

DR PEPPER SNAPPLE GROUP

Shareholder Proposal: Adopt a Comprehensive Recycling Strategy for Beverage Containers, Including Aggressive Quantitative Recycled Content Goals and Container Recovery Goals

As a result of engagement with As You Sow, Coca-Cola agreed in 2007 to recycle 50% of its plastic and glass bottles and aluminum cans by 2015; Nestlé Waters North America agreed in 2009 to an industry recycling goal of 60% of plastic bottles by 2018, and PepsiCo agreed in 2010 to set an industry recycling goal for 50% for bottles and cans by 2018. These companies are all taking proactive steps to collect bottles and cans on their own as well as to work with peers to improve overall recovery rates.

On recycled content, Coca-Cola and PepsiCo made commitments in 2003 to use 10% recycled PET plastic in their U.S. bottles by the end of 2005. Both initially met the 2005 goal. PepsiCo has steadily maintained the 10% rPET content; Coca-Cola faltered after a couple of years but has pledged to come back and increase rPET content to 25% by 2015.

In its statement of opposition, the company says it “anticipates adopting a national recycling strategy by 2015.” This is weak and vague response. Taking another three years to develop a policy is an unreasonably long amount of time given action by peers several years back. Further, anticipating a strategy is not necessarily the same as adopting specific recovery goals as its peers have already done.

As You Sow tried to talk with the Dr Pepper brand since before it was spun off from Cadbury four years ago. We never received a substantive response until the company agreed to complete our survey¹ on beverage container recycling last year. It received a C- score overall and an F in beverage container recovery, the focus of this proposal. We asked all respondents what kinds of producer responsibility recovery systems they might be willing to support. The company opposed 10 of the 11 options listed and did not answer the 11th. It took the hardest line in terms of responsibility for post-consumer packaging of all companies responding.

In its CSR report, it mentions membership in the American Beverage Association (ABA) Full Circle Initiative in the recycling discussion. The program is described as “a comprehensive program to reinvigorate recycling across the country by fostering industry innovation and boosting consumer participation.” But the section on the ABA website lists no specifics actions or activities of the program, raising questions about how “comprehensive” it is.

More than half of the statement relates to issues other than container recovery or recycled content, the focus of the proposal. The company cites specific actions related to light weighting and reducing manufacturing waste that, while laudable, do not address the focus of the proposal. Light weighting and reducing manufacturing waste are by now fairly standard features of corporate sustainability policies and often taken as the initial steps because they are easy to implement and save the company money.

¹ “Waste & Opportunity: U.S. Beverage Container Recycling Scorecard and Report, 2011,” As You Sow, August, 2011, http://www.asyousow.org/sustainability/bev_survey.shtml.



We disagree with the statement that “Implementation of this proposal will not further the Company’s environmental or recycling goals in any meaningful respect. On the contrary, this proposal would result in the Company hastily adopting programs that may not be attainable and incurring unnecessary costs and expenses.” Implementation would put some much needed priority focus on the company’s post-consumer recovery strategy. The proposal does not ask for the company to hurriedly set quantitative goals by September 2012, but rather to adopt a strategy, which will provide assurance to shareholders it has at least given the matter due consideration, and prepare a report to shareholders discussing the strategy.