

Composting in the Corporate Sector 2019



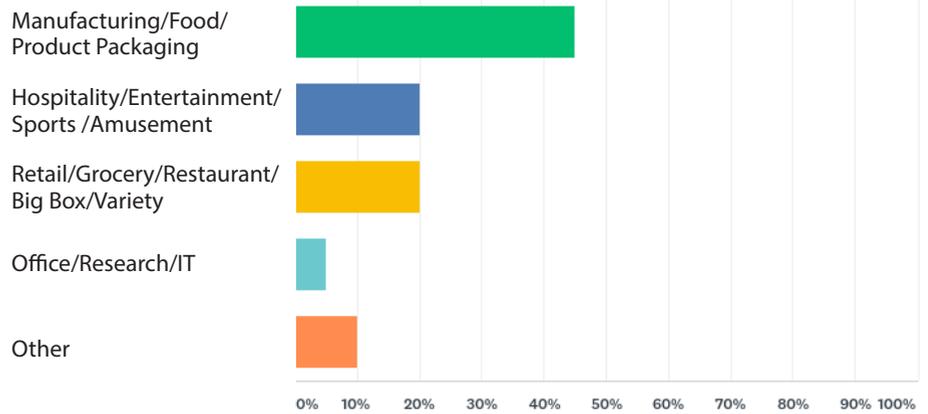
Corporate Compost Leadership Council

The US Composting Council's mission is to advance compost manufacturing, compost utilization, and organics recycling to benefit our members, society, and the environment. While compost producers, municipalities and organics haulers make up 55% of our membership, USCC inquiries have escalated in the past two years have from large corporate entities whose packaging is part of compostable food scraps, or whose employees or customers generate leftover food scrap—often in large quantities. The USCC Board of Directors, in its Strategic Plan, highlighted the needs of these large generators as an area of focus for the organization to further expand organics diversion.

In order to do this, USCC had a need to understand the common challenges and needs of this sector. In the past two years we have been gathering information to develop a strategy to address the needs of retailers, consumer products companies and events and hospitality facilities who generate organics either in manufacturing, employee on-site locations or in consumer-facing sites.

In fall 2019, we conducted a general survey to take the temperature of the composting activity of companies in these markets who have interacted with USCC in some way—called, obtained information, attended conferences, training or other meetings or webinars. We reached out to 60 in total, of whom 20 (33%) responded. This snapshot is their story.

Which industry does your company belong to?



Major Issues

Survey results and our discussions with companies often focused on uneven access to compost facilities; lack of understanding by corporate stakeholders/customers or difficulty with contamination issues; and corresponding challenges in developing nationally distributed products and packaging that could be composted in diverse regions of the U.S. Questions and interviews were designed to obtain information to confirm these issues and better understand the details behind them.

Drivers for Corporate Composting programs

Many consumer products companies are being pushed hard by their customers to make commitments to sustainable practices. Of the companies

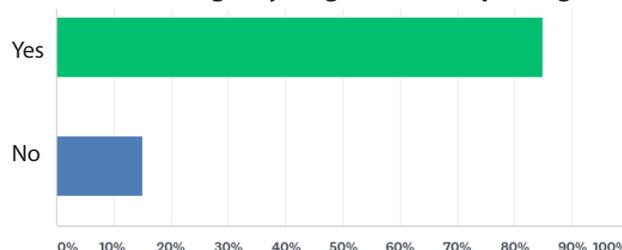
surveyed, 85% have zero waste plans in place; 65% have carbon emissions/climate goals. (Many also actively track carbon credits).

For other companies, customer or employee engagement is a goal.



Sam Seiwert, guest relations, checks the bins at Allagash Brewing Company in Maine.

Does your company have a zero waste policy or other mission statement addressing recycling and/or composting?



Composting in the Corporate Sector 2019



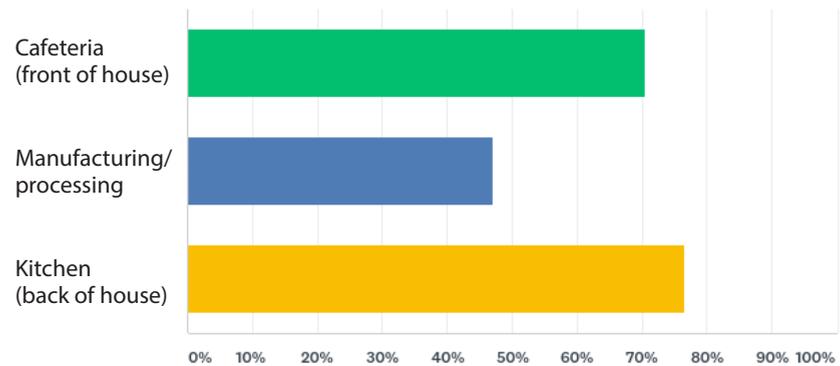
Corporate Compost Leadership Council

Allagash Brewing Company in Maine has worked with local farmers, and in recent years, a small hauling company that began operating nearby, to compost its manufacturing leftovers such as spent grain and yeast. Their composting company collects their paper waste, employee/customer organics, and used fruit, which is used to age small-batch beers. Their employees, led by a very active Green Team, have been the motivation behind the composting project, and provides all the sorting needed, now that they do front-of-house composting in their tasting room and food truck area. “Our employees and managers have pushed for this more than our customers, who are often visiting from other areas,” says Luke Truman, Allagash’s facilities manager.

Compost Facility Access and Lack of Infrastructure

A very uneven picture of the ability to divert organic materials – identified in the survey as food scrap, packaging and compostable ware; and various paper products – emerged. While 85% of the respondents replied that

Which type of food scrap do you divert?



they are diverting food scrap for composting, 15% said they are not, due to contamination problems, inability to find a composting source, or high cost.

Interviews with companies who volunteered to discuss their programs showed that when a compost facility could be found, they took advantage of the opportunity to divert organics—but it was not something they could devote corporate resources to developing. Mercedes-Benz Stadium in Atlanta relied heavily on area compost manufacturers to help them construct

their collection process. “The real key was to have Wayne King (ERTH Products) and Rhett (Marlow, Cowart Mulch) to figure out the composting piece,” said Scott Jenkins, general manager of the stadium.

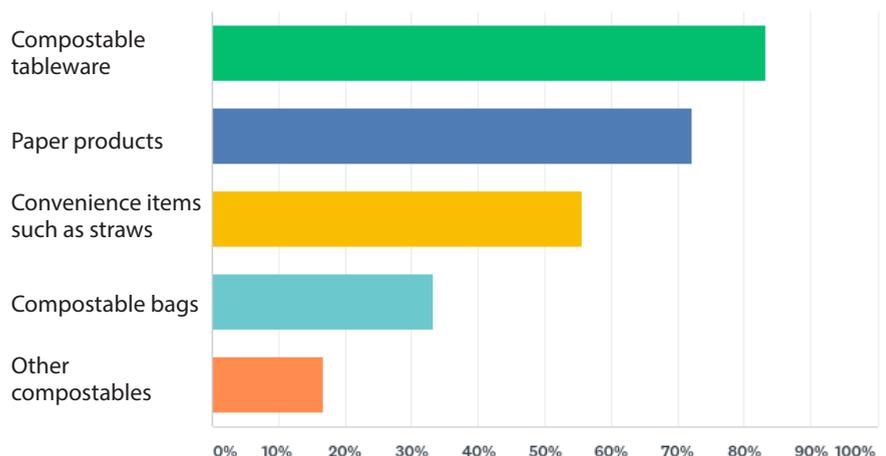
Collection Processes

The majority of respondents reported collecting kitchen-generated (back of house) organics (76%); while 71% are capturing from cafeterias, employee breakrooms or other customer locations. A few noted that paper,



A Mercedes-Benz Stadium guest makes a compost deposit.

Whether or not you are currently composting, does your company purchase any of these items:



Composting in the Corporate Sector 2019



**Corporate
Compost
Leadership
Council**

such as tissue paper and soiled cardboard, are also included in the process, though that was not a specific call-out in the survey.

A majority—67% of the respondents' companies, facilities departments, kitchen staff and employee volunteers are active in sorting and contamination removal, while for the rest sorting happens either with the hauler or the final compost location.

Half have their organic materials being picked up and taken off site. The remaining percentage of those diverting organics replied that they are using some form of digestion, though none are using dewatering, pulping or dehydrating equipment, although Baldor, a Bronx-based produce and specialty food supplier, has begun to use an on-site digester. "We want to reduce our carbon emissions and costs from hauling and most importantly contributing in regenerating our soil



Baldor has installed an EcoRich digester to handle compostable material at its New York location.

system and using this soil in NYC and our nearby communities in the Bronx," said Stephanie Cardenas, Baldor's sustainability specialist. "We are hoping to build a business model around this that has an impact and is also profitable."

Compostability in Consumer Packaging

USCC's survey showed that while 28% of the respondents have been purchasing compostable products and packaging for less than a year, 39% have been integrating compostables for more than five years.

The biggest compostability challenge for consumer companies with disposable packaging is the same one that has plagued the recycling industry for decades: composting processes are not standardized nationally due to the wide variety of technologies used and their effectiveness breaking down organics, and diverse end-use markets for the compost that is generated. Consumer products companies with national distribution are searching for compostable substitutes for packaging components that a majority of municipalities can consistently and effectively process.

"Regarding cups, lids, and straws from food service locations, we see a few key challenges around compostability: 1) while industrial or municipal composting works, it's not widely available, 2) compostable items often get pulled out of the process because they look identical to non-compostable items, and 3) separation of different materials on-site can be difficult," said Sophie Stevenson, manager of foodservice innovation and sustainability at PepsiCo. Public education of the terms "compostable"

and "biodegradable" would be helpful as well, she said. PepsiCo and other companies surveyed said they are careful to be sure their product claims are accurate to avoid any perception of greenwashing.

The issue of Perfluoroalkyl Substances (PFAS) on compostable products is slowly making its way to the corporate level, with 16% in fall 2019 saying they had already replaced their supply with PFAS free substitutes; 39% are researching the issue, and 45% who had not heard about the problem yet.

Businesses also have to work with their product development teams in changing packaging, especially if it was developed in-house as a proprietary part of their product. At Chick-fil-A, the making of the product is "baked" right into the packaging—that is, the heating and steaming that takes place in foil liners to ensure food quality and safety doesn't make redesigning easy. Corporate Social Responsibility Team Leader Dawn Rhodes said they are aggressively tackling all non-proprietary packaging and flatware to be compostable and PFAS-free however, with a goal of all packaging to be compostable, recyclable or contain recycled content by 2025.

Contamination

Not only is the equal compostability of materials nationwide a challenge, but contamination complicates product development and organics diversion even further. With no current standard for markings or colors of compostable products, consumers and employees at corporate facilities and retail, restaurant and event locations confuse disposable – and recyclable – materials with compostables.



Cost

Companies are innovating to meet the cost challenge. Scott Jenkins says Mercedes Benz Stadium, diverted a record 52% of its waste at October football games—but the goal is 90%. Of the remaining 48%, they have estimated 80% of that is organics. The stadium will soon host a sorting/densifying process for HDPE plastics and aluminum that will save them substantial dollars, which will be devoted to organics recovery, training and signage.

Companies that responded to USCC's survey unanimously agreed that cost of purchasing compostable products, and of composting pickup or the composting system, is higher than landfilling – but that they are committed to it.

Longtime trash pickup practices that have not been updated can impact potential diversion savings that composting and recycling provide. "In some of our locations, the landlords lease requires more frequent pickup than we would need" with the level of composting and recycling and the reduction in waste containers. So the savings in those situations have not added up to offset the cost of composting, said Alexandra Dysard, sustainability manager for MOMS Organic Market.

"We are trying to avoid the labor of sorting, that will eat your lunch!" Jenkins says of the stadium's emphasis on reducing contamination through

education and signage for fans in the "front of the house", noting that most of their potential compostables come from the seating area for the 70,000 fans that show up for the typical football game or soccer match.

Baldor has committed to eliminating food waste by focusing on the entire food hierarchy, with a system of distribution of leftover food to area food bank programs, farmers for animal feed, and composting of the remainder. "We talk to the chefs we supply, and our message is, that food is an asset 100% of the time. It is not a liability on the balance sheet," says Thomas McQuillan, vice president of sustainability. With 15,000 clients, many of whom are "white table top" restaurants, as well as "mom and pops", Sustainability Specialist Stephanie Cardenas has her hands full managing the program, which has as its goal to be a zero organics to landfill company.

Compost Use

End use of compost generated by the companies is a small part of their programs, with only 50% replying that they use the compost themselves. Of those, 73% find it is used for landscaping, but anecdotally not all is used at their own facilities. Followup interviews identified very few companies with campuses where it compost could be used for top dressing or in other methods, but they were aware of it being used on farms and other landscaping purposes.

Conclusion:

The desire for commercial scale acceptance of food waste and accompanying compostable packaging is satisfied in some specific areas. But for companies with multiple locations across the U.S., there is a critical need to not only spur more compost capacity, but to encourage (where possible) a more uniform scale of feedstocks that are accepted in order to increase composting in this sector.

Additionally, finding ways to distinguish compostable packaging and tableware from non-compostable or recyclable materials will spur more companies to divert and compost food waste.

Lastly, education by the compost industry about compostability and contamination was a common theme that the corporate sector wishes to see addressed.