



By SRI Connect
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Meet ... Conrad MacKerron, Senior Vice President, As You Sow

Q1: On a five-year view, how has the dialogue between US companies and investors on sustainability issues changed?

That's a tough question to start with.

It's hard to generalize. In my experience, every company has a different personality and protocol for dealing with shareholders and stakeholders and I don't think things have changed much.

If you try to initiate voluntary dialogue, you are most often ignored or given cursory or incomplete information.

There are often genuinely sincere and motivated sustainability staff within companies, but it often becomes clear that many don't have much influence or standing with senior management to effect the change that is needed.

Sustainability has not been absorbed into the corporate DNA. Sometimes, the issue can be driven by one strong personality, but when he or she leaves, so does the priority for sustainability.

A few companies will maintain an open and genuine dialogue even if you file a shareholder proposal; others will go into defensive mode, bringing in corporate counsel to monitor meetings, which tends to water down candor.

Q2: What three things could improve company <-> investor communications further?

1. We still need more companies to do basic reporting. Nearly 20% of S&P 500 companies do not yet publish a corporate responsibility or sustainability report, including mega-companies like Amazon (\$136 billion in revenue), and KraftHeinz (one of the world's largest food companies).
2. Companies should be proactive and call stakeholder groups they are actively engaged with at least a couple of times a year to give and get updates.
3. Answer inquiries! Most companies still have to be prodded to interact. Regrettably, the majority of companies that I approach ignore initial inquiries, sometimes for many months. The lack of even basic courtesies, even if the answer is a simple "no, we don't want to engage" is frustrating, especially for groups representing investors in the company. Part of this is systemic. It seems evident that once you get past the top tier of global brands, there is often no senior level sustainability position or corresponding line positions. As a result, employees have to grapple with sustainability as just one of several responsibilities that they have.

Q3: Introduce us to [As You Sow](#) and your major areas of work for 2017

[As You Sow](#) is a unique U.S. non-profit dedicated to shareholder advocacy. We are the only group I'm aware of doing significant advocacy work that is independent -- not tied to a specific SRI firm or religious group. We engage companies on environmental and social issues.

In the climate area, we have done leadership work on [carbon asset risk](#). We also have staff working on [responsible sourcing](#) (including conflict minerals), [CEO Pay](#), and [environmental health](#). My work focuses on [waste](#) and recycling. The U.S. has poor recycling rates, especially relative to many European countries. About \$11 billion of recyclable packaging ends up wasted annually here. After years of engagement, we received [commitments](#) from Coca-Cola and PepsiCo to recycle more of their bottles and cans. More recently, we engaged consumer goods companies to make more of their packaging recyclable, so it doesn't end up in a landfill. We've received commitments from [Colgate-Palmolive](#) and [Procter & Gamble](#) on recyclability.

For 2017, we are focusing on the growing links between lack of strong corporate recycling or recyclability commitments and plastic pollution of oceans. Recent studies indicate that if no actions are taken, there will be more plastic than fish in the ocean by 2050. Materials like polystyrene foam are often found during beach clean ups. These materials crumble easily into small pieces and are mistaken by fish and for food, causing illness and death. Plastic also absorbs toxics in the water, which can then be transferred to fish tissue.

We've asked McDonald's to stop using polystyrene foam cups globally (they phased out use in the U.S. several years ago), and Amazon and Target phase out foam packaging materials in e-commerce. We are also talking with Unilever, KraftHeinz and others about making multi-material laminate sachets and pouches recyclable. None of these materials, which have had explosive recent growth as packaging materials, are recyclable, meaning they end up in landfills for hundreds of years.

Q4: How can international investors best engage with your work?

We recently joined UNPRI and will be posting summaries of our engagement efforts on their collaboration platform.

In 2017, we will specifically be seeking out European and Asian SRI firms and investors who may have an interest in our plastic pollution work. Researchers estimate that half of the plastic trash deposited in the oceans comes from six developing Asian countries, many of whom need to develop better solid waste collection and recycling systems.

European investors have the benefit of proximity to the leadership efforts of projects like the Ellen MacArthur Foundation's New Plastics Economy project. We invite these investors to join dialogue groups on plastic pollution with some of the companies mentioned above, to help us improve our knowledge base and research, and to sign on to letters to companies asking them to take more responsibility for their plastic and packaging waste.

We may also be organizing zero waste investor tours of cities with model waste recycling programs.

Q5: How should sustainable investors react to 2016's political events?

In the U.S., we need to defend against any efforts to weaken our ability to engage and file shareholder proposals with companies. Small and medium-sized shareholders, like those of many SRI firms, have

often been the early warning system to companies on business risk. It is often passionate smaller investors who educate companies first on issues that could blow up eventually into big crises, like toxic ingredients, air and water pollution and waste, and supply chain labor rights. In many instances, these are brought initially to investors' attention by committed social and religious investors.

Q6: If you won the lottery and left the SRI industry, how would you spend your time?

I would travel about a third of the time and support journalism with the rest of my winnings. I had a former career as a journalist. It was great preparation for my current work investigating corporate behavior. I've long been concerned about the erosion of its business model, mass layoffs, and poor opportunities for new journalism grads.

You can see now more than ever how important it is to have fact-based traditional journalistic outlets and budgets for investigative journalism to keep the wealthy corporate forces that control our country in check.