

## Health, Nutrition and Well-being: Lobbying and Public Policy Engagement

October 30, 2020

Globally, there has been an increase in rates of diet-related risk factors including obesity for non-communicable diseases (NCDs) such as diabetes and cardiovascular disease. According to the Lancet Commissions Report, *The Global Syndemic of Obesity, Undernutrition, and Climate Change*, the current annual economic costs of obesity are estimated at about \$2 trillion, which includes direct health-care costs and lost economic productivity. In spite of public health measures to tackle NCDs and address some of the underlying risk factors, the influence of the food and beverage industry on laws and regulations meant to safeguard public health may undermine these efforts.



According to the Center for Responsive Politics, the food and beverage industry spent \$29 million in federal lobbying in 2018 in the United States; however, it is unclear to investors and other stakeholders exactly how this money is being spent. Moreover, recent reports and articles related to how the

industry adversely influences nutritional guidelines and laws that are designed to tackle diet-related disease has given investors cause for concern.

Expanding on the metrics covered by the Access to Nutrition Index on lobbying practices, in August 2019 under the leadership of ICCR<sup>1</sup>, a group of investors sent out letters to 11 food and beverage companies to inquire about their lobbying and public policy engagement practices

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<sup>1</sup> ICCR lead investor organizations include: Boston Common Asset Management, Mercy Investment Services, Trinity Health, Robeco Institutional Asset Management B.V., Seventh Generation Interfaith Coalition for Responsible Investment and Socially Responsible Investment Coalition.

focused on health, nutrition, and well-being. The **companies included Campbell's Soup, Coca-Cola, ConAgra, General Mills, Kellogg's, Keurig Dr. Pepper, Kraft Heinz, Mondelēz, Nestlé, and Unilever.** Investors received substantive responses from 10 companies, which led to further dialogue with seven of the companies. The only non-responder, Keurig Dr. Pepper, was subsequently presented with a shareholder proposal and a dialogue was held in early 2020.

The key asks to companies were to disclose all lobbying activities on nutrition issues, including membership and financial support of lobbying organizations and to commit to lobbying on nutrition issues only in support of public health. In addition, investors requested general information about board oversight, policy development, and prioritizing nutrition-related issues related to the companies' lobbying activities.

### Questions asked include:

1. Does (company) disclose the oversight by managers and Board of Directors of its lobbying activities?
2. Does (company) have a policy for vetting trade associations and their public policy positions? If there is a disagreement with a stated position of a trade association will (company) include a public statement indicating as such?
3. How are priorities for lobbying on nutrition-related issues defined? Please provide an overview of the company's lobbying activities on nutrition-related issues and other direct or indirect ways it seeks to influence the public agenda.

### Summary of Key Company Practices

Most companies provided information about the management and board level oversight that governs their lobbying practices. Nestlé went one step further in providing e-learning tools for staff and local compliance officers who are responsible for day-to-day implementation. In terms of disclosure, Kellogg, Mondelēz, and PepsiCo publicly disclose contributions to trade associations where the amount exceeds \$50,000 and \$25,000, respectively. Coca-Cola and Nestlé specifically adhere to the best practice of the Global Reporting Initiative standard 415, which asks companies to disclose the management approach as well as specific information on all financial and in-kind donations made directly or indirectly by the company by country and recipient or beneficiary.

In addition to disclosing oversight and financial contributions, investors asked that companies report on significant issues of focus for their participation in public policy development and engagement, and where any differences on stated policies, goals, or other public policy positions may exist. Investors recognize that there are significant reputational risks when a company's lobbying positions are not aligned with the company's public positions. Most companies have a

process for vetting trade association policy positions against their own positions and a number of them are willing to disagree publicly (e.g., Mondelēz, Coca-Cola, Kraft Heinz). Only a few provided specific examples of escalation (Nestlé, Coca-Cola, Unilever) where the disagreement led the company to leave a trade association. Most of the examples of companies leaving trade associations were related to non-nutrition examples (e.g., climate or other environmental issues). Investors did not see broader adoption of policies that also cover the willingness to publicly disagree or even escalate to the point of leaving trade associations on nutrition-related issues; therefore, this serves as an opportunity for further engagement.

The most promising practices related to nutrition, health and well-being were in response to the last question focused on public policy engagement on regulation, industry collaboration, and knowledge-share and technical expertise. Many companies provided information on their public policy position frameworks and guidelines, specific involvement through trade associations, input into regulation and how they have leveraged their knowledge and technical expertise to inform standards.

The expanded focus of this topic by ICCR members underscores the need for investors to take a more holistic approach in assessing corporate behavior and how companies both directly and indirectly influence the political process globally. This includes direct financial support and engagement with governments and regulators on public policy. As investors, we want to see companies use their public voice and influence to promote progressive policies on nutrition, health and well-being as part of their alignment with the SDGs. In addition, we encourage them to leverage their unique position to combat global obesity and malnutrition especially for children, low-income communities and people of color who are the most impacted by adverse health impacts of obesity and lack of access and affordability to healthier foods. In alignment with the BRT's statement released in 2019, must assure their stakeholders that they are living up to their stated purpose and mission. Full transparency around their lobbying activities is an important first step. ICCR members engaging the food and beverage sector, retailers and restaurants will continue to prioritize this issue in 2021 and beyond.