

Wake Up Wall Street – It's Waste!

Early long term-sustainable investing is the key to getting ahead of technology.

■ By Tony Nocito

I get it; those who believe in the importance of recycling get it, and those who believe in innovative waste treatment technologies that reduce and convert waste to a reusable end-product get it, especially those that turn hazardous waste into reusable end-products. However, Wall Street is not getting it. Let's face it: the waste industry (garbage industry) is not a glamorous one and is not prone to create innovative technologies that are used daily to make our lives socially acceptable and convenient, like Apple, Microsoft, Android and Facebook. Whoever thought we would see the dying of brick and mortar stores? Jeff Bezos did with Amazon. Having to deal with garbage, for sure, is not as convenient as shopping on Amazon, texting, being able to send an e-mail or call a friend from a device we can hold in our hand and keep in our pocket. If anything, waste is an inconvenience we must deal with daily.

Plastic Straws and Other Products

For the past two months, on the nightly news, and then, on morning talk and news programs the topic discussed: the plastic straw ban. Americans use 500 million plastic straws a day. Plastic straws take up to 500 years to decompose, using up valuable landfill space. The plastic straw is only one form of waste generated from

the fast food and restaurant industry. Think about the cups—25 billion Styrofoam cups a year estimated to take over 500+ years to decompose—paper wrappings, the plastic dishes that require plastic covers, soda cups, plastic knives, forks, spoons and, most importantly, food waste.

On May 24, 2018, McDonald's shareholders voted down the ban on the use of plastic straws. Although McDonald's cited a series of major steps it is taking to cut waste and boost the company's sustainability image, McDonald's management had recommended against the plastic straw ban.¹ The McDonald's shareholders and McDonald's management, trying to prove it is a sustainable company has failed to ratify a major step in reaching its sustainable goal. And there lies the culprit, lack of foresight and creativity. On the other hand, Starbucks is ahead of the plastic straw ban with its innovative sippy cup cover that eliminates the use of the plastic straw. Burger King will roll out compostable straws at all 500 of its UK restaurants by September 2018 in a move that will cut the brand's plastic use by 29 tons each year, reducing its total annual plastic output by 36 percent. Burger King is also working towards making all its packaging recyclable, biodegradable or compostable by 2025.²

Wall Street Waste is Coming Your Way! Photo courtesy of Tony Nocito.



Will McDonalds follow Burger Kings environmental strategies? McDonalds is slowly getting on board with the plastic straw ban and intends to eventually ban the use of plastic straws in the U.S as it has in the U.K. and replace the plastic straws with an alternative.³ Will the alternative be an innovative new technology? The banning of plastic straws and other plastic and Styrofoam items will alleviate the long-term effects on landfilling, but unless the replacements for plastics and Styrofoam are creative and innovative products that can be recycled or are created for a circular economy, we will have items that will still be landfilled.

All companies' first responsibilities to their shareholders is fiduciary. But what are their environmental responsibilities: to improve energy efficiency; reduce the amount of solid waste; increase the value recovered from solid waste before its disposal; maintain a litter free environment; and compost food waste. If the investments are made in these environmentally friendly solutions, they will eventually provide cost savings and an environmentally friendly biosphere. What is currently the best way to capture reduce, reuse and recycle? The simple answer is to install recycle bins everywhere waste is created.

The Garbage Can or The Recycle Bin?

It is easy to throw waste in the garbage. It is easy to send waste to the landfill, making the waste out of sight and out of mind. It becomes challenging to separate waste for recycling, because recycling bins make us consciously know we have a waste problem that we are obligated to deal with, especially plastic and food waste. The onset of the recycle bins are an innovative waste technology that affords people waste separation options that are a necessity to our environment. I have yet to see recycling bins in a fast food restaurant. Why is this? The answer: cost to add recycle bins along with trash bins are not only financial costs, but also will use up valuable floor space. Do you think fast food restaurants can afford funds from their yearly billion-dollar profits to install recycle bins or, at a minimum, composting bins to avoid the problem of food waste disposal? You bet they can! Will they? Hopefully!

Recycling Problem: The China Markets are Closed

Let's face reality, given the current political atmosphere, China's ban to take in U.S. waste is here, leaving us with multi-millions and eventually billions of tons of waste and recyclables that we must deal with. It is estimated that the U.S. shipped 4,000 containers daily to China for recycling. Now what are we to do? The answer: create innovative waste technologies that will help solve the problems of dissipating waste to reusable products that move towards creating zero waste. This, of course, takes money for research and development. Where can the money come from, so it will not affect the company's cash flow? Hello Wall Street!

Zero Waste—Is It Achievable?

Wikipedia: "Zero Waste is a goal that is ethical, economical, efficient and visionary, to guide people in changing their lifestyles and practices to emulate sustainable natural cycle, where all discarded materials are designed to become resources for others to use." Let's examine the most important words in the Zero Waste context:

- *Ethical Meaning:* Pertaining to the right and wrong in

conduct. Do you think it is unethical to create waste that is not always properly discarded or recycled, such as cardboard boxes with plastic bubble wrap to hold the shipped products in place from Amazon and Walmart? Do you think it is proper to hide the toxicity of a product that is stored or manufactured? Do you think the creators of these wastes should be ethical in finding solutions to the mired environmental problems that they have created? The answer to date is that they will avoid dealing with environmental problems because it will cut into their bottom lines, affecting their Wall Street standings.

- *Economical meaning:* Avoiding waste or extravagance, thrifty. The only waste large corporations avoid is waste of money. They locate in areas that pay low wages, they use robotics whenever possible, avoiding labor costs, creating a very efficient profit, but not necessarily environmentally efficient.

- *Efficient meaning:* Performing in the best possible manner. On a daily basis companies work at being visionary in order to be 'financially efficient to become as profitable as possible.' They are not visionaries when it comes to environmental problem solving, because solving environmental problems, unless forced to, cuts into their profits.

- *Visionary meaning:* A person thinking about or planning the future with imagination or wisdom. Wikipedia answers the Zero Waste question as a visionary as one who designs and manages products and processes to systematically avoid and eliminate the volume and toxicity of waste and materials, conserve and recover all resources, and not burn or bury them, eliminate all discharges to land, water or air that are a threat to planetary, human, animal or plant health.

Visionaries

The first electro-mechanical, programmable computer was built by Konrad Zuse between 1936 and 1938. About 40 years later along came the personal computer: IBM, Bill Gates, Microsoft, Steve Jobs and Apple. IBM stopped making personal computers because they felt the software market provided low margins, but IBM holds the market share in mainframes. We all know that Apple has had its ups and downs, but with Steve Jobs' focus, persistence and vision as well as help from Wall Street, the company did not die. Bill Gates' Microsoft held its vision and persistently put out better product almost yearly. Apple, along with Samsung, has made it so easy to carry our personal computer in the palm of our hand, as well as to make calls to anywhere on earth. The new visionaries are Elon Musk, Tesla, SpaceX and Neuralink. Musk's Tesla has \$10 billion of debt in all forms, i.e. convertible bonds, promissory notes, term loans, cash equity debt, asset-backed securities. Where does this money come from? Wall Street. Why does Wall Street keep investing in what appears to be a losing business? Answer: the electric and self-driving cars are the automobile industries future.

What Do We Need to Do?

Not everyone has a cellphone; not everyone has a computer or even knows how to use a computer and not everyone drives a car, but from the time we were born we created waste, i.e. disposable diapers, formula containers, baby wipes, to name a few. The point is that everyone makes waste.

What do we need to solve and create reduced, recycled, reusable waste: research and development (R&D) by visionaries? Who should make it a point to seek out innovative waste treatment technologies and fund the R&D? You guessed it—Wall Street!

Technology development is constantly in flux, constantly out doing itself. The floppy disk, the flip-phone, the storage size of an external hard drive, film overridden by digital, and other technologies and industry have died off because of innovative replacements.

Early long term-sustainable investing is the key to getting ahead of technology. Take food waste as an example: it is estimated that \$18 billion in investment is needed over the next 10 years to reduce food waste by 20 percent, and about \$800 million of this is projected to come in the form of private early stage and growth equity funding.⁴ Given the fact that waste technologies are considered a niche market to investors, visionary investors must step up their funding of food waste, wastewater treatment, agriculture or food waste mitigation technologies, municipal waste recycling and waste reduction technologies, and most importantly, technologies that turn hazardous wastes into a non-hazardous, recyclable waste.

Wall Street is always looking for the next technology that will kill off the one before it. If Wall Street does not take a hard look at technologies that innovatively alleviate waste, and police and enforce the waste regulations imposed on public companies, we are

going to be the ones who die off. | **WA**

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Notes

1. Fortune Online, May 24, 2007. "McDonald's Shareholders Vote to Keep Plastic Straw, Despite Activist Demands".
2. Edie.net, June 8, 2018. "Burger King Unveils Plan to Phase-Out Plastic Straws".
3. Business Insider, June 19, 2018, Article title: McDonalds is Testing Plastic Straw Alternatives as U.S. Cities Crack Down on Single Use Straws When? This Year".
4. AGFunder, November 12, 2016. "The Billion Dollar Food Waste Market Investors are Missing".