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Starbucks' shareholders will vote on a plan to expand the company's recycling

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Robert Janis, of Seattle, uses a ceramic mug at the First and Pike Starbucks because he says coffee tastes better that way.

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In a proposal that Starbucks shareholders will vote on at this Wednesday's annual meeting, the activists are pressing the world's largest coffee-shop chain to take more steps to recycle its bottles, cans and cups and to increase the recycled content in containers.

Starbucks goes through 3 billion paper cups and 1 billion plastic cups a year, and few get recycled.

"Society has been inundated with recyclable materials that are not being recycled," As You Sow wrote in its shareholder proposal.

Starbucks asks investors to vote no on the proposal, saying it already has a recycling strategy.

"We applaud groups that are doing this, but Starbucks wants to focus on things we have the ability to control," said Jim Hanna, Starbucks' director of environmental impact. "We put our effort into hot and cold cups, because we think that's the system where we can have the most impact."

Its paper cups have 10 percent post-consumer recycled fiber. It's putting more ceramic cups in stores, with a goal of reducing paper and plastic-cup use by 25 percent. And by

2015, it plans to offer recycling at all the North American stores where it controls waste disposal — about 3,200 stores out of more than 12,000.

By 2012, Starbucks also hopes to have a cup that can be recycled or composted by most of the communities where it has stores.

Many communities do not have recycling or composting programs that are as robust as the one in Seattle, which can recycle Starbucks' cups, or San Francisco, which can compost them.

That's why the company held a "Cup Summit" last May to get government officials, environmental advocates and others talking about how to make it happen.

On the other hand, even in Seattle and other cities with strong recycling programs, many Starbucks shops do not have recycling bins for customers.

The chain blames landlords who do not offer recycling programs, and says some of its stores do not have space for recycle and compost bins.

Other coffee shops and retailers say space and landlords are not a problem.

Matt Lounsbury, director of operations at Stumptown Coffee, said the small roaster composts its cups in Seattle and Portland, but not in New York, where recycling is not as readily available.

A bigger issue for Stumptown has been rooting through the trash at the end of the day to pick out cups that customers forgot to put in the compost bin, he said.

"It comes down to making it a priority and trying to drive people toward using for-here cups," said Tino Ganacias, owner of Empire Espresso Bar in Columbia City and a former Starbucks store manager.

Using ceramic cups does create more work, he said.

"The dishes pile up, and I'm more likely to bring in a second person quicker because of the work," Ganacias said. "I have to believe that's a factor for Starbucks. You control labor if you hand people a paper cup each time."

Whole Foods has more indoor space for recycling and composting bins than a coffee shop, but it deals with landlords to get bigger bins put in the outdoor trash pickup spaces that tenants share. In many cases, it shares that space with Starbucks shops that do not offer customers recycling and composting.

"We're able to work with our landlords, who allow us to have extra bins," said Larry Rush, a Whole Foods equipment and maintenance specialist based in Portland.

It also works on a store-by-store basis and sometimes needs to be creative.

For composting, "the Laurelhurst store [in Portland] partnered with a local hog farmer who provided us with bins, and he'd come by and pick them up once or twice a week," Rush said.

Starbucks says it focuses recycling efforts on cups because bottled and canned products represent less than 1 percent of its overall sales.

As You Sow does not buy that argument. It wants the company to add recycled content to containers like bottled Frappuccino and canned DoubleShot, and find ways to make sure they are recycled.

"The fact that the glass and aluminum [Starbucks products] are marketed everywhere in grocery stores, where it's so visible along with Gatorade and everyone else — it's fair to ask them to do things we're asking those brands to do," said Conrad MacKerron, director of corporate social responsibility at the nonprofit, which also helps enforce a California law that requires labeling of toxic products.

For the Starbucks proposal, it partnered with activist investor John Harrington because it needed someone who owned Starbucks shares to file the proposal. As You Sow Foundation researched and wrote it.

MacKerron is particularly aggrieved that Starbucks' Ethos water brand isn't bottled with at least some recycled plastic.

The water is marketed as a way to help children get clean water, and the company has contributed \$6.2 million to the Ethos Water Fund, part of the Starbucks Foundation that funds water, sanitation and hygiene-education programs in water-stressed countries.

Other bottled waters, MacKerron said, include 10 percent or more recycled content and have strategies for recovering the bottles so they will be recycled. With Ethos, Starbucks has "a huge missing piece of what should be their environmental-stewardship commitments."

As You Sow has helped push a few of the country's biggest bottle and can users to do more with recycling and to share their goals publicly.

Its shareholder proposals at Coca-Cola and PepsiCo only won about 5 to 9 percent of the vote.

But that got the companies' attention, and As You Sow has worked closely with them over the past several years.

Coca-Cola set a goal of recycling half the cans and bottles it sells in the U.S., or their equivalent volume, by 2015. It works with local governments on recycling projects and invested about \$60 million in a plant in South Carolina that makes bottles from recycled plastic.

Nestlé Waters, which sells Arrowhead and other bottled- water brands in the U.S., says that by 2018 it will have found recycling avenues for 60 percent of the bottles it produces.

It has supported elements of bottle-recycling bills that environmental advocates have long wanted, and last year launched a plastic bottle at Whole Foods with 25 percent recycled content.

"The conversation with As You Sow, I believe, helped make us a better company," said Brian Flaherty, Nestlé Waters' vice president of government affairs.

"I'm not just saying that because we went from an 'F' to a 'C' " on the nonprofit's recycling scorecard, he said. Nestlé got an "F" in 2006 because it did not participate.

Starbucks has gotten an "F" on As You Sow's past two scorecards, the most recent one because it did not participate.

"That particular scorecard is focused on bottlers and was not designed for retailers like us, so we did not participate," said Starbucks spokeswoman Stacey Krum.

Most shareholder proposals do not pass, because big companies are owned by mutual funds and other institutions that almost always follow corporate voting guidance. At Starbucks, institutional investors own 76 percent of the stock.

MacKerron said he doesn't expect to win Wednesday's vote. He just wants enough investors to vote yes that Starbucks will start talking to him.

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