

## BPA Shareowner Resolution Draws 22% of Vote at KO

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**The first-ever shareholder resolution on BPA that was filed at Coca-Cola received 22% of the vote. Report direct from the AGM by Michael Passoff of the As You Sow organization, which was a co-filer on the shareholder resolution:**

Passoff: The shareholder resolution on BPA received a 22% vote -- an excellent first year vote.

Few [new] resolutions get more than 5-6 percent on a first year vote. Some of the other new resolutions that I can remember getting more than 20% on their first vote were the *Say on Pay* and climate change resolutions - both of which now regularly get very high support – some even winning majority votes

The resolution received support from some significant sources.

- **RiskMetrics Group and Proxy Governance** – the first and third largest proxy analyst services in the country both recommend voting FOR this resolution. Both groups note that **Coca-Cola** does not sufficiently disclose the steps the company is taking to address shareholder and consumer concerns about the use of BPA in can linings.
- **CalPERS**, the nation's largest state pension fund – voted all of its 6,075,143 shares for this resolution (= approx. \$346M)
- **The Investor Environmental Health Network** – a shareholder network with \$41B in combined assets - supported this resolution.

Overall, it is a great first year vote and we will be bringing it back every year until the company catches up with the rest of the industry in recognizing the risks of BPA. Coke should be concerned about where these resolutions are headed over the long term. The main implication of the resolution is that Coke is an industry laggard, and shareholders like to invest their money with leaders not laggards.

Our shareholder coalition contacted Coke in 2007, 2008, and 2009 requesting a dialogue regarding the company's use of BPA. The company did not agree to talk with us until December 2009. At that point we had already surveyed more than 20 companies over their use of BPA and had engaged in dialogues with several of them – so our dialogue with Coke made it quite clear that they were lagging the industry in several significant ways.

Coke does not provide consumers with sufficient information regarding the health risks associated with BPA. For example, **Heinz Company's** web site notes that the company is “proactively exploring alternatives to BPA.” In stark contrast, Coke's website claims that its beverage packaging does not pose a public health risk, including any “alleged risks” associated with BPA. As the world's largest beverage company, Coca-Cola sells almost 570 billion servings of beverages. A significant part of this business is selling beverages in aluminum cans that contain BPA. Yet, our company has failed to provide shareholders with sufficient evidence that it is addressing or mitigating BPA related risks.

- Coke's assumption that BPA does not pose a public health risk, in the face of mounting regulatory restrictions and consumer concerns exposes our company to regulatory, legal, and competitive risks. Coke does not provide investors with information about these financial risks.
- Coke also lags behind the industry in exploring alternatives to BPA. Coke's failure to explore BPA-free alternatives leaves it unprepared for likely regulatory changes. For example:

- ◆ Four bills were introduced in the 2009-10 Congress to ban or limit the use of BPA.
- ◆ Four states passed legislation banning or limiting BPA and in 2009 over 20 states introduced similar legislation.
- ◆ In January 2010, the **FDA** reversed decades of silence on the possible dangers of BPA, stating its concerns about the potential effects BPA has fetuses, infants and young children. The FDA also stated that it supported efforts to replace BPA and to developing alternatives – sending industry a clear signal that it should transition out of BPA

All of this led **As You Sow**, **Domini Social Investments**, and **Trillium Asset Management** to file the first-ever shareholder resolution focused on BPA – and apparently a lot of Coke investors share our concerns.