RFK IS COMING FOR YOUR LABEL

HOW HIS HHS APPOINTMENT COULD RESHAPE THE FOOD & BEVERAGE INDUSTRY *AND M&A ALONG WITH IT*

GREENWICH CAPITAL GROUP

The Food & Beverage (F&B) industry is no stranger to volatility. Over the past several years, companies have contended with inflation, shifting consumer preferences, supply chain dislocations, and now, the disruptive rise of appetite-suppressing drugs like Ozempic. Each shock has forced players to rethink innovation pipelines, cost structures, and go-to-market strategies.

Now, a new wave of disruption is coming from Washington, D.C.

Following Donald Trump's re-election in November 2024, Robert F. Kennedy Jr. was appointed Secretary of Health and Human Services—a move that sent ripples through equity markets and triggered a selloff in major food and beverage stocks. Kennedy's well-publicized crusade against processed foods, synthetic additives, and industry influence has industry executives bracing for a fundamental regulatory shift.

Kennedy can't unilaterally rewrite laws—but as HHS Secretary, he holds considerable sway. His influence over the FDA, USDA, and national dietary guidelines could reshape how food is produced, marketed, and sold across the country.

What's at stake isn't just policy. It's portfolio construction, brand strategy, and dealmaking in the F&B sector.

1. POLICY IN MOTION: WHAT RFK JR. WANTS TO CHANGE

🔁 USDA Guidelines: Ending the Influence of Big Food

Kennedy has publicly pledged to eliminate conflicts of interest in the USDA's Dietary Guidelines Advisory Committee. With 95% of committee members previously linked to the food or pharmaceutical industries, RFK's team is already auditing the 2025 guidelines line by line.

"We're going to make sure the dietary guidelines reflect public health - not corporate interests."

In parallel, Secretary of Agriculture Brooke Rollins is reprioritizing support for fruit, vegetable, and regenerative agriculture - challenging a subsidy regime where over 60% of payments go to animal and commodity crop producers.

M&A Takeaway: A crackdown on consolidation and a pivot toward independent processors could drive new buyer interest in plant-based, organic, and clean-label brands, while pressuring valuations in commodity-aligned agribusiness.

🚫 SNAP Overhaul: No More Candy in the Cart

Roughly 9% of SNAP dollars go to sugar-sweetened beverages, disproportionately impacting low-income communities. Kennedy has revived calls to eliminate junk food from the program, targeting soda, candy, and non-nutritive snacks.

Bills are already circulating to prohibit SNAP use on sugary drinks (with some exemptions for milk-based or >50% juice beverages) and flourless candies.

"Are taxpayers OK using their dollars to feed sugary drinks to kids who need nutrition the most?"

M&A Takeaway: Retailers like Walmart and Kroger (which account for over a third of SNAP sales) may accelerate private-label investment in SNAP-compliant products. Expect M&A activity to rise in "better-for-you" snack brands designed for SNAP-approved distribution.

⚠️ Ingredient Reform: Aligning with Europe

The U.S. still allows 72 pesticides banned in the EU. Many American products contain artificial colors, preservatives, and additives not used in their European equivalents. Kennedy wants to change that—and he's not subtle about it.

"Kennedy has made no secret that he intends to go after food ingredients. This is the opening of that war." - Stuart Pape, food industry attorney.

M&A Takeaway: Multinationals may shed non-compliant brands to avoid the cost of reformulation. Meanwhile, clean-label and organic players - especially those already aligned with EU standards - are poised to gain. Natural ingredient suppliers and R&D-focused co-manufacturers will also see tailwinds.

2. THE WINNERS AND THE LOSERS

Likely Gainers	Likely Under Pressure
Clean-label snacks & BFY brands	Ultra processed food brands
Organic & regenerative producers	Big soda & sugar-reliant portfolios
Natural ingredient suppliers	Companies dependent on corn subsidies
USDA-compliant private label manufacturers	CPGs slow to adapt ingredient standards

Note: Better-for-you snacks alone are projected to reach **$78B by 2030** at a 7.6% CAGR. Ingredient suppliers enabling clean-label reformulation may also command premium multiples.

3. WHAT IT MEANS FOR M&A

The RFK agenda will drive a multi-phase realignment across the F&B landscape.

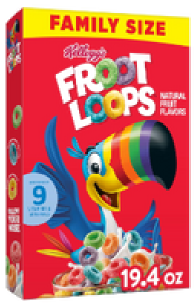
- 📍 **Short-Term: Risk Management**
  - Divestitures of non-compliant or SNAP-exposed brands
  - Increased diligence on regulatory risk in deal processes
- 🚀 **Mid-Term: Strategic Consolidation**
  - BFY and organic consolidation accelerates
  - Private equity activity grows in SNAP-friendly and clean-label portfolios
- 🌐 **Long-Term: Portfolio Reshaping**
  - Ingredient supply chains transform
  - Co-manufacturing becomes a strategic growth lever
  - CPGs aggressively shift away from legacy categories

4. EUROPE AS A ROADMAP

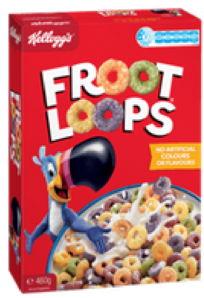
U.S. operators wondering "what happens next" should look to Europe, where tighter regulations already shape product development and M&A:

U.S. Product		EU Equivalent
Froot Loops (with dyes)	⟶	Natural-color version
Doritos (with TBHQ)	⟶	Reformulated w/o TBHQ
Soda (HFCS)	⟶	Sugar or Stevia-based

U.S. Version



EU Version



Reformulated products come at a cost - but they also build brand trust and enable export to global markets.

5. REALITY CHECK: WILL RFK JR. GET IT DONE?

Lobbying resistance will be fierce. U.S. food conglomerates spend over $40M annually on federal lobbying, with trade groups like the American Beverage Association and Corn Refiners Association already gearing up.

A GOP-controlled Congress may block or dilute some proposals. Still, even partial policy implementation can change consumer expectations - and acquirer behavior.

CONCLUSION: STRATEGIC OPTIONALITY IS THE NEW MUST-HAVE

Whether RFK Jr.'s full vision materializes or not, the industry is moving. Investors and operators aligned with wellness, compliance, and transparency will win. Those anchored in the past may struggle to pivot fast enough.

For acquirers: Now's the time to evaluate exposure to at-risk categories and double down on SNAP-friendly, clean-label growth assets.

For operators: A proactive stance on reformulation, supply chain flexibility, and USDA engagement will separate winners from the rest.

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