020. METI aims to double the number of such companies to over 100,000 by 2025.

Also in 2020, 448 companies have disclosed the evaluation results related to their "Health and Productivity Management". The aggregate market value of these companies was 249 trillion yen as of 15th June 2021, which is about one third of the total market value of public-listed companies in Japan. METI aims to increase this ratio to more than two thirds by 2025.



# Investing in workplace-based interventions to promote the health and wellbeing of the workforce

***Background document for the Roundtable on Workplace Health Investment as a Corporate Strategy***

***Tokyo Nutrition for Growth Summit 2021, 7 December 2021***

## Summary Key Points

- Unhealthy lifestyles and their related diseases have considerable costs, both direct and indirect costs. Overweight causes millions cases of non-communicable diseases, which in turn, reduce employment and productivity by the equivalent of 54 million full-time workers per year across 52 (OECD, EU and G20) countries, broadly similar to the number of employed persons in Mexico.
- Workplace-based interventions to promote healthier lifestyles could reach as many as 610 million employed persons across OECD, offering a great potential to advance the health and the wellbeing of the workforce.
- Employers may have an interest in investing in health and wellbeing programmes as they result in greater performance and productivity of workers, improved corporate image, worker's job satisfaction, and higher attraction and retention of talent.
- Governments have different tools at their disposal to incentivise employers wishing to implement evidence-based health and wellbeing programmes, including: supporting further research on the long-term effectiveness of such programmes, disseminating best practice interventions at the workplace, making these programmes more affordable especially for small and medium enterprises, allowing employers to put in place incentives for improving employee's participation, and honouring the organisations that have in place such programmes. Japan and Chile, for instance, have a recognition programme that recognises outstanding companies that promote health and wellbeing at work.

*The content of this document does not necessarily reflect the views of the OECD or its member countries.*

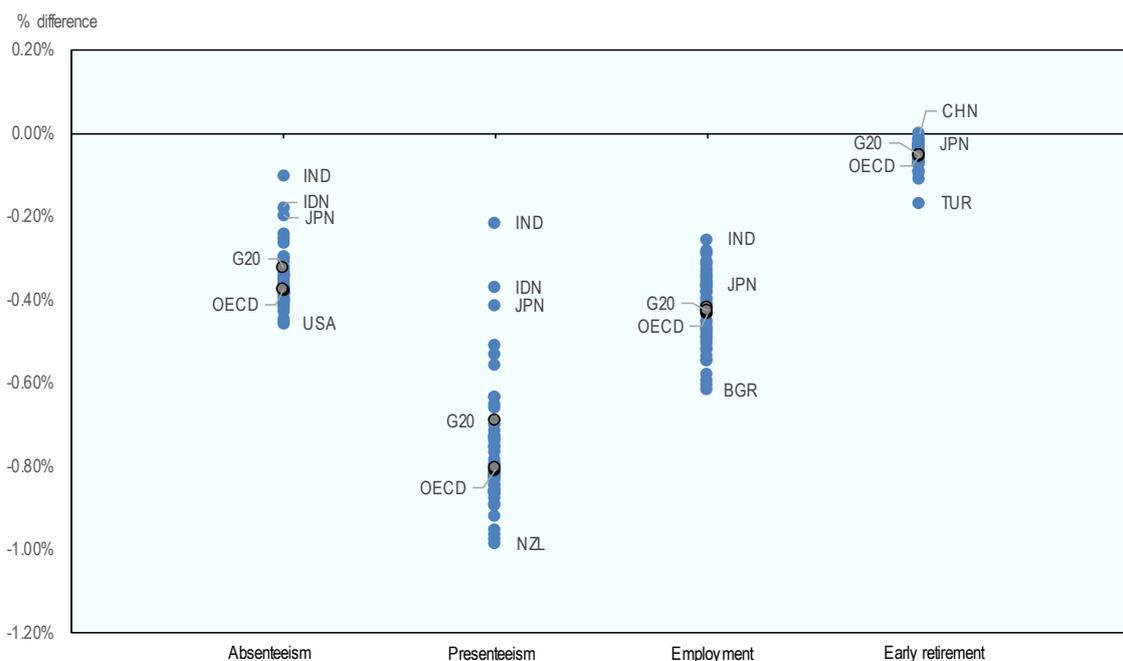
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## 1. Unhealthy lifestyles and their related diseases reduce employment and productivity and have significant costs for the economy.

Unhealthy lifestyles and their related diseases have considerable costs, both direct and indirect costs. For example, OECD countries spend 8.4% of their health budget to treat overweight-related diseases. Besides, people with overweight-related diseases are less likely to be employed and, when employed, they have more work absence and they are less productive. The OECD estimates that across OECD, 0.38% of labour force productivity is lost annually because of overweight-related absences, while 0.81% is lost due to reduced productivity at work in the form of presenteeism, and 0.43% lost due to reduced employment (Figure 1). Overall, overweight-related diseases reduce employment and productivity by the equivalent of 54 million full-time workers per year across the 52 (OECD, EU and G20) countries studied, which is similar to the number of employed persons in Mexico. As a point of comparison, Japan counts more than 66 million employed persons. Overall, overweight-related diseases makes GDP 3.3% lower than it otherwise would be (OECD, 2019<sup>[11]</sup>).

**Figure 1. The impact of overweight-related diseases on employment and productivity**

Percentage difference in labour market inputs due to overweight-related diseases, average per year over 2020-2050



Note: Labour market inputs include employment and productivity when employed. They are expressed in the number of full-time equivalent workers and are calculated for the working-age population. These estimates are based on the OECD-SPHeP-NCD model, which forecasts the evolution of non-communicable diseases and risk factors and their related costs over the next 30 years.

Source: (OECD, 2019<sup>[11]</sup>), *The Heavy Burden of Obesity*.

Similarly, the OECD estimates that harmful alcohol use causes millions cases of non-communicable diseases and injuries, which in turn, reduce the size of the workforce by the equivalent of 33 million full-time workers across the 52 countries, and make GDP 1.6% lower than it otherwise would be (OECD, 2021<sup>[12]</sup>).

Exacerbated by the COVID-19 crisis, mental health disorders also pose a heavy toll on our societies. The OECD estimates that mental ill-health drives economic costs up by more than 4% of GDP (OECD, 2021<sup>[13]</sup>).

## 2. Workplace-based interventions have the potential to promote healthier choices and workforce wellbeing.

**In OECD countries, a large share of the population is employed in the formal sector, making a sizeable potential reach out of workplace-based interventions.** In 2020, 66% of the working-age people are employed in OECD countries, representing 610 million employed persons in total. Among those, one third, representing 201 million of workers in total across OECD, are employed in large-size companies, that are more likely than small and medium enterprises (SMEs) to offer health and well-being programmes to their employees (Mattke et al., 2014<sup>[4]</sup>). This data suggests that the potential reach out of workplace-based programmes is high. Nevertheless, SMEs can also play a significant role in promoting health and wellbeing. For example, in Japan, where SMEs play a substantial part in the national economy and employ a large share of the total workforce, there is a significant progressing number of Health and Productivity Management (HPM) programmes in SMEs (Ministry of Economy Trade and Industry, 2020<sup>[5]</sup>).

**As adults spend a large portion of their lives in employment, workplace-based actions are increasingly considered as a potentially effective tool to influence choices favouring healthier lifestyles.** For example, such policies can achieve dietary improvements through changes in the selection of daily menus and snacks provided in workplace cafeterias, or can promote physical activity and reduce sitting time through the provision of sit-stand workstations. Also, employers have started implementing workplace wellness programmes, which may provide various educational materials, classes, seminars, group activities and individual counselling sessions encouraging healthy lifestyles, as well as give incentives such as bonuses and reimbursements to encourage participation. Such programmes are implemented because employers see them as a good investment (Box 1).

### Box 1. What motivations for employers to invest in health and wellbeing programmes?

From the employers' point of view, programmes to promote the health and wellbeing of the workforce may be attractive for at least two reasons:

1. The implementation of such programmes can generate reductions in absenteeism-related costs while increasing productivity among employees (Baicker, Cutler and Song, 2010<sup>[6]</sup>). For instance, workplace wellness programmes can help to add up to 36 000 workers to the workforce each year in OECD countries, while workplace-based alcohol brief interventions can add up to 15 000 workers (OECD, 2019<sup>[1]</sup>) (OECD, 2021<sup>[2]</sup>).
2. Companies implementing such programmes are generally favourably seen by potential and current employees, which helps improve their corporate image and their ability to attract and retain talent (OECD, 2019<sup>[7]</sup>).

The evidence on the effectiveness of such programmes is in development. Results from selected studies, including some meta-analyses appear to be promising particularly in relation to short-term outcomes (Afshin et al., 2015<sup>[8]</sup>) (Chu et al., 2016<sup>[9]</sup>) (Penalvo et al., 2017<sup>[10]</sup>).<sup>1</sup> Questions remain on the long-term effectiveness and sustainability of such programmes, especially in smaller companies (McCoy et al., 2014<sup>[11]</sup>).

<sup>1</sup> For example, a workplace wellness programme, entailing health risk assessment for employees, group activities and individual counselling about healthy lifestyles, as well as provision of incentives such as performance-related bonuses or reimbursements to encourage participation, reduces Body Mass Index after 12 months (Penalvo et al., 2017<sup>[10]</sup>).

### 3. Workplace-based interventions are already implemented in many OECD countries, but there are opportunities to upscale action.

Although interest in workplace-based programmes is growing, they tend to be implemented by single enterprises and a central government-led support is still relatively infrequent in OECD countries. OECD analyses have identified selected cases studies in which governments provide incentives for enterprises to put in place such programmes.



**Japan is investing on workplace-based programmes.** Central and local governments in Japan provide various incentives, usually in the form of awards, for employers, both public and private, to implement workplace health promotion programmes. For example, at the national level, The Ministry of Economy, Trade and Industry (METI) has led since 2017 a broader programme which recognises excellent '**Health and Productivity Management**' organisations (9735 organisations in 2021), including for smaller companies. These programmes often focus on unhealthy diet, physical inactivity, harmful alcohol consumption, smoking and mental well-being (OECD, 2019<sup>[7]</sup>). Typically, the scope and comprehensiveness of such programmes is directly proportional to the size of the company. The participation rates in such programmes are usually very high and most of the participants agree to disclose the grade report of their Health and Productivity Management Survey.



In **Ireland**, a National Workplace Wellbeing day was launched in 2015 with the stated aim to promote physical activity and better nutrition in the workplace, with more than 700 companies participating in 2019 (Civil Service Employee Assistance Service, 2018<sup>[12]</sup>).



**France** has been deploying over the past 3 years, the **Nutri-score food labelling scheme**, to help consumers make healthier food choices. France is currently **working on the roll-out of Nutri-Score to collective and commercial catering** to inform consumers about the nutritional quality of the food available in these places. For example, Nutri-Score has already been introduced in some school canteens in France.



In **Chile**, the government has supported the implementation of voluntary actions in workplaces. So far, about 200 to 250 workplaces have implemented interventions including dedicated walking breaks, physical activity courses, and bicycle parking spaces (OECD, 2019<sup>[13]</sup>). There is no economic incentive associated with the interventions, but organisations can apply for an **official certification** 'Workplace Health Promotor'. In addition, Chile has a successful example of cross-government partnership to promote healthy eating in schools. Under this programme, school cafeterias and vending machines are prohibited from selling calorie-dense or salt-rich products. Besides, the school food was reformulated to contain less sugar, sweeteners and salt, and more fruit, vegetables and whole grains. The OECD has recommended that the **healthy food programme** – initially implemented at schools – could be further extended to all the canteens in public institutions (e.g. offices, public services, and army).

In other cases, health insurers may also take the lead in putting in place health and wellbeing programmes across a range of enterprises they collaborate with. For example, this is the case of Discovery Health, a private health insurer, that launched the Vitality programme. The programme was first rolled out in **South Africa** to be subsequently extended to other markets, including the **United Kingdom, the United States and China**. Participation to the programme is voluntary and membership fee can be covered by the employers. Beneficiaries who are sufficiently physically active are given bonus points, which can be exchanged for various rewards, such as upgrade in Vitality health status, free beverages or movie tickets, or discounts at various participating businesses. In addition, gym memberships are subsidised, and fruit and vegetable purchases are eligible for a cash rebate. The Vitality programme was found to reduce medical care costs, which created an additional incentive for private insurers to invest in prevention.

#### 4. Governments can further incentivise employers to implement successful workplace programmes.

Governments can provide non-financial and financial incentives to support enterprises wishing to implement evidence-based health and wellbeing programmes. For example, governments can:

- Support additional research on the effectiveness of programmes to promote the health and wellbeing of the workforce, particularly with regard to the long-term impact of such interventions;
- Communicate and help disseminate best practice interventions at the workplace to support the spread of good ideas and the enrolment of a higher number of enterprises;
- Make the implementation of such interventions more affordable, particularly for SMEs, for example by making available grants or low interest loans to SMEs wishing to implement evidence-based health programmes;
- Allow employers to put in place incentives for a higher pick-up of the intervention by the employees. For example, some companies have tested the charging of differential insurance premium to employees who participate in wellness programmes while putting in place countermeasures to ensure equity, such as actions not to discriminate people with poorer health;
- Honour and reward the organisations that have in place such programmes. For instance, Japan and Chile have a programme recognising outstanding actions to promote the health and wellbeing of the workforce.

Many of these issues are being analyzed as part of an OECD project on workplace-based programmes (Box 2).

##### Box 2. New OECD project on workplace-based programmes

The Japan's Ministry of Economy, Trade and Industry (METI) is supporting a new OECD project to examine government-led incentives to support employers to promote health and well-being of the workforce. The project started in October 2021, and a final report will be delivered in 2022. The project aims to examine:

- The burden of unhealthy lifestyle risk factors in the working age population;
- The potential reach out and effectiveness of workplace-based interventions;
- The characteristics of programmes to promote health and wellbeing of employees from selected companies;
- National frameworks to support the implementation of workplace-based programmes and the disclosure of corporate actions on these programmes; and
- The potential role of Environment, Social and Governance (ESG) investment funds to incentivise employers to promote health and well-being in the workplace.

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