

## Shareholders Ask Kraft Foods to Increase Recycling

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Shareholders asked Kraft Foods at the annual meeting to take responsibility for post-consumer packaging, which will divert millions of tons of recyclables from landfills. The proposal, filed by the shareholder advocacy group **As You Sow**, asked the nation's largest food company to report on taking responsibility for post-consumer packaging, which will divert millions of tons of recyclables from landfills. Other social issue-focused proposals captured less than 10% support, demonstrating that Kraft shareholders consider EPR to be a priority issue.

"Kraft - a major user of packaging worldwide - has been silent on this critical sustainability issue," said Conrad MacKerron, senior program director at **As You Sow**. "At a time when governments across the country are focusing on conserving natural resources, reducing waste, and finding it increasingly difficult to maintain services in the face of budget deficits, Kraft and its peers must take responsibility for the massive amount of packaging waste they generate in the U.S., as they have done in many other countries."

Valuable packaging materials such as glass, paper, plastics, and metals are commonly sent to landfills because of poor and underfunded recycling programs - but these materials have significant market value. A recent assessment by Resource Recycling suggests wasted packaging materials represent a loss of \$6.5 billion in potential market revenue, or \$12 billion of un-reclaimed energy value annually.

"Kraft is likely allowing millions of dollars' worth of resources from its post-consumer products to go to a landfill," MacKerron continued. "Today, we saw that a quarter of Kraft's shareholders agree that this is not a wise policy."

Policies are already in place throughout much of Europe, Canada, and Japan, requiring Kraft and other companies that use large amounts of packaging to take responsibility for collection and recycling of their post-consumer packaging, but in the United States taxpayers still foot the bill for addressing this waste. Cash-strapped state and local governments in the U.S. are demonstrating growing support for EPR legislation as budget pressures make it increasingly difficult to meet waste reduction goals and to sustain curbside recycling programs funded in large part by a shrinking tax base.

With operations in over 100 countries, today's shareholder proposal is asking Kraft Foods to become fully engaged as a leader in this debate. Competitors Coca-Cola and Nestlé Waters are advocating for EPR laws at the state level that would mandate producers assume responsibility for their packaging. By lacking a public policy position on EPR, Kraft runs the risk of not having its interests represented during the drafting and implementation of such legislation.

The shareholder proposal specifically asks the company to report on the feasibility of adopting EPR systems that can increase recycling rates and reduce carbon emissions. EPR systems can also lead to re-evaluating the way companies design, use, and re-use the resources and materials that go into their packaging. For instance, the company admits that approximately 30% of its packaging may not be readily recyclable, including the aluminum plastic laminate pouches used for its Capri Sun and Kool-Aid Jammers juice drinks. After being on the market for more than 30 years, these packages still cannot be readily recycled anywhere in the world.

This vote follows **As You Sow's** successful efforts pressing Coca-Cola, PepsiCo, and Nestlé Waters to voluntarily take responsibility for more than 50% of their product packaging in the U.S. **As You Sow** filed similar proposals with Kroger and Procter & Gamble and is in dialogue with other leading consumer products and grocery companies on this issue.

EPR is a significant enough issue to bring together sustainability leader Robert F. Kennedy Jr., Nestlé Waters CEO Kim Jeffery, and others including **As You Sow** to form Recycling Reinvented, a new nonprofit organization focused on educating stakeholders about the benefits of EPR for packaging systems and encouraging state EPR legislation.