

New York State Joint Senate and Assembly Public Hearing on Recycling
Senate Hearing Room
250 Broadway, 19th Floor
Manhattan
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PepsiCo Statement

Presented by Lauren Cotter
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Introduction

Good Morning, Chairmen Kaminsky and Englebright and members of the committees. My name is Lauren Cotter and I am a Strategy Director in PepsiCo's North American Beverage division. I'm appreciative of the opportunity to appear before you today on behalf of PepsiCo.

PepsiCo is a \$64 Billion-dollar company that employs more than 260,000 people worldwide and more than 10,000 people here in NY State. PepsiCo owns recognizable brands such as Pepsi, Lays, Tropicana, Gatorade and Quaker Oats, among others.

My comments today will emphasize three key points:

1. First, the importance of recycling – specifically the recycling of post-consumer packaging materials - to PepsiCo, the consumer goods industry and society as a whole;
2. Second, the many steps PepsiCo is taking to minimize packaging waste and increase recycling rates;
3. And finally, PepsiCo's commitment to partner with government and other stakeholders to improve recycling rates in NY and around the world

The Importance of Recycling to PepsiCo

I would like to begin with a brief comment about packaging.

Packaging is a vital element of PepsiCo's business. It protects the safety, quality and freshness of our products, extends their shelf life and limits food waste. It helps to make our products easier to distribute, more affordable and convenient. It also helps to make it easier for consumers to choose and be informed about the products they purchase. We invest great time and resources into finding packaging solutions that balance these qualities with environmental sustainability at the beginning of every packaging design effort.

At PepsiCo, we share concern over the growing threat that packaging waste poses to our communities and marine environments. We know that packaging is often disposed of improperly after a product has been used. But these packaging materials have value. With improved recycling we can capture that value and use the materials for the next generation of packaging. Recycling is a critical part of PepsiCo's long-term approach to sustainability. We have been working for over a decade on multiple fronts to make better recycling a reality, and we welcome the opportunity to work with New York State on this shared objective.

A Challenge We Can Solve

As one of the world's leading food and beverage companies, we recognize the significant role we can play in working to change the way society makes, uses, and disposes of packaging, and we are doing our part to help make sustainable packaging a reality.

PepsiCo is committed to designing 100% of our packaging to be sustainable, and to using 25% recycled content in our plastic packaging by 2025. We estimate that approximately 89 percent of our packaging is fully recyclable today. We are also already among the largest users of food-grade rPET in the world, resulting in an average of approximately 9 percent rPET use across our company-owned beverage portfolio in the U.S.

Our vision is a world where plastics need never become waste, and we are enthusiastic supporters of the New Plastics Economy Global Commitment and its work to achieve a circular economy for plastics.

With respect to recycling, we are investing in both infrastructure and consumer education to lift recycling rates and increase the availability of recycled material. Through our PepsiCo Recycling program, we have tested new approaches to recycling including partnerships, pilots, large-scale projects and packaging innovations. Through our nearly 500 programs with municipalities and commercial sites we have learned important lessons about the best ways to reach consumers and design collection systems to improve recycling in the future. Innovation is critical for PepsiCo to achieve its vision and goals. With respect to non-rigid flexible plastic packaging, for example, we are investing in new materials and new technology, including the retrofit of a material recovery facility near Philadelphia that will recapture flexible plastic packaging for recycling.

While PepsiCo will continue to do its part to improve recycling rates, it should be noted that recycling systems are complex. To successfully impact recycling in NY and across the US, a diverse set of stakeholders including consumer goods companies, waste management and recycling industries, packaging manufacturers, government, consumers and others must work together. According to the U.S. Environmental Protection Agency, in 2015 the amount of municipal solid waste (MSW) recycled was only 35 percent.¹ And it was worse for plastics, glass and metals which were much lower at 9, 26 and 34 percent, respectively. In contrast, municipal solid waste recycling rates above 50 percent are found in a number of European and Asian countries.²

The reasons for low recycling rates are varied, but solutions exist. To start, we can increase recycling by designing packaging and other products to fit within the recycling system; in simple terms, we need to eliminate designs that cause problems for recyclers.

Additionally, we know that people need better access to curbside recycling collection; only 53 percent of Americans have curbside recycling provided at their homes, and over a quarter of Americans rely on drop-off recycling programs or have no recycling programs available.³

¹ US EPA. *National Overview: Facts and Figures on Materials, Wastes and Recycling*. EPA web site.

² *Eunomia. Recycling – Who Really Leads the World?* (Issue 2) December 2017

³ RRS & Moore Recycling Associates, Inc. *2015-16 Centralized Study on Availability of Recycling*. Commissioned by Sustainable Packaging Coalition. 2016.

Recycling infrastructure needs to improve as well, including state-of-the-art material recovery facilities with advanced technology. This requires significant financial investment and dependable end markets for the material that is being recovered.

Lastly, recycling needs the support and enthusiasm of the public, including better information and education so the public can understand how recycling works and participate more effectively. This, in turn, will reduce the amount of contamination in the recycling stream and lower costs for recyclers.

With these improvements, the recycling system in New York State will grow, become more efficient and produce high-quality material that has better market value.

Our Commitment to Working with Government and Other Stakeholders

PepsiCo is committed to working in partnership with government and other stakeholders on recycling. We engage in a variety of programs and initiatives that bring stakeholders together to create broad solutions in order to shift the whole system in a more sustainable direction.

PepsiCo recognizes that policy makers are also looking for solutions to more effectively address litter and recycling, especially marine plastics, while promoting the efficient use of valuable resources. In addition to the broad set of actions and investments we are making on sustainable packaging, we have adopted a proactive and pragmatic stance in our discussions with policy makers. We have partnered with government and made significant investments to support recycling collection programs in the U.S. and around the world. If a policy proposal is broad based, delivers strong environmental outcomes, provides incentives for sustainability and gives us a seat at the table in designing and implementing programs, then we want to be a part of the process.

PepsiCo is frequently asked what we think about producer-funded systems such as extended producer responsibility (EPR) aimed at recycling of post-consumer packaging waste as well as

deposit return systems (DRS) for beverage containers. We believe that EPR or DRS should be part of a broad solution in which the roles and responsibilities of all actors are properly attributed and fulfilled. We evaluate EPR and DRS programs on a case-by-case basis, and gauge the suitability and effectiveness of specific regulatory proposals according to a number of key design parameters, including:

- Measurable, achievable and cost effective recycling targets;
- Scope of covered materials;
- Industry-led program management;
- Appropriate definition of included costs, including consumer education and awareness;
- Broad distribution of cost;
- Material revenue staying within the system; and
- Incentives for sustainability.

Conclusion

I want to thank you for the opportunity to present this statement. On behalf of PepsiCo, we look forward to working with you to improve recycling in New York State, and I welcome any questions you may have.