

Coca-Cola dismisses BPA criticisms as shareholder coalition vows to fight on

Rory Harrington, 22-Apr-2010

Some 22 per cent of Coca-Cola shareholders yesterday voted in favour of a resolution urging the company to disclose how it is responding to public fears over bisphenol A (BPA) used in the linings of Coke's beverage cans.

But in a statement sent to FoodProductionDaily.com prior to the vote at its annual meeting, the soft drinks giant dismissed the proposal, saying it did not think the information requested "would be useful to our shareholders".

Coca-Cola added it was in communication with concerned stakeholders and that it would continue to take its guidance from national and regulatory agencies on the chemical's safety.

But a spokesman from As You Sow, one of three social investment companies behind the resolution, hailed yesterday's vote as "excellent" and vowed to bring the proposal back to Coca-Cola's AGM every year. Domini Social Investments and Trillium Asset Management Corporation were the other firms that laid down the resolution accusing Coca-Cola of failing to show shareholders and consumers that it was taking sufficient steps to address public anxiety over the substance.

Lagging behind

Michael Passoff, senior program director at As You Sow, told FoodProductionDaily.com that few new resolutions of this kind received more than 5-6 per cent backing on a first year vote - as he highlighted the proposal had received some heavyweight backing. RiskMetrics Group and Proxy Governance - the first and third largest proxy analyst services in the US - both recommend voting for the resolution. CalPERS, the largest pension fund in the US, voted all of its 6,075,143 shares (worth around \$346m) in favour of the move, as did the Investor Environmental Health Network - a shareholder network with \$41bn in combined assets, he added.

"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 recognising the risks of BPA," said Passoff. "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."

The shareholder challenge is based upon concerns that Coke's alleged failure to provide consumers with sufficient information regarding the health hazards associated with BPA could threaten the company's reputation and competitive standing.

"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," said Passoff. "Coke does not provide investors with information about these financial risks."

Coke reaction

But Coca-Cola hit back at the resolution.

"We do not believe the information requested in the proposal would be useful to our shareholders", a spokesman said.

"We are monitoring the research and regulatory developments relating to Bisphenol A (BPA) and are engaging with stakeholders who express concerns about it. We will continue to take our guidance on this issue from national and international regulatory authorities and to take whatever steps are necessary, based on sound scientific principles, to ensure that any package technology is safe for our consumers.

"All available scientific evidence and testing shows that drinks in aluminium and steel cans are safe. BPA levels in canned beverages are extremely low, and it is physically impossible to consume enough canned beverages to ever approach the daily BPA limit established by leading health authorities, including those in the United States, Europe and Canada."