

Briefing on Abbott Laboratories Shareholder Resolution Regarding Use of GMOs in Nutritional Products and Infant Formula

March 15, 2013

EXECUTIVE SUMMARY

As You Sow has asked Abbott Laboratories to adopt a policy of removing genetically engineered organisms (GMOs) from its nutritional products, to adopt the interim step of labeling, and to prepare a report to shareholders on the implementation of this policy.¹ As You Sow took this action after becoming aware of a consumer campaign targeting Abbott for their use of GMOs in their infant formula products. There are three fundamental points of contention between the proponent, As You Sow, and the company, Abbott Laboratories, regarding the use of GMOs.

1. **Science:** A growing number of peer-reviewed studies show the negative health impacts of consuming GMOs on laboratory animals over their lifespan.
 - a. One recent study published in the peer-reviewed journal *Food and Chemical Toxicology*, titled “Long-Term Toxicity of a Roundup Herbicide and a Roundup-Tolerant Genetically Modified Maize,” shows that 70% of lab rats eating GMO corn over their two-year lifespan die at a younger age when compared to a control group eating non-GMO corn.²
 - b. The peer-reviewed *International Journal of Biological Science* report “Debate on GMOs Health Risks after Statistical Findings in Regulatory Tests” states that “[t]he most detailed regulatory tests on the GMOs are three-month long feeding trials of laboratory rats, which are biochemically assessed. The tests are not compulsory, and are not independently conducted. The test data and the corresponding results are kept in secret by the companies. Our previous analyses of regulatory raw data at these levels, taking the representative examples of three GM maize NK 603, MON 810, and MON 863 led us to conclude that hepatorenal toxicities were possible, and that longer testing was necessary.”³

In their opposition statement Abbott inaccurately refers to these two studies cited in the resolution as “one-sided,” yet both are published in leading professional peer-reviewed journals. Meanwhile, the company relies on policies based on older studies by governmental agencies that do not conduct their own research and, as noted above, the scientific studies adopted by the company are all-short term studies (90 days) that do not show the impact of eating GMO crops over a lifetime.

The international agencies referred to in the Abbott opposition statement do not conduct their own research to determine safety they simply looked at a number of studies available several years ago when their statements were released. The U.S. Food and Drug Administration (FDA) has never stated that GMOs are safe. Their statements only refer to company assessments of safety, “[b]ased

¹ “2013 Shareholder Resolution,” As You Sow, <http://www.asyousow.org/publications/2013/filings/Abbott-Resolution-20130203.pdf>.

² “Long-Term Toxicity of a Roundup Herbicide and a Roundup-Tolerant Genetically Modified Maize,” *Food and Chemical Toxicology* 50, no. 11 (2012): 4221–4231, <http://www.sciencedirect.com/science/article/pii/S0278691512005637>.

³ “Debate on GMOs Health Risks after Statistical Findings in Regulatory Tests,” *International Journal of Biological Science* 6, no. 6 (2010): 590–598, <http://www.ncbi.nlm.nih.gov/pmc/articles/PMC2952409/>.

on the safety and nutritional assessment that you have conducted, it is our understanding that (company name) has concluded that (crop name) [...] does not raise issues that would require premarket review or approval by FDA.”⁴ The European Food Safety Agency, also cited by Abbott, has recommended labeling of GMOs that has been implemented in the entire European Union, Australia, China, Japan, and Russia. In addition, several U.S. states have passed or proposed similar labeling laws.

2. **Consumer preference:** Abbott refers to polls showing consumers desire for labeling of GMO products to also be “one-sided,” yet in last week’s announcement by Whole Foods that it would begin labeling all food in its stores for GMOs, a Mellman research poll shows 91% of citizens want GMOs to be labeled, “with no meaningful statistical difference between men and women, Republicans and Democrats, urban and rural communities, education level or any demographic.”⁵

This is the latest example of a poll that has nearly identical results to dozens of studies conducted since 1999 by a wide variety of sources, ranging from Harris polls, *The Washington Post*, *Consumer Reports*, and *MSNBC*, that continually show a large majority of consumers support GMO labeling. We are not aware of any polls that show consumer demand to stop GMO labeling or for more GMO foods.

As mentioned above, over 60 countries including the entire European Union, Australia, China, Japan, India, and Russia require GMO labeling and several U.S. states have passed or proposed similar labeling laws. Vermont is poised to be the first state to mandate GMO labeling after the passage of a labeling bill.⁶ And in Connecticut, a GMO labeling law for baby foods is out of committee after an 11-1 House vote in support of labeling.⁷ The recent labeling initiative in California only narrowly lost with a 48.6% vote despite more than \$56 million spent by industry to defeat it.⁸ *The New York Times* recently reported that 20 major companies, including Walmart, met in DC to lobby the FDA for a federal GMO labeling law in order to avoid states making their own, different labeling laws.⁹ In short, labeling is inevitable.

⁴ “Biotechnology Consultation Agency Response Letter BNF No. 000013,” U.S. Food and Drug Administration, dated June 1, 1995, accessed March 7, 2013, <http://webcache.googleusercontent.com/search?q=cache:http://www.fda.gov/Food/Biotechnology/Submissions/ucm161121.htm>.

⁵ Carey Polis, “Whole Foods GMO Labeling to Be Mandatory,” *Huffington Post*, March 8, 2013, http://www.huffingtonpost.com/2013/03/08/whole-foods-gmo-labeling-2013_n_2837754.html

⁶ Carey Gillam, “Consumer Groups Demand GMO Labeling, Question Food Safety,” *Reuters*, March 27, 2012, <http://www.reuters.com/article/2012/03/27/us-usa-food-idUSBRE82Q10820120327>.

⁷ Tara Cook-Littman, “Connecticut Passes GE Labeling Bill for Baby Foods,” *GMOFreeCT*, March 13, 2013, http://www.organicconsumers.org/articles/article_27184.cfm.

⁸ “California Proposition 37, Mandatory Labeling of Genetically Engineered Food (2012),” *BallotPedia*, accessed March 13, 2013, [http://ballotpedia.org/wiki/index.php/California_Proposition_37,_Mandatory_Labeling_of_Genetically_Engineered_Food_\(2012\)](http://ballotpedia.org/wiki/index.php/California_Proposition_37,_Mandatory_Labeling_of_Genetically_Engineered_Food_(2012)).

⁹ Stephanie Strom, “Genetic Changes to Food May Get Uniform Labeling,” *The New York Times*, January 31, 2013, http://www.nytimes.com/2013/02/01/business/food-companies-meet-to-weigh-federal-label-for-gene-engineered-ingredients.html?pagewanted=all&_r=0.



As mentioned earlier, consumers have specifically targeted Abbott about their use of GMOs. In the last 11 months, more than 75,000 people have signed a petition asking Abbott to remove GMOs from their infant formula.¹⁰ The exponential growth of organic food sales over the last decade also highlights consumer concern about safety and that consumers are willing to support these choices with their purchasing dollars. Similarly, products for infants get even more scrutiny, as can be seen as the consumer rejection, and eventual government regulation, of bisphenol A (BPA) in sippy cups and other children's products.

3. **Procurement:** Abbott expressed in the opposition statement that it is logistically difficult to procure enough non-GMO soy and corn in the United States. On this issue we are in agreement; it is difficult. But we also know that it is possible and that Abbott is a leader in this area:
 - a. On a recent call, Abbott management lauded their leadership for procuring non-GMO soy in Canada through special contracts to provide crops for non-GMO infant formula that Abbott confirmed that they sell in the European Union.
 - b. Other companies have successfully removed GMOs from products. As You Sow gained first-hand experience with this when it engaged Starbucks over GMO bovine growth hormone rBGH used in its dairy products. The company successfully removed rBGH by educating and alerting its suppliers and then phasing it out regionally, as some markets had non-GMO dairy available and some had to develop it. Similarly, we fully recognize that a reformulation of products would likely happen in phases and prioritize particular products. The resolution offers no timeline for implementation as this is clearly to be developed by the company. Yet, both the resolution and our dialogue with management identify Similac Soy Isomil Products intended for infants as a product that we feel is most vulnerable to reputational risk.

CONCLUSION

Removing GMOs from nutritional products and infant formula in a timely manner has only upside for Abbott. We believe that this is an opportunity to reduce risk to shareholders and to position the company for the changing consumer attitudes towards GMOs that will likely result in regulatory reform and create demand for non-GMO crops in the United States. It is an opportunity to lead on this important issue.

Abbott knows how to produce non-GMO infant formula – they currently sell it the EU. A growing number of peer-reviewed scientific studies show negative health impacts, but the company continues to cite outdated short-term studies and references the FDA, which relies only on companies to determine safety. More than a decade of independent polling is conclusive: consumers want GMO labeling. Whole Foods' decision last week to label GMOs, a meeting by 20 of the largest food companies to discuss federal labeling, and ballot initiatives in multiple states all point to a shift in attitude by industry itself and a likely change in the regulatory landscape.

Shareholders should vote YES and encourage Abbott to get ahead of regulatory risk, decrease reputational language by improving its brand reputation and association with health and caring for their customers, and fulfill their slogan – a promise for life.

¹⁰ "Stop Feeding our Babies Genetically Engineered Infant Formula and Baby Food," Care2 petition, accessed March 13, 2013, <http://www.thepetitionsite.com/takeaction/465/876/608/>.