



SAFeway BALKS AT BAN ON ENGINEERED FOODS

Shareholders side with company's fears

By Jane Kay,
San Francisco Examiner

The fight over genetically engineered foods spread to Safeway as shareholders defeated a resolution that would have removed the products from the chain's stores nationwide.

With most of the votes counted Tuesday, the stockholders were heeding the corporation's arguments: Barring modified foods was "impracticable and could put Safeway at a competitive disadvantage."

The failed dissident shareholder resolution said by selling unpopular genetically engineered foods, Safeway wasn't making more money than it otherwise would on traditional products. Yet, because of uncertainties regarding safety, it was taking on unnecessary liability.

Safeway is just one of nearly two dozen companies that have faced this kind of resolution over the past year, filed by New York's Interfaith Center on Corporate Responsibility, a coalition of 300 socially responsible investment firms and religious institutional investors. And the coalition has no intention of quitting, said coalition activists.

Some other companies targeted with resolutions have been Coca Cola, PepsiCo, American Home Products, Archer Daniels Midland, Kellogg, McDonald's, Campbell's Soup, General Mills, Kroger, Kraft Foods, Procter & Gamble, Quaker Oats, Sara Lee and Monsanto.

The debate over genetically engineered foods has drawn more shareholder participation than any other topic in the history of organizing over corporate responsibility. That includes asking for an end to apartheid in South Africa, said Conrad MacKerron, director of corporate accountability for **As You Sow**, a San Francisco nonprofit and part of the national coalition. "It went from zero to about 23 different companies facing action just in one year," said MacKerron.

After the Safeway vote in San Ramon, Susan Vickers, a member of Sisters of Notre Dame de Namur in Belmont, which owns stock in Safeway and supports

the resolution, said: "Obviously, there needs to be more education on the part of consumers and corporate management.

"We certainly will not cease our efforts," Vickers said. "It's a real health and safety issue for human beings around the globe and for our planet. We have to pay attention to a more rigorous study of what are the longterm impacts."

The resolution called for Safeway to stop buying any new foods made of altered crops -- corn, soybeans, canola or potatoes, which form the basis of many cereals, oils, cookies, soy baby formulas, soft drinks and corn snacks. It would have required labeling while Safeway phased out the products.

The food presents risk because toxins that act as insecticides build up in some altered crops, the resolution said. In addition, it said, engineered corn pollen may harm Monarch butterflies and some new plants may contain allergens.

In response, Steven A. Burd, Safeway CEO, president and chairman, said the U.S. government and other prestigious groups generally endorse the use of genetic modification and food biotechnology and "stand firmly behind their safety."

In a statement, the corporation said Safeway would have serious difficulty determining what constitutes an altered product, and labeling would place the products at a competitive disadvantage.

Tuesday's vote count was a disappointment to the organizers. As of Tuesday afternoon, it was 2.357 percent in favor of the resolution, according to Safeway officials. The final results will be available in a week. If the vote falls short of 3 percent, shareholders can't propose a similar resolution next year, according to Securities and Exchange Commission rules.

Percentages are important because they attract the attention of the corporations, which is the point of it all, said **Michael Passoff** of **As You Sow**. "If you get 3 to 8 percent, the company starts paying attention and will start a dialogue," said **Passoff**. "Once you get 10 to 15 percent, the company often will start to take action."

The Safeway percentages may be low because **As You Sow**, a lead organizer on the Safeway vote, didn't have the funds to send out mailings to the major stockholders and fund managers as it did when trying to persuade shareholders to make Maxxam Corp. sell its prized giant redwoods three years ago, the organizers say.

The group, which has also targeted Maxxam with two previous shareholder resolutions, is returning to the company's Houston meeting May 24 with a third one written by the Oakland-based Rose Foundation. Tree-sitter Julia Butterfly Hill will speak.

Also, the group worked with San Francisco-based Rainforest Action Network last year in May to support a shareholder resolution to stop Home Depot from selling old-growth wood products. In August, after years of protests and negotiations, Home Depot agreed.