

Advocates say 'No on I-522' contributors will see backlash

Corporate investment advisers say food companies are making a big mistake by fighting Washington's GMO labeling initiative. A "No on 522" spokeswoman, on the other hand, insists all food companies should be opposed to labeling.

Steve Brown | Oct.10, 2013

Food companies that contribute to the "No on 522" campaign risk alienating both investors and customers, two investment advisers said in a news conference Oct. 9.

Andrew Behar, CEO of **As You Sow**, and Lucia von Reusner, shareholder advocate at Green Century Funds, predicted a backlash of resentment for corporations that have poured millions of dollars into defeating Washington Initiative 522. The ballot measure would require labeling of foods that contain genetically modified ingredients.

Citing a recent New York Times poll in which 93 percent of respondents said they favor labeling, von Reusner said, "Using shareholder funds to publicly oppose transparency and the public's right to know threatens to erode consumer trust and exposes the company to significant risks as a result."

Companies that opposed California's Prop 37 last year saw significant consumer backlash on social media sites and were the subject of consumer boycotts, she said. Companies should "refrain entirely" from donating funds.

Behar said his group, a nonprofit that promotes environmental and social corporate responsibility through shareholder advocacy, has filed resolutions at Monsanto, E.I. DuPont de Nemours and Dow Chemical, and it intends to file a shareholder resolution at General Mills and Abbott Laboratories, all of which combined to give more than \$17 million to defeat the California labeling initiative.

The Green Century Equity Fund plans to file at Kraft Foods Group, which gave \$2 million, and the Environmental Working Group plans to file at Coca-Cola and Pepsi, which combined donated \$4.2 million.

"By spending money to influence the outcome of ballot initiatives and other political issues, companies are sending a message to their customers," Behar said. "In the case of GMO labeling, they are saying 'We don't want you to know what is in our products.' This creates material risk for investors based on negative brand reputation."

Speaking for the "No on 522" coalition, spokeswoman Dana Bieber said, "We believe that all food companies should be opposed to the type of mandatory labeling scheme represented by I-522, that would provide inaccurate and misleading information to consumers, while driving up food prices for working families by hundreds of dollars per year.

"In fact, we would call upon the food companies that are supporting this measure to abandon their effort, which is frankly aimed at imposing a misleading labeling requirement on their competitors' products, at the expense of consumers and families."

Scott Faber, vice president of government affairs at the Environmental Working Group, said it's not too late for contributors to halt their opposition to I-522, though they've already given \$17.4 million.

"The horse is only a third of the way out of the barn," he said. "The last few weeks will see more donations."

Van Reusner added, "This isn't the last issue that companies will invest in."