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# TO THE POINT™



Timely News, Insights & Perspectives on Corporate Sustainability, Responsibility & Citizenship

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Governance & Accountability Institute shares timely news, insights and perspectives with corporate managers in key topic areas:

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- Corporate Sustainability,
- Community Affairs, and
- Sustainable Investing.

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## McDonald's, Dunkin' Donuts: Poly Coffee & Beverage Cups In Investor Focus

*Coffee & Beverage Cups and other foam packaging in investor focus - McDonald's Corp and Dunkin' Donuts Respond to activist / advocacy Investor Concerns*



**As You Sow** congratulated **Dunkin' Donuts** brand managers for agreeing to phase out polystyrene (foam) beverage and other packaging, joining **McDonald's** (As You Sow and company reached same agreement for global packaging in December 2017).

*These are two more excellent examples of shareholder activism and advocacy focused on ESG issues of importance to the investor.*

## Background

As You Sow is a not-for-profit activist & advocacy investor organization promoting environmental and social / societal corporate responsibility. The methods: coalition building, shareholder (proxy campaign) activism and issue advocacy, and innovative legal strategies.



Prominent food companies are often the targets for shareholder engagement and proxy season activism, including **Denny's, Kraft Heinz, McDonald's, Dunkin' Donuts, Mondelez International, PepsiCo, Starbucks Coffee, and Tyson.**

Engaging over time with McDonald's, As You Sow has been campaigning to



eliminate what it considers to be toxic or otherwise harmful polystyrene (a/k/a foam) packaging used by McDonald's (and other food companies), particularly in beverage cups and takeout containers.

These items, As You Sow points out, are seldom recycled and end up in landfills and as beach litter, becoming "indigestible pellets," which in turn marine animals eat...and then die.

## Targeting McDonald's

Targeting McDonald's, As You Sow submitted a shareholder proposal to urge the company to phase out polystyrene use in 2017 – winning a 32% positive support vote (those shares voted represented \$26 billion in AUM in the May all-shareholder proxy voting).



This was a follow up to a similar campaign in 2012, but McDonald's then only agreed to phase out foam in the U.S. market for hot beverages, not in international markets.

"In a win for the world's oceans," proclaimed As You Sow, in December 2017 saying that McDonald's agreed to phase out all such polystyrene use, worldwide. (The **International Agency for Research on Cancer** has identified styrene as a possible human carcinogen.)

**Conrad MacKerron**, the SVP on point for these campaigns at As You Sow, congratulated McDonald's on the decision to phase out foam cup use worldwide and said, "...this sends an important message to other quick service food companies that may still be using foam."

**And so the next announcement:** Now

**Dunkin' Donuts** brand will also phase out polystyrene packaging.



On February 7, 2018, As You Sow announced *it will select a replacement for polystyrene foam beverage cups by 2020* –



removing almost 1 billion foam cups from the waste stream every year (that otherwise end up in landfills or in the ocean).

***Note that Dunkin' Donuts agreed to phase these out back in 2011 but did not make progress, so the news today is that foam cups are going for these two giant fast food companies.***

At the municipal level, more than **100** U.S. cities / or counties have banned or restricted foam packaging. And, nine countries have banned or restricted as well. **The New Plastics Economy Project of the Ellen MacArthur Foundation** identified 15 brand marketers that recommended replacement of polystyrene foam as packaging material.

They companies are: **Coca-Cola Company, Danone, Dow Chemical (merged with DuPont), L'Oreal, Marks & Spencer, Mars, PepsiCo, Proctor & Gamble, and Unilever.**

*As You Sow SVP Conrad MacKerron commented:*

"The ocean plastic pollution crisis requires that companies take actions on several fronts. We hope Dunkin' can move more rapidly in its transition to paper, and introduce recycled fiber content in the paper cups, which will strengthen recycling and end markets for these materials.



"**Starbucks** has used 10% recycled fiber in its cups for many years. Dunkin' also needs to adopt a company-wide policy of offering discounts for patrons who bring in reusable coffee mugs and containers, and provide reusables such as ceramic mugs and tumblers for guests who dine on site as practicable, as Starbucks has pledged to do."



You can see the shareholder resolutions filed and coordinated by As You Sow in their database. Companies in the target zone include **AIG, Chevron, Dow, DuPont, Denny's, ExxonMobil...**and many more (almost 100 firms).

The organization is based in Oakland, California.

Resolutions: <https://www.asyousow.org/our-work/current-resolutions/>

A good look at the various campaigns conducted by As You Sow can be seen here:

<https://www.asyousow.org/media-center/>

One public roster of polystyrene ("PS") manufacturers, suppliers and distributors who may be affected by the future



direction of polystyrene packaging and other products is here:

<http://www.matweb.com/reference/Manufacturers.aspx?MatGroupID=22>

“Bold” general names in the industry include **Arkema Group, BASF, Chevron Phillips Chemical, Dow Chemical, Lubrizol, NOVA, Polimeri Europa** (formerly **EniChem**), **SABIC Innovative Plastics**, and others.