	Case 3:21-cv-00754-MMC Docume	nt 58 Filed 02/	18/22 Page	1 of 49	
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14	UNITED STATES DISTRICT COURT				
15	NORTHERN DISTRICT OF CALIFORNIA				
16					
17	GREENPEACE, INC.,	Ca	se No. 3:21-CV	V-00754-MMC	
18	Plaintiff,	TH	HIRD AMENI	DED COMPLAINT	
19	v.				
20	WALMART INC,				
21	Defendant.				
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27					
Document Prepared					
ON RECYCLED PAPER	THIRD AMENDED CON	1PLAINT – CASE NO. 3	3:21-CV-00754-MMC		

DOCUMENT

1 2 3

Plaintiff Greenpeace, Inc. ("Plaintiff" or "Greenpeace"), based on information, belief, and investigation of its counsel, except for information based on knowledge, hereby alleges:

INTRODUCTION

1. The problems associated with plastic pollution are increasing on a local, national, 4 5 and global scale. This affects the amount of plastic in the ocean, in freshwater lakes and streams, 6 on land, and in landfills. Nearly 90% of plastic waste is not recycled, with billions of tons of plastic becoming trash and litter.¹ According to a recent study, at least 1.2 to 2.5 million tons of 7 8 plastic trash from the United States were dropped on lands, rivers, lakes and oceans as litter, were illegally dumped, or were shipped abroad and then not properly disposed of.² To address 9 10 increasing pressure from governmental entities, shareholders, consumers, environmental groups 11 and other stakeholders regarding plastic pollution, manufacturers and distributors of plastic 12 products or packaging are labeling their products as recyclable and environmentally beneficial, 13 without maintaining any information substantiating the validity of such representations. Seeking 14 to portray itself as environmentally minded and sustainability focused, defendant Walmart Inc. 15 ("Defendant" or "Walmart") manufactures or distributes a variety of single-use plastic products and packaging that are advertised or labeled as recyclable, without maintaining records that 16 17 substantiate whether such products and packaging are actually recyclable. 18 2. This Complaint seeks to remedy Defendant's unlawful and unfair business 19 practices with respect to its failure to substantiate its recycling representations on plastic products 20 or plastic packaging that are: (A) sold under Defendant's own private label brands:³ (B) labeled as 21 22 ¹ Tom Udall and Alan Lowenthal, *Op-Ed: More than 90% of U.S. plastic waste is never recycled. Here's how we can change that*, L.A. TIMES (Feb. 21, 2020, 3:01 AM) 23 https://www.latimes.com/opinion/story/2020-02-21/plastic-waste-never-recycled-u-s (last accessed Feb. 17, 2022). 24 ² Associated Press, Study: 1 to 2 million tons a year of U.S. plastic trash goes astray, L.A. TIMES 25 (Oct. 30, 2020, 11:03 AM) https://www.latimes.com/world-nation/story/2020-10-30/study-1-to-2million-tons-of-us-plastic-trash-goes-astray (last accessed Feb. 17, 2022). 26 ³ Examples of Defendant's private label brands include, but are not limited to: Great Value, Allswell, Atheletic Works, Bonobos, Equate, EV1, Everstart, George, Holiday Time, Mainstays, 27 Marketside, No Boundaries, Onn, Ozark Trail, Parent's Choice, Scoop, SwissTech, Time and Tru, and Wonder Nation. 28 -1-

1 "recyclable"; and (C) either made from plastic #3-7, unidentified plastic, or packaged in a plastic shrink sleeve (the "Products").⁴ The Products are manufactured or distributed by Defendant and 2 3 advertised or labeled as recyclable. However, the Products are not in fact recyclable because 4 people do not have access to recycling programs that accept the Products, the Products cannot be 5 separated or recovered from the general waste stream and sorted into the correct materials bale by 6 material recovery facilities ("MRFs"), and there are no end markets to reuse the Products or to 7 convert the Products into a material that can be reused or used in manufacturing or assembling 8 another item. Despite Defendant's extensive advertising and labeling of the Products as 9 recyclable, most of the Products typically end up in landfills, incinerators, communities, or the 10 natural environment. 11 3. Under California's Environmental Marketing Claims Act (the "EMCA"), anyone 12 who manufactures or distributes a consumer good and represents in advertising or on the label 13 that it is not harmful to, or is beneficial to, the natural environment, through the use of such terms 14 as "environmentally safe," "ecologically friendly," or other like terms, must maintain written 15 records supporting the validity of any such representation. Business & Professions Code § 17580(a). The term "recyclable" is a term that represents that a product or packaging is not 16 17 harmful to, or is beneficial to, the natural environment, and is therefore covered under Business & 18 Professions Code § 17580(a). In fact, the EMCA specifically requires companies to maintain 19 information and documentation as to whether such products or packaging conform with the 20 ⁴Non-exclusive examples of the Products include, but are not limited to: Great Value Organic 21 Cinnamon Applesauce Cups, 24 oz, 6 Count, Walmart #556055661, UPC No. 0-7874213534-2, Product No. 136051; Great Value Diced Mangos In 100% Juice, 4 oz, 4 Count, Walmart 22 #562987172, UPC No. 0-7874215803-7, Product No. 142059; Great Value Organic Diced Peaches & Pears, 16 oz., 4 Count, Walmart #562987178, UPC No. 0-7874223615-5, Product No. 23 142059; Great Value Premium Forks, 48 Count, Walmart #438491, UPC No. 0-7874211675-4, Product No. 042499; Great Value Premium Clear Cutlery Knives, 48 Count, Walmart #438505, 24 UPC No. 0-7874211670-9, Product No. 042499; Great Value Premium Assorted Silver Cutlery, 36 count, Walmart #565175504; Great Value Snack Cups, 9 oz, 80 Count, Walmart #443461, 25 UPC No. 0-681131925532, Manufacturer No. 6386717; Great Value Everyday Party Cups, 18 oz, 20 Count, Walmart #443482, UPC No. 0-78742049090, Manufacturer No. 6386484; Great Value 26 Extra Virgin Olive Oil Cooking Spray, 7 oz., 3 Pack, UPC No. 0-7874206043-9, Product No. 928333; Great Value Ultimate Fresh Scent Booster, Blooming Lavender, 14.8 oz, Walmart 27 #575777817, UPC No. 0-7874233153-9, Product No. 03604; and Great Value Plastic Party Cups, 18 oz, 120 Count, Walmart #557007144, UPC No. 0-7874218708-2, Product No. 437462. 28

Case 3:21-cv-00754-MMC Document 58 Filed 02/18/22 Page 4 of 49

1 uniform standards contained in the Federal Trade Commission Guidelines for Environmental 2 Marketing Claims (the "Green Guides") for use of the terms "recycled" or "recyclable." Id., § 3 17580(a)(5). In addition to documents regarding whether the consumer good conforms with the 4 Green Guides, the EMCA also requires that companies maintain the following records in written 5 form supporting the validity of their recyclable representations: (1) the reasons why a company 6 believes the representation to be true; (2) any significant adverse environmental impacts directly 7 associated with the production, distribution, use, and disposal of the consumer good; (3) any 8 measures that are taken by the company to reduce the environmental impacts directly associated 9 with the production, distribution, and disposal of the consumer good; and (4) violations of any 10 federal, state, or local permits directly associated with the production or distribution of the 11 consumer good. Id., § 17580(a)(1)-(4). The California Legislature declared its intent that the 12 information and documentation supporting the validity of any environmental marketing claims 13 shall be fully disclosed to the public, and information and documentation maintained pursuant to 14 Business & Professions Code § 17580 must be furnished to any member of the public upon 15 request. Id., § 17580(b), (d).

16 4. The Green Guides also require marketers to ensure that their claims are supported 17 by a reasonable basis prior to making the claim. 16 C.F.R. § 260.2. A reasonable basis is defined 18 as competent and reliable scientific evidence, such as "tests, analyses, research, or studies that 19 have been conducted and evaluated in an objective manner by qualified persons and are generally 20 accepted in the profession to yield accurate and reliable results." Id. "Such evidence should be 21 sufficient in quality and quantity based on standards generally accepted in the relevant scientific 22 fields, when considered in light of the entire body of relevant and reliable scientific evidence, to 23 substantiate that each of the marketing claims is true." Id.

5. Greenpeace has requested on numerous occasions that Defendant substantiate that the Products are recyclable in California or elsewhere in the United States. However, Defendant has not provided any documentation in written form substantiating the recycling representations on the labels of the Products. Nor has Defendant provided any competent and reliable scientific evidence, such as tests, analyses, research or studies that have been conducted and evaluated in an

Case 3:21-cv-00754-MMC Document 58 Filed 02/18/22 Page 5 of 49

1 objective matter by qualified persons, to substantiate that the Products are recyclable. Defendant 2 thus violated and continues to violate California's Unfair Competition Law ("UCL"), Business 3 and Profession Code § 17200, et seq., based on unlawful and unfair acts and practices because 4 Defendant sells Products advertised or labeled as recyclable but has not and cannot substantiate 5 that the Products are recyclable pursuant to the EMCA and the Green Guides.

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6. Plaintiff has no adequate remedy at law for the injuries currently being suffered as 7 an award of monetary damages would not prohibit Defendant's unsubstantiated recycling 8 representations. Moreover, monetary damages would not remedy Defendant's unlawful refusal to 9 provide information that is mandated by statute to be disclosed to Greenpeace upon request. If an 10 injunction is not granted, Plaintiff will suffer irreparable injury because it will continue to spend 11 money, staff time and other organizational resources to combat Defendant's unsubstantiated 12 representations that the Products are recyclable in California and to inform the public that the 13 Products are not recyclable in California. In addition, plastic pollution caused by Defendant's 14 sale of the Products in California and the resulting harms to California waters, coasts, 15 communities, and marine life will continue to negatively impact Greenpeace's efforts to protect 16 these critical resources. California residents may also unknowingly contaminate the recycling 17 stream by placing the Products in their recycling bins, preventing legitimately recyclable products 18 from being recycled. Denial of access to statutorily required information is harming Greenpeace 19 because it must continue to divert resources to investigate and communicate with Defendant and 20 the public away from its advocacy efforts to promote legitimate recycling, to protect the integrity 21 of recycling infrastructure, to foster sustainable alternatives to single-use plastic, to limit the 22 impact of plastic pollution on the environment, and to educate the public regarding the types of 23 plastic that may actually be recycled. Thus, Plaintiff seeks an order enjoining Defendant's 24 unlawful and unfair acts and practices in California, which serves the public interest by protecting 25 the environment and the integrity of the recycling stream and by preventing Defendant from 26 gaining an unfair advantage over companies that can substantiate that the products they sell are 27 recyclable.

28

1

LEGAL BACKGROUND

7. 2 In light of the significant amount of plastic that is advertised and labeled as 3 recyclable but instead ends up in landfills, incinerators, communities, and the natural 4 environment, the Legislature of the State of California has declared that "it is the public policy of 5 the state that environmental marketing claims, whether explicit or implied, should be 6 substantiated by competent and reliable evidence to prevent deceiving or misleading consumers 7 about the environmental impact of plastic products." Cal. Pub. Res. Code § 42355.5. The policy 8 is based on the Legislature's finding that "littered plastic products have caused and continue to 9 cause significant environmental harm and have burdened local governments with significant 10 environmental cleanup costs." Id., § 42355. On October 5, 2021, California's Governor signed 11 Senate Bill 343 ("SB 343"), which amended Cal. Pub. Res. Code § 42355.5 to state that "the 12 Legislature further finds and declares that it is the public policy of the state that claims related to 13 the recyclability of a product or packaging be truthful in practice and accurate. Consumers 14 deserve accurate and useful information related to how to properly handle the end of life of a 15 product or packaging." Id., § 42355.5(b).

16 8. Similar to the public policy declared in the California Public Resources Code, the 17 EMCA and the Green Guides require companies to substantiate environmental marketing claims. 18 Under the EMCA, "Any person who represents in advertising or on the label or container of a 19 consumer good that the consumer good that it manufactures or distributes is not harmful to, or is 20 beneficial to, the natural environment, through use of such terms as 'environmental choice,' 21 'ecologically friendly,' 'earth friendly,' 'environmentally friendly,' 'ecologically sound,' 22 'environmentally sound,' 'environmentally safe,' 'ecologically safe,' 'environmentally lite,' 23 'green product,' or any other like term, shall maintain in written form in its records...information 24 and documentation supporting the validity of the representation." Business & Professions Code § 25 17580(a). The term "recyclable" is a term that represents that a product or packaging is not 26 harmful to, or is beneficial to, the natural environment, and is therefore covered under Business & 27 Professions Code § 17580(a). In fact, the EMCA specifically requires companies to maintain 28 information and documentation as to whether such products or packaging conform with the

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1 uniform standards contained in the Green Guides for use of the terms "recycled" or "recyclable." 2 Id., § 17580(a)(5). In addition to documents regarding whether the consumer good conforms with 3 the Green Guides, the EMCA requires that companies maintain the following records in written 4 form supporting the validity of their recyclable representations: (1) the reasons why a company 5 believes the representation to be true; (2) any significant adverse environmental impacts directly 6 associated with the production, distribution, use, and disposal of the consumer good; (3) any 7 measures that are taken by the company to reduce the environmental impacts directly associated 8 with the production, distribution, and disposal of the consumer good; and (4) violations of any 9 federal, state, or local permits directly associated with the production or distribution of the 10 consumer good. Id., § 17580(a)(1)-(4). The California Legislature declared its intent that the 11 information and documentation supporting the validity of any environmental marketing claims 12 shall be fully disclosed to the public, and information and documentation maintained pursuant to 13 Business & Professions Code § 17580 must be furnished to any member of the public upon 14 request. Id., § 17580(b), (d). Further, SB 343 amended section 17580 to confirm that a person 15 who represents in advertising or on the label of container of a consumer good that the consumer good is not harmful to, or is beneficial to, the natural environment "through the use of a chasing 16 17 arrows symbol or by otherwise directing a consumer to recycle the consumer good," shall 18 maintain written records substantiating the validity of such representations.

19 9. The Green Guides also require marketers to ensure that their claims are supported 20 by a reasonable basis prior to making the claim. 16 C.F.R. § 260.2. A reasonable basis is defined 21 as competent and reliable scientific evidence, such as "tests, analyses, research, or studies that 22 have been conducted and evaluated in an objective manner by qualified persons and are generally 23 accepted in the profession to yield accurate and reliable results." Id. "Such evidence should be 24 sufficient in quality and quantity based on standards generally accepted in the relevant scientific 25 fields, when considered in light of the entire body of relevant and reliable scientific evidence, to 26 substantiate that each of the marketing claims is true." Id.

27 10. Under the Green Guides, "A product or package shall not be marketed as
28 recyclable unless it can be collected, separated, or otherwise recovered from the waste stream

Case 3:21-cv-00754-MMC Document 58 Filed 02/18/22 Page 8 of 49

1 through an established recycling program for reuse or use in manufacturing or assembling another 2 item." 16 C.F.R. § 260.12(a). This definition encompasses the three prongs of recyclability that 3 are commonly used in the solid waste industry: (1) accessibility to recycling programs ("through 4 an established recycling program"); (2) sortation for recovery ("collected, separated, or otherwise 5 recovered from the waste stream"); and (3) end markets ("for reuse or use in manufacturing or 6 assembling another item"). The California Public Resources Code similarly defines recycling as 7 "the process of collecting, sorting, cleansing, treating, and reconstituting materials that would 8 otherwise become solid waste, and returning them to the economic mainstream in the form of raw 9 material for new, reused, or reconstituted products which meet the quality standards necessary to 10 be used in the marketplace." Cal. Pub. Res. Code § 40180.

11 11. Defendant has published its own Recycling Playbook that defines recyclability in a
similar manner.⁵ The Playbook defines recyclability as a system of stages: "(1) Collection
(collection available for a substantial majority of consumers); (2) Sortation (packages are
separated and aggregated for further processing); (3) Processing (commercial processes recover
material); (4) End-Market (the recycled material is used in new products); and (5) Recycling Rate
(at least 30% recycling rate achieved for over 400 million inhabitants)." Thus, Defendant's own
interpretation of recyclability requires access to recycling programs, sortation, and end markets.

18 12. As reflected in the Green Guides' language and regulatory history, the FTC does
19 not consider a product to be recyclable unless it is actually recycled. For instance, the Green
20 Guides provide that: (1) "[i]f any component significantly limits the ability to recycle the item,
21 any recyclable claim would be deceptive;" and (2) "an item that is made from recyclable material,
22 but, because of its shape, size, or some other attribute, is not accepted in recycling programs,
23 should not be marketed as recyclable." 16 C.F.R. §§ 260.12(a) and (d); *see also id.* § 260.12(d),
24 Examples 2 and 6. And in promulgating the current recycling definition that encompasses

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 ⁵ *The Recycling Playbook*, WALMART, INC., last updated Oct. 25, 2019, accessible at: https://www.walmartsustainabilityhub.com/media-library/document/recycling-playbooknovember-2019/_proxyDocument?id=0000016e-384f-d8af-a96e-beff25150000 (last accessed on Feb. 17, 2022).

accessibility, sortation, and end markets, the FTC clarified that "[f]or a product to be called
recyclable, there must be an established recycling program, municipal or private, through which
the product *will be* converted into, or used in, another product or package." *See* 63 Fed. Reg. 84,
24247 (May 1, 1998) (emphasis added). As the FTC has stated, "while a product may be
technically recyclable, if a program is not available allowing consumers to recycle the product,
there is no real value to consumers." *Id.* at 24243.

7

PARTIES

8 13. Plaintiff Greenpeace Inc. is a non-profit, public interest organization established 9 pursuant to section 501(c)(4) of the Internal Revenue Code, and headquartered in Washington, 10 D.C. Greenpeace has worked to combat plastic pollution, to protect California coasts and marine 11 life from a myriad harms related to plastic pollution, and to ensure that companies do not falsely 12 tout the environmental benefits of their products when none exist. Greenpeace has standing to 13 bring this action because Defendant has refused to provide information to Greenpeace that is 14 subject to mandatory disclosure. Defendant's continued refusal to provide Greenpeace with 15 access to this statutorily required substantiation is causing ongoing informational injury to Greenpeace. Greenpeace also has standing to bring this action because Defendant's conduct of 16 17 representing in advertising or on the label of the Products that the Products are recyclable in 18 California without being able to substantiate whether the Products are in fact recyclable in 19 California has frustrated Greenpeace's mission to ensure that Products labeled as environmentally 20 beneficial actually benefit the environment. Defendant's refusal to provide the information it is 21 legally obligated to provide has caused, and continues to cause, Greenpeace to spend money, staff 22 time, and other organizational resources in California in response to that frustration of purpose. 23 Greenpeace has diverted resources, and continues to divert resources, from its state and federal 24 advocacy efforts to investigate Defendant regarding its unsubstantiated claims, to contact 25 Defendant seeking substantiation, and to inform the public that Defendant's claims are 26 unsubstantiated and therefore unreliable. Thus, Greenpeace has lost money or property as a result 27 of Defendant's unlawful and unfair acts and continues to suffer injury in fact due to Defendant's 28 ongoing conduct.

14. 1 Greenpeace was formed in 1971 as a global, independent campaigning 2 organization that uses peaceful protest and creative communication to expose global 3 environmental problems and promote solutions that are essential to a green and peaceful future. 4 Greenpeace campaigns are science-based and centered on the core values of justice, equity, and 5 inclusion. Greenpeace pursues its mission through research, reports, surveys, policy proposals, 6 government outreach and lobbying, coalition building and allyship, advocacy, education, public 7 demonstrations and rallies, protests, litigation, and press and public outreach. Greenpeace also 8 has many supporters with whom Greenpeace communicates through blog posts, social media, 9 emails, phone calls, text messages, webinars, and dedicated supporter mobilization.

10 15. A core aspect of Greenpeace's mission is to educate the public with respect to
11 important environmental issues, such as recycling. Nearly every Greenpeace campaign involves
educating the public on the causes, impacts, and alternatives to products or processes that damage
public health, the environment, or human rights. Examples of such Greenpeace campaigns
include, but are not limited to, educating the public with respect to the hazards of bleached paper
products, chemical additives in plastic toys and household products, mercury in fish, and ozonedepleting substances in refrigerators.

17 16. As part of its many educational campaigns, for over three decades Greenpeace has 18 engaged in various efforts to expose corporate greenwashing to prevent consumer product 19 companies from representing their goods as environmentally friendly or benign without adequate 20 substantiation. Greenpeace has worked tirelessly to expose examples of corporate greenwashing 21 to protect people from products advertised as environmentally friendly when such products harm 22 the environment instead. Greenpeace has led campaigns against oil companies, electronic 23 manufacturers, and consumer good corporations and retailers for touting the environmental 24 benefits of their products when, in fact, the products manufactured and sold by such companies 25 caused significant environmental harm. Greenpeace advocates to prevent corporate greenwashing 26 and educates the public on such greenwashing so that people have the information available to 27 make informed decisions about the environmental impacts of their purchases.

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Case 3:21-cv-00754-MMC Document 58 Filed 02/18/22 Page 11 of 49

17. 1 Greenpeace has been working to prevent the proliferation of plastic pollution for 2 nearly four decades. Greenpeace has had numerous campaigns related to plastic pollution, 3 including but not limited to educating people on greenwashing statements that certain plastic was 4 biodegradable or recyclable when it was not, exposing the shipment of plastic waste to 5 developing countries, seeking to replace polyvinyl chloride plastic with less toxic alternatives, 6 exposing the health problems associated with incinerating plastic, and reducing or eliminating 7 single-use plastic packaging because of its impacts on the marine ecosystem, the climate, 8 communities, and human health.

9 18. Greenpeace's campaigns related to plastic holistically focus on the lifecycle of 10 plastic, from the harmful feedstock chemicals used to make plastic to the sheer amount of single-11 use plastic generated and ultimately discarded. Greenpeace cares deeply about the proliferation 12 of plastic because it has witnessed the harmful effects of plastic pollution on various ecosystems 13 and human health. The goals of Greenpeace's climate and oceans campaigns call for solutions 14 that include drastically reducing the use of single-use plastic and finding alternatives to plastic 15 products and packaging, reusing plastic products when no other alternatives are available, and properly recycling products if they cannot be eliminated or reused. 16

17 19. Greenpeace's campaigns related to plastic pollution also include educating the 18 public about false or unsubstantiated environmental marketing claims, such as informing the 19 public about the low amount of plastic that is actually recycled and instead ends up in landfills, 20 incinerators, communities, or the natural environment. Thus, while investigating the low 21 recycling rates of plastic products, Greenpeace has simultaneously analyzed recyclable 22 representations present on the labels of products sold by major retailers and manufacturers. 23 Greenpeace has spent, and continues to spend, substantial time and money engaging with retailers 24 and consumer product companies to seek substantiation regarding representations that products 25 are recyclable, to encourage them to reduce the amount of non-recyclable plastic used in their 26 products and packaging, and to discourage them from representing that products are recyclable 27 when they are not. Many of these campaign activities have been based in California, and many of 28 those California-based activities have been directed at Defendant.

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20. 1 A company's size and scope affect its plastic footprint, and due to Defendant's 2 large volume of products made from or packaged in plastic, Greenpeace determined that 3 Defendant is responsible for a substantial amount of plastic pollution. In late 2018, Greenpeace 4 began research on the plastic and recycling policies and practices of Defendant and other retailers, leading to the June 2019 release of Packaging Away the Planet.⁶ Packaging Away the Planet was 5 6 a report published by Greenpeace, including significant input from Greenpeace's California-based 7 staff, that evaluated the plastic footprint of major U.S. grocery retailers, including Defendant. 8 During the time period that Greenpeace was preparing the Packaging Away the Planet report, 9 Greenpeace spent money, staff time, and other resources organizing its supporters to raise 10 awareness of Defendant's contribution to the proliferation of plastic pollution. For example, on 11 February 6, 2019, Greenpeace organized a "day of action" in which supporters photographed 12 Defendant's plastic pollution in Los Angeles, California and St. Petersburg, Florida to highlight 13 the amount of single-use plastic pollution generated by Defendant. Greenpeace also created a 14 petition and paid for it to be circulated on Facebook through Facebook Ads requesting Defendant 15 to "ditch plastic packaging" and sent out numerous posts to its Twitter followers regarding 16 Defendant's failure to reduce single-use plastic. Greenpeace spent approximately \$43,430 on the 17 advertisements, which included advertisements in California.

18 21. Greenpeace's investigation of Defendant's recycling representations has largely 19 been based in California. Greenpeace has five staff members located in California that were 20 heavily involved in investigating Defendant, seeking substantiation that the Products are 21 recyclable, and exposing Defendant's practice of making unsubstantiated claims about the 22 recyclability of the Products, including its Senior Oceans Campaigner (formerly the Senior 23 Plastics Campaigner), two National Mobilization Organizers, Senior National Organizer, and 24 Program Operations Specialist. Each one of these staff members spent a significant amount of 25

 ⁶ David Pinsky and James Mitchell, *Packaging Away the Planet: U.S. Grocery Retailers and the Plastic Pollution Crisis*, GREENPEACE REPORTS, June 11, 2019, https://www.greenpeace.org/usa/reports/packaging-away-the-planet-2019/ (last accessed Feb. 18, 2022).

Case 3:21-cv-00754-MMC Document 58 Filed 02/18/22 Page 13 of 49

1 time in California to counter Defendant's unsubstantiated recycling representations present on the 2 labels of Products it sold in California. For example, Greenpeace's California-based staff drafted 3 a survey which was sent by Greenpeace staff from California to various companies, including 4 Defendant. That survey asked Defendant to respond to questions regarding its plastic use policies 5 and practices, including questions regarding its labeling practices with respect to the recyclability 6 of single-use plastics. Following that survey, California-based Greenpeace staff had other written 7 and verbal communications with Defendant regarding its responses to the survey. Defendant's 8 responses to the survey did not substantiate that the Products are recyclable pursuant to the 9 EMCA or the Green Guides.

10 22. For example, Greenpeace's Senior Plastics Campaigner spent scores of hours of 11 his time engaging with Defendant on plastics issues, including communications to determine 12 whether Defendant could substantiate that the Products are recyclable and to discourage 13 Defendant from labeling the Products as recyclable without substantiation. Greenpeace's Senior 14 Plastics Campaigner—who was based in Oakland, California from September 2017 to January 15 2021—was the lead author on Greenpeace's Packaging Away the Planet report, which included a 16 ranking of Defendant's plastic pollution footprint. The Senior Plastics Campaigner 17 communicated with Defendant to share the survey mentioned above, answer questions, provide 18 updates, and seek clarification on issues related to Defendant's plastic footprint and its 19 substantiation of recyclable claims. In October 2019, Greenpeace's Senior Plastics Campaigner 20 sent an email from California to Defendant explicitly discussing the issues related to Defendant's 21 unsubstantiated recycling representations and informing Defendant that its labels do not meet the 22 standards in the Green Guides. Accordingly, Greenpeace's Senior Plastics Campaigner, as well 23 as Greenpeace's other California-based staff members, diverted a significant amount of time in 24 California to engage with Defendant with respect to its unsubstantiated recycling representations 25 instead of spending their time on Greenpeace's multitude of other plastic pollution campaigns. 26 23. Greenpeace's Truth in Recyclable Labels Campaign involves the participation of

- 27 Greenpeace's entire plastic campaign team, including several California-based staff. That
- 28 campaign, which is ongoing, seeks to ensure that corporate marketing efforts aimed at

Case 3:21-cv-00754-MMC Document 58 Filed 02/18/22 Page 14 of 49

representing the recyclability of products and packaging to people are accurate, legal, and
substantiated. Greenpeace uncovered evidence of problematic marketing claims with respect to
recyclability in California and elsewhere in the United States involving several retailers and
consumer goods companies, including Defendant. Greenpeace staff in California shared
documentation with companies and set up conversations to discuss its findings and to ensure
appropriate changes were made.

7 24. For instance, in August 2019, Greenpeace hired a recycling consultant for its Truth 8 in Recyclable Labels Campaign. The contract for the consultant ran from August 8, 2019 to 9 December 31, 2019, and Greenpeace paid the consultant \$25,000 for her work. The consultant's 10 deliverables included: (1) a recycling briefing document (in PowerPoint) which describes the U.S. 11 federal regulatory approach, existing product industry programs, recycling market changes, 12 current lawsuits and the technical basis for claiming deceptive labeling; and (2) campaign briefs 13 (in PowerPoint with photos) to enable Greenpeace to engage with product and retail companies to 14 correct labeling of plastic products. For the second deliverable, Greenpeace requested that the 15 consultant identify three companies to investigate based on egregious and unsubstantiated 16 labeling practices on plastic products that are not recyclable. Defendant was subsequently 17 identified as one of the three companies to target, and the consultant and Greenpeace staff 18 (including California-based Greenpeace staff) spent a significant amount of time and resources 19 analyzing and investigating Defendant's unsubstantiated recyclability representations on the 20 labels of Products sold in California. Approximately 15% of the consultant's time was dedicated 21 to investigating Defendant.

22 25. Greenpeace spent money, staff time, and other organizational resources managing
23 the consultant. For example, Greenpeace's Oceans Campaign Director was responsible for
24 managing the consultant and dedicated at least ten hours of his time working with the consultant
25 to investigate Defendant's unsubstantiated recycling representations. Greenpeace's Oceans
26 Campaign Director and the consultant had several discussions regarding conducting research on
27 retailers and manufacturers large enough to be significant players in addressing the plastic
28 pollution crisis, including Defendant.

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1	26. On October 6, 2019, as part of the work for Greenpeace under the contract, the
2	consultant visited a Walmart store located at 30491 Av. De Las Flores, Rancho Santa Margarita,
3	CA 92688. The consultant took numerous photographs of the Products, including the following:
4	Great Value Organic Cinnamon Applesauce Cups, 24 oz, 6 Count, Walmart #556055661, UPC
5	No. 0-7874213534-2, Product No. 136051; Great Value Diced Mangos In 100% Juice, 4 oz, 4
6	Count, Walmart #562987172, UPC No. 0-7874215803-7, Product No. 142059; Great Value
7	Organic Diced Peaches & Pears, 16 oz., 4 Count, Walmart #562987178, UPC No. 0-7874223615-
8	5, Product No. 142059; Great Value Premium Forks, 48 Count, Walmart #438491, UPC No. 0-
9	7874211675-4, Product No. 042499; Great Value Premium Clear Cutlery Knives, 48 Count,
10	Walmart #438505, UPC No. 0-7874211670-9, Product No. 042499; Great Value Premium
11	Assorted Silver Cutlery, 36 count, Walmart #565175504; Great Value Snack Cups, 9 oz, 80
12	Count, Walmart #443461, UPC No. 0-681131925532, Manufacturer No. 6386717; Great Value
13	Everyday Party Cups, 18 oz, 20 Count, Walmart #443482, UPC No. 0-78742049090,
14	Manufacturer No. 6386484; Great Value Extra Virgin Olive Oil Cooking Spray, 7 oz., 3 Pack,
15	UPC No. 0-7874206043-9, Product No. 928333; Great Value Ultimate Fresh Scent Booster,
16	Blooming Lavender, 14.8 oz, Walmart #575777817, UPC No. 0-7874233153-9, Product No.
17	03604; and Great Value Plastic Party Cups, 18 oz, 120 Count, Walmart #557007144, UPC No. 0-
18	7874218708-2, Product No. 437462.
19	27. On October 27, 2019, the consultant prepared a 20-page PowerPoint report for
20	Greenpeace required by her contract that included many of the photographs taken at the Walmart

store located in Rancho Santa Margarita, CA. The report was based on the consultant's
investigation in California. Greenpeace staff located in California then spent a significant amount

- 23 of time reviewing the report and further investigating Defendant in California.
- 24 28. Based on the consultant's work and the time spent by Greenpeace staff members,
 25 including the staff members located in California, Greenpeace determined that Defendant
 26 frustrated Greenpeace's purpose by touting the environmental benefits of the Products without
 27 substantiating the validity of such environmental benefits. But for the report prepared by the
 28 consultant based on unsubstantiated recyclable representations on the labels of Products sold by
 -14-

Case 3:21-cv-00754-MMC Document 58 Filed 02/18/22 Page 16 of 49

Defendant in California and the time spent by Greenpeace staff members located in California,
 Greenpeace would not have included Defendant in its Truth in Recyclable Labels Campaign.
 Thus, Greenpeace diverted money, staff time, and other organizational resources to fund and
 manage the consultant and further investigate Defendant's unsubstantiated recycling
 representations, which would have been used for Greenpeace's other campaigns and projects,
 including its other plastic campaigns.

7 29. Greenpeace has also published reports and surveys documenting the low recycling 8 rates of various plastic products, including a comprehensive U.S. Survey of Plastics Recyclability entitled Circular Claims Fall Flat, published on February 18, 2020 (the "CCFF Report").⁷ The 9 10 CCFF Report is a thorough survey of plastic product waste collection, sortation, and reprocessing 11 in the United States to determine the legitimacy of recyclable claims and labels on single-use 12 plastic products. The survey was based on current conditions in October 2019 to January 2020 13 and U.S. Federal Trade Commission guidelines. The survey directly evaluated Defendant's 14 recyclability labels and Defendant's packaging design guides for recyclability, as well as 15 numerous other recycling guides. A portion of the CCFF Report analyzes the recyclability of 16 single-use plastic in California, which was prepared with the help of Greenpeace staff located in 17 California.

18 30. After initially spending money, staff time, and other organizational resources to 19 specifically investigate Defendant's recyclable representations in California, Greenpeace diverted 20 additional resources to inform Defendant that the Products are not recyclable and to request that 21 Defendant substantiate the validity of its recycling representations. For instance, in February 22 2020, Greenpeace's Senior Plastics Campaigner drafted and sent an email in California to 23 Defendant regarding the implications of the CCFF Report, which described the low rate of 24 recyclability for products that Defendant labeled as recyclable. From California, Greenpeace's 25

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2022).

 ⁷ John Hocevar, *Circular Claims Fall Flat: Comprehensive U.S. Survey of Plastics Recyclability*,
 GREENPEACE REPORTS, Feb. 18, 2020, <u>https://www.greenpeace.org/usa/wp-</u>
 content/uploads/2020/02/Greenpeace-Report-Circular-Claims-Fall-Flat.pdf (last accessed Feb. 17,

²⁸

Case 3:21-cv-00754-MMC Document 58 Filed 02/18/22 Page 17 of 49

Senior Plastics Campaigner then arranged for a meeting with Defendant and various other
 retailers at an industry conference to discuss recyclable representations on plastic products and
 afford Defendant an opportunity to substantiate its recycling representations. Greenpeace has
 since published press releases identifying Defendant's unsubstantiated recyclable representations
 to inform the public of such issues.

6 31. In January 2021, Greenpeace started work on the sequel to the CCFF Report with 7 the working title "Plastic Pledges Fall Flat: Companies on Dead End Recyclability Path." 8 Greenpeace hired the same consultant it worked with for its Truth in Recyclable Labels 9 Campaign, which will cost Greenpeace additional money. As part of her work for the sequel to 10 the CCFF Report, the consultant is continuing to spend time and money investigating Defendant's 11 unsubstantiated recycling representations. Had Defendant maintained in written form its records 12 substantiating its recyclability claims and provided that information to Greenpeace upon request, 13 Greenpeace would not need to spend additional money, staff time, and organizational resources 14 on the consultant to further investigate Defendant's unsubstantiated recycling representations.

32. Because Greenpeace's mission involves combatting plastic pollution, protecting
California coasts and marine life from myriad harms related to plastic pollution, and preventing
companies from touting the environmental benefits of their products when none exist,

18 Defendant's unsubstantiated representations that its Products are recyclable in California and elsewhere in the United States has frustrated Greenpeace's purpose. Defendant's continued use 19 20 of unsubstantiated recyclability representations serves to confuse the public about plastic products 21 and packaging and gives them a false sense that they are doing something good for the 22 environment when they purchase Defendant's Products and then place them into their recycling 23 bins. Defendant's frustration of Greenpeace's purpose has forced Greenpeace to spend money, 24 staff time, and other organizational resources investigating Defendant's representations and 25 pressuring Defendant to substantiate the validity of the recyclable representations on the labels of 26 the Products or to stop using such representations. Greenpeace also spent, and continues to 27 spend, a significant amount of money, staff time, and other organizational resources to educate its 28 supporters, the public, and the media that a Product labeled by Defendant as recyclable is

DOCUMENT PREPARED ON RECYCLED PAPER

Case 3:21-cv-00754-MMC Document 58 Filed 02/18/22 Page 18 of 49

1 unsubstantiated and therefore unlikely to be recycled in California or elsewhere in the United 2 States. Greenpeace would have used its money, staff time, and organizational resources on other 3 campaigns or projects related to plastic pollution, but the large number of Defendant's 4 unsubstantiated recycling representations in California required Greenpeace to focus its attention 5 on Defendant's actions in California. These actions have caused Greenpeace to lose money or 6 property and it has therefore suffered an injury in fact.

7 33. In addition, section 17580 of the EMCA specifically requires access to information 8 substantiating the validity of environmental marketing claims. The California Legislature stated 9 its intent "that the information and documentation supporting the validity of the representation 10 maintained under this section shall be fully disclosed to the public, within the limits of all 11 applicable laws." B&P 17580(d). Defendant's refusal to provide Greenpeace with this statutorily 12 required information upon request is causing injury to Greenpeace that will continue unless and 13 until Defendant is required to provide such information to Greenpeace. Because Greenpeace 14 lacks access to accurate information from Defendant, it is hindered in its advocacy to promote 15 legitimate recycling, to protect the integrity of recycling infrastructure, to foster sustainable 16 alternatives to single-use plastic, to limit the impact of plastic pollution on the environment, and 17 to educate the public regarding the types of plastic that may actually be recycled. Consequently, 18 Greenpeace must continue to spend more time investigating and requesting information from 19 Defendant and less time pursing its stated mission of protecting the environment from plastic 20 pollution and advocating for legislation at both the state and federal level for proper labeling 21 regarding the recyclability of plastic products. Greenpeace continues to divert resources from its 22 lobbying and advocacy efforts in order to counteract the potentially harmful effects that occur 23 when Defendant advertises and sells Products as recyclable without adequate information 24 ensuring that such Products are actually recyclable.

25 34. Greenpeace continues to spend money, staff time, and other organizational 26 resources to combat Defendant's unsubstantiated representations that the Products are recyclable. 27 Ongoing efforts expended on persuading Defendant to substantiate its recycling claims and 28 comply with its own public commitments and legal obligations comes at the expense of

Case 3:21-cv-00754-MMC Document 58 Filed 02/18/22 Page 19 of 49

1 Greenpeace's capacity to work with other corporations or advance its policy objectives. 2 Greenpeace actively engages with dozens of companies about plastic packaging via reports like Shopping for Plastic⁸ and The Climate Emergency Unpacked,⁹ through direct dialogue with 3 4 corporate executives, and through multi-stakeholder for such as the Ocean Plastic Leadership 5 Network. Greenpeace also plays a significant role in policy advocacy at the state, federal, and 6 global level. For instance, Greenpeace helped pass several plastic bills in California in 2021, 7 including SB 343. Greenpeace is heavily involved in federal legislation to establish a national 8 bottle deposit program, to implement the Basel Convention, to pass the Break Free From Plastic 9 Pollution Act, and to pass federal legislation modeled after California legislation regarding 10 truthful recycling labels on plastic products. Greenpeace is also campaigning for a Global Plastic 11 Treaty through the United Nations. The resources that Greenpeace has diverted, and continues to 12 divert, specifically investigating and communicating with Defendant has come at the expense of 13 spending money, staff time and other organizational resources on all these other projects and 14 campaigns. For example, had Defendant provided the information it is required to disclose under 15 the statute, Greenpeace would not have had to request that its consultant continue to investigate 16 Defendant's unsubstantiated representations for its sequel to the CCFF Report. 17 35. Greenpeace is particularly concerned with the integrity of the recycling stream.

35. Greenpeace is particularly concerned with the integrity of the recycling stream.
The California Legislature enacted section 17580 of the EMCA to ensure that companies
maintain adequate records that products marketed as beneficial to the environment will actually
benefit the environment, and to ensure public access to such records. Without adequate
information regarding Defendant's recycling representations, Greenpeace will continue to divert
resources to investigate and communicate with Defendant to ensure that Defendant's Products do
not harm the integrity of the recycling stream by preventing legitimately recyclable material from

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⁸ Shopping for Plastic: The 2021 Supermarket Plastic Ranking, GREENPEACE, https://www.greenpeace.org/usa/shopping-for-plastic-2021/ (last accessed Feb. 18, 2022).

 ⁹ Joan O'Callaghan, Rachel Head, *The Climate Emergency Unpacked: How Consumer Goods Companies Are Fueling Big Oil's Plastic Expansion,* GREENPEACE REPORTS, September 2021,
 <u>https://www.greenpeace.org/usa/reports/the-climate-emergency-unpacked/</u> (last accessed Feb. 18, 2022)

Case 3:21-cv-00754-MMC Document 58 Filed 02/18/22 Page 20 of 49

being recycled. For example, due to Defendant's failure to provide substantiation required by the
 EMCA, Greenpeace continues to advocate to Defendant to redesign its packaging, to stop using
 single-use plastics, and to stop labeling its Products as recyclable when they do not appear to be.
 Greenpeace would not need to continue to take such actions if Defendant complied with the law
 in the first place.

6 36. Absent relief from this Court, Plaintiff will suffer irreparable injury because it will 7 continue to be deprived of information that it is statutorily entitled to obtain. Plaintiff will also be 8 forced to continue to spend money, staff time, and other organizational resources to combat 9 Defendant's unsubstantiated recycling representations in California and to inform the public that 10 the Products are not recyclable in California. Likewise, it will continue to divert resources from 11 its other lobbying and advocating activities to investigate and communicate with Defendant and 12 the public regarding Defendant's unlawful and unfair conduct. In addition, plastic pollution 13 caused by Defendant's sale of the Products in California and the resulting harms to California 14 waters, coasts, communities, and marine life will continue to negatively impact Greenpeace's 15 efforts to protect these critical resources. California residents may also contaminate the recycling 16 stream by unknowingly placing the Products in their recycling bins, preventing legitimately 17 recyclable products from being recycled. Thus, relief from this Court is in the public interest by 18 protecting the environment and the integrity of the recycling stream and is necessary to further 19 Greenpeace's mission of prohibiting companies from touting the environmental benefits of their 20 products without substantiating the validity of such environmental benefits.

37.

DOCUMENT PREPARED ON RECYCLED PAPER Defendant Walmart Inc. is a Delaware corporation with its principal place of

business in Bentonville, Arkansas. Defendant Walmart Inc. manufactures, distributes, markets,

and sells the Products in California. Defendant has a significant presence in California, with 142

Supercenters, 71 Discount Stores, 78 Neighborhood Markets and other small formats, and 29

Clubs.¹⁰ In total, Defendant has 320 locations in California, making California its third largest
 market.

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JURISDICTION AND VENUE

38. By removing this case to federal court, Defendant has alleged that this Court has jurisdiction over the claims asserted herein pursuant to 28 U.S.C. §§ 1331, 1332(a) and 1441. See Notice of Removal, filed Jan. 29, 2021 [ECF Docket No. 1].

7 39. This Court has jurisdiction over Defendant because it is a corporation or other 8 entity that has sufficient minimum contacts in California, is a citizen of California, or otherwise 9 intentionally avails itself of the California market either through the distribution, sale or 10 marketing of the Products in the State of California or by having a facility located in California so 11 as to render the exercise of jurisdiction over it by the California courts consistent with traditional 12 notions of fair play and substantial justice. Because California is Defendant's third largest market 13 with approximately 320 locations, Defendant purposefully directs its activities toward California 14 and purposefully avails itself of the privileges of conducting activities in California.

15 40. In addition, the claims in this case arise out of Defendant's California-related 16 activities. Defendant markets and sells the Products in California at its 320 California locations 17 as well as its website, which sells the Products to California residents. While Defendant 18 represents in advertising or on the label of the Products that that the Products are recyclable in 19 California, Defendant has failed to substantiate that representation in California or elsewhere. 20 Greenpeace has spent significant money, staff time, and other organizational resources in 21 California to counter Defendant's unsubstantiated recyclability representations on Products sold 22 in California. Thus, Greenpeace's claim that Defendant represents in advertising or on the label 23 of the Products that that the Products are recyclable in California when, in fact, the Products are

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 ¹⁰ Walmart Inc. Form 10-K for Fiscal Year Ended Jan. 31, 2021, EDGAR U.S. S.E.C. Ann. Rep.
 27 202, Commission File No. 001-06991 at p. 24, available at: https://www.sec.gov/ix?doc=/Archives/edgar/data/104169/000010416921000033/wmt-20210131.htm#.

Case 3:21-cv-00754-MMC Document 58 Filed 02/18/22 Page 22 of 49

1	not recyclable in California and Defendant has not substantiated that the Products are recyclable
2	in California arise out of Defendant's activities in California.
3	41. Venue in the County of Alameda is proper pursuant to 28 U.S.C. § 1391(a)
4	because Defendant is a resident of this District pursuant to 28 U.S.C. § 1391(c), and because a
5	substantial part of the events or omissions giving rise to the claim occurred in this District.
6	42. Intradistrict Assignment (L.R. 3-2(c) and (d) and 3-5(b)): This action arises in
7	Alameda County, in that a substantial part of the events which give rise to the claims asserted
8	herein occurred in Alameda County. Pursuant to L.R. 3-2(c), all civil actions which arise in
9	Alameda County shall be assigned to the San Francisco Division or the Oakland Division.
10	BACKGROUND FACTS
11	43. In the past decade humans across the globe have produced 8.3 billion metric tons
12	of plastic, most of it in disposable products and packaging that ends up as trash or pollution. ¹¹ Of
13	the 8.3 billion metric tons produced, 6.3 billion metric tons have become plastic waste and only
14	9% of that has been recycled. ¹² A third of the single-use plastic generated ends up in the natural
15	environment, accounting for 100 million metric tons of plastic pollution in 2016. ¹³ Current
16	estimates suggest that there are over 150 million tons of plastics in the ocean. ¹⁴ The
17	Environmental Protection Agency estimates that Americans alone disposed of 35.7 million tons
18	of plastic in 2018, 91.3% of which was not recycled. ¹⁵ While California had a goal to achieve a
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20	¹¹ Roland Geyer, et al., <i>Production, use, and fate of all plastics ever made</i> , SCIENCE ADVANCES, Jul. 19, 2017, <u>https://plasticoceans.org/wp-</u>
21	<u>content/uploads/2018/05/Production_use_and_fate_of_all_plastics_ever_made.pdf</u> (last accessed Feb. 18, 2022).
22	12 Id.
23	¹³ No Plastic in Nature: Accessing Plastic Ingestion From Nature to People, WWF, June 2019, https://d2ouvy59p0dg6k.cloudfront.net/downloads/plastic_ingestion_web_spreads.pdf at p. 6 (last
24	accessed Feb. 18, 2022). ¹⁴ The New Plastics Economy Rethinking the Future of Plastics, ELLEN MACARTHUR
25	FOUNDATION AND MCKINSEY & COMPANY (2016), <u>https://plasticoceans.org/wp-</u> content/uploads/2018/05/EllenMacArthurFoundation_TheNewPlasticsEconomy_Pages.pdf at p.
26	17 (last accessed Feb. 18, 2022).
27	¹⁵ ¹⁵ EPA, 2018 Advancing Sustainable Materials Management: Facts and Figures Report – Tables and Figures. (<u>https://www.epa.gov/sites/production/files/2021-</u>
28	01/documents/2018_tables_and_figures_dec_2020_fnl_508.pdf (last accessed Feb. 14, 2021).

75% recycling rate by 2020, California's recycling rate is actually in decline. According to
 CalRecycle, in 2014 California's recycling rate was 50%, dropping to 47% in 2015 and down to
 44% in 2016.¹⁶ According to the California Statewide Commission on Recycling Markets and
 Curbside Recycling, the state's recycling rate dropped to 37% in 2019.¹⁷

Recent investigations into the proliferation of plastic pollution plaguing the natural 5 44. 6 environment have revealed that the plastics industry has known for decades that most products 7 and packaging made from plastic would not be recycled. On September 11, 2020, National 8 Public Radio ("NPR") published an investigation illustrating the plastic industry's decades-long 9 awareness that recycling would not keep plastic products or packaging out of landfills, incinerators, communities, or the natural environment.¹⁸ In a 1974 speech, one industry insider 10 11 stated "there is serious doubt that [recycling plastic] can ever be made viable on an economic basis."¹⁹ Larry Thomas, former president of the Society of the Plastic Industry (known today as 12 13 the Plastics Industry Association), told NPR that "if the public thinks that recycling is working, then they are not going to be as concerned about the environment."²⁰ The NPR investigative 14 15 report details the length and expense that the plastics industry went to deceive the public that plastic was easily recyclable, despite knowledge that the cost of recycling would never be 16 17 economical. Similarly, a recent Canadian Broadcasting Corporation news report describes that 18 even the recycling logo was used as a marketing tool to improve the image of plastics after 19 20 21 ¹⁶ California's Statewide Recycling Rate, CALRECYCLE, last updated Mar. 3, 2020, 22 https://www.calrecycle.ca.gov/75percent/recyclerate (last accessed Feb. 18, 2022). ¹⁷ California Statewide Commission on Recycling Markets and Curbside Recycling Policy 23 Recommendations, CALRECYCLE, https://drive.google.com/drive/folders/17URSu4dubsoX4qV0qH3KciSWZhV595o5 24 (last accessed Feb. 18, 2022). 25 ¹⁸ Lara Sullivan, *How Big Oil Misled The Public Into Believing Plastic Would be Recycled*. NPR.ORG (Sep. 11, 2020, 5:00 AM), https://www.npr.org/2020/09/11/897692090/how-big-oil-26 misled-the-public-into-believing-plastic-would-be-recycled (last accessed Feb. 18, 2022). 27 ¹⁹ *Id*. 20 *Id*. 28

environmental backlash in the 1980s.²¹ "There was never an enthusiastic belief that recycling 1 2 was ultimately going to work in a significant way," yet the plastics industry spent millions on ads 3 to deceive the public as to the efficacy of recycling.²²

45. After decades of industry disinformation that plastic products and packaging are 4 recyclable, individuals have recently become even more aware of the problems associated with 5 6 single-use plastics polluting the oceans and the natural environment. The staggering amount of 7 plastic pollution accumulating in the environment is accompanied by an array of negative side 8 effects. For example, plastic debris is frequently ingested by marine animals and other wildlife, which can be injurious, poisonous, and deadly.²³ Floating plastic is also a vector for invasive 9 species,²⁴ and plastic that gets buried in landfills can leach harmful chemicals into ground water 10 11 that is absorbed by humans and other animals.²⁵ Plastic litter on the streets and in and around our 12 parks and beaches also degrades the quality of life for residents and visitors. Scientists have also 13 discovered that plastic releases large amounts of methane, a powerful greenhouse gas, as it 14 15 16 17 18 19 20 ²¹ Recycling was a lie – a big lie – to sell more plastic, industry experts say, CBC.CA, Sep. 23, 2020, https://www.cbc.ca/documentaries/the-passionate-eye/recycling-was-a-lie-a-big-lie-to-sell-21 more-plastic-industry-experts-say-1.5735618 (last accessed Feb. 18, 2022). 22 22 *Id*. ²³ Amy Lusher, et al., *Microplastics in Fisheries and Aquaculture: Status of knowledge on their* 23 occurrence and implications for aquatic organisms and food safety, FAO Fisheries and Aquaculture Technical Paper No. 615, Rome, Italy, 2017 http://www.fao.org/3/a-i7677e.pdf (last 24 accessed Feb. 18, 2022). 25 ²⁴ Report on Marine Debris as a Potential Pathway for Invasive Species, NOAA, March 2017, Silver Spring, MD; https://marinedebris.noaa.gov/sites/default/files/publications-26 files/2017_Invasive_Species_Topic_Paper.pdf (last accessed Feb. 18, 2022) ²⁵ Emma L. Teuten, et al., Transport and release of chemicals from plastics to the environment 27 and to wildlife, PHILIOS TRANS R. SOC. LOND. B. BIOL. SCI, July. 27, 2009, https://www.ncbi.nlm.nih.gov/pmc/articles/PMC2873017/ (last accessed Feb. 18, 2022). 28

degrades.²⁶ Thus, plastic pollution contributes to global climate change, which affects California 1 in the form of extreme drought, sea level rise, and more frequent and severe wildfires.²⁷ 2

3 46. There are various types of plastic resin that are used to produce single-use plastic products and packaging. All rigid plastic bottles and containers sold in California are required to 4 5 include a molded label code that indicates the resin used to produce the plastic bottle or container. 6 Cal. Pub. Res. Code § 18015. The code generally consists of a number placed inside a triangle to 7 reflect the resin used to make the bottle or container. Id.

8 47. PET (plastic #1) and HDPE (plastic #2) are widely considered to be the most 9 recyclable forms of plastic; however, studies indicate that even products and packaging made 10 from these resins often end up in landfills, incinerators, communities, or the natural environment.²⁸ This is because MRFs and plastic reprocessing plants in the United States cannot 11 12 collect, sort, and process the sheer volume of plastic that is generated by consumer product companies on an annual basis.²⁹ The labor and cost required to collect, sort, grind, melt, and 13 14 reconstitute the approximately 35 million tons of single-use plastic produced in the United States 15 every year is insurmountable. A recent Greenpeace study revealed that U.S. plastic reprocessing 16 facilities can process no more than 23% of PET#1 plastic produced each year and no more than 13% of HDPE#2.³⁰ More alarmingly, plastics #3-7, which are widely considered to be low-value 17 18 plastics, are rarely, if ever recycled. The Greenpeace study revealed that MRFs can process only 19 20 ²⁶ Sarah-Jeanne Royer, et al., *Production of methane and ethylene from plastic in the* 21 environment, Aug. 1, 2018, PLoS ONE 13(8) e0200574, https://journals.plos.org/plosone/article?id=10.1371/journal.pone.0200574 (last accessed Feb. 18, 22 2022). ²⁷ What Climate Change Means for California, U.S. EPA, Aug. 2016, EPA 430-F-16-007, 23 https://19january2017snapshot.epa.gov/sites/production/files/2016-09/documents/climate-changeca.pdf (last accessed Feb. 18, 2022) 24 ²⁸ Facts and Figures about Materials, Waste and Recycling, U.S. EPA, 25 https://www.epa.gov/facts-and-figures-about-materials-waste-and-recycling/plastics-materialspecific-data (last accessed Feb. 18, 2022). 26 ²⁹ Michael Corkery, As Costs Skyrocket, More U.S. Cities Stop Recycling, N.Y. TIMES, Mar. 16, 2019, https://www.nytimes.com/2019/03/16/business/local-recycling-costs.html (last accessed 27 Feb. 18, 2022). ³⁰ John Hocevar, *supra* note 7. 28 -24a negligible percentage of plastics #3-7.³¹ Additionally, reprocessing plastic creates a significant
 amount of plastic waste that must be landfilled or incinerated. According to the National
 Association for PET Container Resources ("NAPCOR"), processing "easy-to-recycle" PET
 bottles results in 28% material loss.³²

5 48. Due to the availability of cheap raw materials to make "virgin plastic," there is 6 essentially no market demand for most types of recycled plastic. Virgin plastic is derived from 7 oil and natural gas and has a higher quality than recycled plastic. Recognizing the market 8 potential from plastic production, major oil and natural gas companies have greatly expanded 9 their petrochemical operations to increase production of plastic resins and products, which drives down the price of virgin plastic.³³ As a result, using virgin plastic to produce plastic products or 10 packaging is cheaper than using recycled plastic. Recycling facilities no longer have an incentive 11 12 to collect, sort, clean and reprocess waste plastic because there are almost no buyers of the 13 resulting plastic, pellets, or scrap materials.

- 49. Historically, recycling facilities in the United States shipped plastic scrap to China
 and other countries in the Far East for recycling. But millions of pounds of that exported plastic
 waste was never recycled.³⁴ Instead, this plastic was burned or dumped into waterways, where it
 was carried into the ocean.³⁵ For years, tons of plastic that U.S. consumers dutifully sorted and
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Petrochemical-Feedstocks.pdf (last accessed Feb. 18, 2022).

 $^{3^{1}}$ Id.

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 ³² NAPCOR, Report on Postconsumer PET Container Recycling Activity in 2017, <u>https://napcor.com/wp-content/uploads/2018/11/NAPCOR_2017RateReport_FINAL_rev.pdf</u> (last accessed Feb. 18, 2022).

 ³³ Fueling Plastics: Fossils, Plastics, & Petrochemical Feedstocks. CIEL.ORG (Sep. 2017)
 <u>https://www.ciel.org/wp-content/uploads/2017/09/Fueling-Plastics-Fossils-Plastics-</u>

 ³⁴ Kara Lavender Law, et al. *The United States' contribution of plastic waste to land and ocean*,
 SCI. ADV., Oct. 30, 2020, Vol. 6, no. 44. <u>https://advances.sciencemag.org/content/6/44/eabd0288</u>
 (last accessed Feb. 18, 2022).

 ³⁵ Christopher Joyce, *Where Will Your Plastic Trash Go Now that China Doesn't Want it?*,
 NPR.ORG (Mar. 13, 2019, 4:28 PM ET),

^{26 &}lt;u>https://www.npr.org/sections/goatsandsoda/2019/03/13/702501726/where-will-your-plastic-trash-</u>

go-now-that-china-doesnt-want-it (last accessed Feb. 18, 2022); see also Report: "Communities
 on the Frontlines of the Global Plastic Crisis", Waste 360, Apr. 25, 2019,
 https://www.waste 260.com/business/report.communities_frontlines_global_plastic_crisis (last

https://www.waste360.com/business/report-communities-frontlines-global-plastic-crisis (last accessed Feb. 18, 2022).

Case 3:21-cv-00754-MMC Document 58 Filed 02/18/22 Page 27 of 49

1	transported to recycling facilities ultimately ended up in the ocean or the natural environment.
2	For example, in 2015 China's Yangtze River ranked highest for plastic entering the oceans. ³⁶
3	That year, 333,000 tons of plastic were deposited into the ocean from the Yangtze River, more
4	than double the amount for the river with the next highest amount. ³⁷
5	50. In February 2013, based on the high amounts of low-value and contaminated
6	plastics shipped there, China enacted Operation Green Fence, an aggressive inspection effort
7	aimed at curtailing the amount of contaminated "recyclables" and waste that was being sent to
8	China. ³⁸ China began inspecting 70 percent of imported containers filled with "recyclables" and
9	started cracking down on shippers and recyclers for shipping low-value and contaminated plastic
10	waste. ³⁹ Despite manufacturers' and recyclers' awareness of China's refusal to accept low-value
11	and contaminated plastic, the U.S. continued to export most of its plastic waste to China. By
12	2016, the U.S. was exporting almost 700,000 tons a year of plastic waste to China. ⁴⁰
13	51. In February 2017, in response to the continued shipment of low-value and
14	contaminated plastic waste, China announced its National Sword policy, which banned the
15	importation of certain solid waste and set strict contamination limits on recyclable material.
16	Because of the National Sword policy, end markets for recycling plastics #3-7 have essentially
17	vanished. ⁴¹ One year after China's National Sword Policy, China's plastics imports plummeted
18	
19	³⁶ Laurent C.M. Lebreton, et al., <i>River plastic emissions to the world's oceans</i> , NAT. COMMUN.
20	Jun. 7, 2017, 8:15611, <u>https://www.ncbi.nlm.nih.gov/pmc/articles/PMC5467230/</u> (last accessed Feb. 18, 2022).
21	37 Id.
22	³⁸ What Operation Green Fence Has Meant for Recycling, WASTE 360,
23	https://www.waste360.com/business/what-operation-green-fence-has-meant-recycling (last accessed Feb. 18, 2022).
24	 ³⁹ <i>Id.</i> ⁴⁰ Christopher Joyce, <i>supra</i> note 35.
25	⁴¹ Liz Zarka, <i>Recycling's Sword of Damocles</i> , EAST BAY EXPRESS, Mar. 21, 2019,
26	https://m.eastbayexpress.com/oakland/recyclings-sword-of-damocles/Content?oid=26354842
27	(last accessed Feb. 18, 2022); see also Cheryl Katz., Piling Up: How China's Ban on Importing Waste Has Stalled Global Recycling, YALE ENVIRONMENT 360, Mar. 7, 2019,
28	https://e360.yale.edu/features/piling-up-how-chinas-ban-on-importing-waste-has-stalled-global- recycling (last accessed Feb. 18, 2022).

by 99 percent.⁴² Following enactment of the National Sword Policy other countries in the Far 1 East followed suit by banning imports of low-value and contaminated plastics that had long been 2 polluting their environments.⁴³ In May 2019, 187 countries decided to significantly restrict 3 4 international trade in plastic scrap and waste to help address the improper disposal of plastic pollution, which are known as the Basel Convention Plastic Waste Amendments.⁴⁴ The Basel 5 Convention Plastic Waste Amendments prohibit export of mixed plastic waste to countries who 6 are not members of the Organization for Economic Co-operation and Development.⁴⁵ Due to 7 8 increased regulations and restrictions on importing plastic waste, recycling companies can no 9 longer sell many types of used plastic at prices that cover their transportation and processing 10 costs, providing them with no incentive to do so. 11 The writing has been on the wall that China would refuse to accept low-value and 52. 12 contaminated plastic waste since 2013. Nonetheless, aware of peoples' interests in protecting the 13 environment, Defendant has increased its advertising and labeling of Products as recyclable in 14 California and elsewhere in the United States. Defendant has done so despite widespread 15 acknowledgment that end markets for plastic waste have been shrinking and that the majority of plastic labeled as recyclable in California and other regions in the United States ends up in 16 17 18 ⁴² Cheryl Katz, *supra* note 41. ⁴³ Why Some Countries Are Shipping Back Plastic Waste, BBC News, 19 https://www.bbc.com/news/world-48444874 (last accessed Feb. 18, 2022); see also International Policies Affecting Global Commodity Markets, Cal Recycle, 20 https://www.calrecycle.ca.gov/markets/nationalsword/globalpolicies (last accessed Feb. 18, 2022). 21 ⁴⁴ New International Requirements For The Export And Import of Plastic Recyclables And Waste, 22 U.S. EPA, last updated February 17, 2021, https://www.epa.gov/hwgenerators/new-internationalrequirements-export-and-import-plastic-recyclables-and-23 waste#:~:text=the%20Basel%20Convention.-,What%20are%20the%20Basel%20plastic%20scrap%20and%20waste%20amendments%3F,mos 24 t%20plastic%20scrap%20and%20waste.&text=Prior%20notice%20and%20consent%20is%20reg uired%20for%20Basel%20Y48,hazardous%20plastic%20scrap%20and%20waste (last accessed 25 Feb. 18, 2022). ⁴⁵ Basel Convention on the Control of Transboundary Movements of Hazardous Wastes and Their 26 Disposal, open for signature Mar. 23, 1989, adopted May 5, 1992, U.N.T.S. vol. 1673, Amendments to Annexes II, VII and IX, *Plastic Waste Amendments*, effective Jan. 1, 2021, 27 http://www.basel.int/Implementation/Plasticwaste/PlasticWasteAmendments/Overview/tabid/842 6/Default.aspx (last accessed Feb. 18, 2022). 28

Case 3:21-cv-00754-MMC Document 58 Filed 02/18/22 Page 29 of 49

landfills, incinerators, communities, and the natural environment. Defendant has announced that
 it is working with its suppliers to achieve 100% recyclable, reusable, or industrially compostable
 packaging for all its private brand products by 2025.⁴⁶

53. In an effort to portray itself as part of the solution to the plastic waste crisis,

Defendant is making unsubstantiated representations regarding the recyclability of its Products.

54. Below are examples of unsubstantiated recyclable representations on the labels of

Products made from plastics #3-7 sold by Defendant in California:





⁴⁶ Environmental Highlights: Waste, WALMART, INC.,

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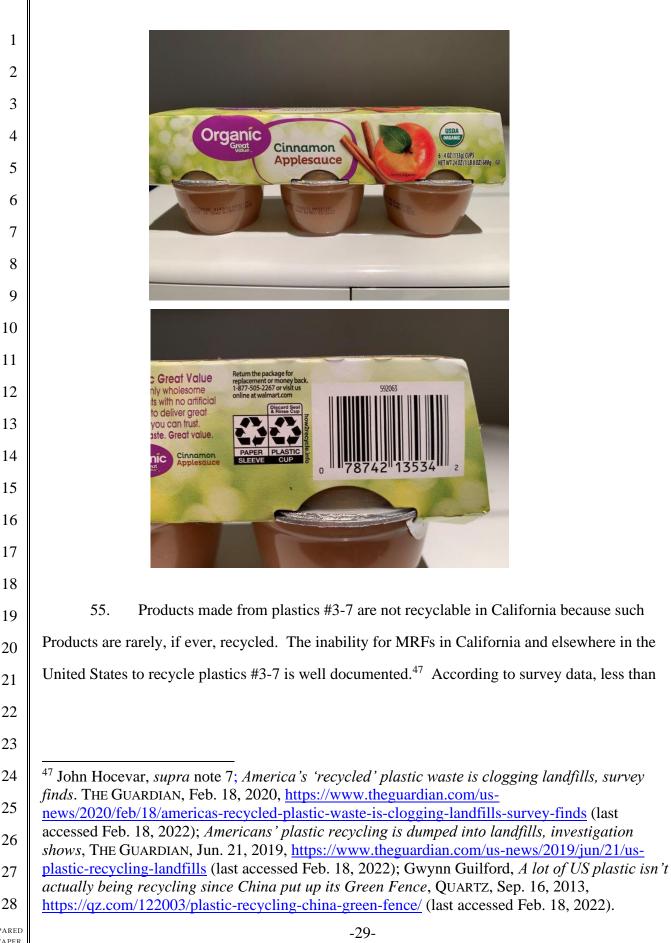
https://corporate.walmart.com/esgreport2020/environmental#waste (last accessed Feb. 18, 2022);

WALMART, INC., https://corporate.walmart.com/newsroom/2019/02/26/walmart-announces-new-

see also Walmart Announces New Plastics Packaging Waste Reduction Commitments,

plastic-packaging-waste-reduction-commitments. (last accessed Feb. 18, 2022).

THIRD AMENDED COMPLAINT - CASE NO. 3:21-CV-00754-MMC



5% of polypropylene ("PP" or plastic #5) tubs are reprocessed into recyclable material.⁴⁸ To the 1 2 extent they sort them at all, the majority of MRFs in California and elsewhere in the United States 3 group plastics #3-7 into bales of mixed plastic because such plastics have little value, especially 4 when compared to plastics #1 and #2. Thus, MRFs do not sort individual materials, such as PP or 5 polystyrene ("PS" or plastic #6), into separate bales. And since the value of plastics #3-7 is so 6 low, there is no end market to reuse such plastic or convert such plastic into reusable material that 7 can be used to manufacture or assemble other goods. Ultimately, the majority of plastics #3-7 in 8 California and elsewhere in the United States are sent to landfills. For example, ReThink Waste, 9 a public agency that operates the Shoreway MRF in San Carlos, California stated that "plastics 10 #3-7 are all versions of hard plastic that are very difficult to recycle," because "there is currently 11 no market for the material when it is deconstructed."⁴⁹ The Shoreway MRF continues to accept plastics #3-7 but states that the collected material is sent to a landfill.⁵⁰ 12

13 56. The California Legislature recently convened a Statewide Commission on 14 Recycling Markets and Curbside Recycling (the "Commission"), which is an independent 15 commission chartered by California law to improve curbside recycling and consists of 16 representative of public agencies, private solid waste enterprises, and environmental 17 organizations. The Commission published a report concluding that only three plastic item types 18 meet the definition of recyclability in California: Plastic #1 PET Bottles without shrink sleeves or 19 other non-recyclable components, Plastic #2 HDPE bottles (natural) without shrink sleeves or 20 other non-recyclable components, and Plastic #2 HDPE bottles (color) without shrink sleeves or non-recyclable components.⁵¹ No products or packaging made from plastic #3-7 are included in 21 22 California's list of recyclable items.

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57. Although California MRFs may still accept plastics #3-7, the reality is that the Products are not recycled in California. One reason MRFs accept items even though they are not

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⁴⁸John Hocevar, *supra* note 7.
⁴⁹ *Id*. at p. 8.
⁵⁰ *Id*.
⁵¹ *Id*. at 97.

DOCUMENT PREPARED ON RECYCLED PAPER

Case 3:21-cv-00754-MMC Document 58 Filed 02/18/22 Page 32 of 49

1 recyclable is due to pressure from local authorities to meet solid waste diversion goals. This 2 phenomenon has been recognized by the FTC. In promulgating the most recent version of the 3 Green Guides, the FTC stated (under the heading "Packages Collected for Public Policy Reasons 4 but Not Recycled"), "The Commission agrees that unqualified recyclable claims for categories of 5 products that municipal recycling programs collect, but do not actually recycle, may be deceptive. 6 To make a non-deceptive unqualified claim, a marketer should substantiate that a substantial 7 majority of consumers or communities have access to facilities that will actually recycle, not 8 accept and ultimately discard, the product. As part of this analysis, a marketer should not assume 9 that consumers or communities have access to a particular recycling program merely because the 10 program will accept a product."⁵² Thus, although some of the Products may be accepted for 11 recycling by some curbside programs in California, MRFs do not collect, sort, and separate such 12 low-value plastics because there is no end market to reuse such items or convert them into 13 reusable material. 14 58. In light of significant evidence that Products made from plastic #3-7 are not 15 recyclable in California or elsewhere in the United States, it is unsurprising that Defendant has 16 not been able to substantiate the validity of its recycling representations on Products made from 17 plastic #3-7. 18 59. Defendant also sells Products that do not contain a RIC and are therefore made 19 from unidentified plastic. Nonetheless, Defendant also states that these Products are recyclable. 20 Below is an example of an unsubstantiated recycling label on a Product sold by Defendant in 21 California that is made from an unidentified plastic: 22

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 ⁵² FED. TRADE COMM'N, The Green Guides Statement of Basis and Purpose, (2012) available at: https://www.ftc.gov/sites/default/files/attachments/press-releases/ftc-issues-revised-greenguides/greenguidesstatement.pdf (referenced in 77 Fed. Reg. 197, 62122 (Oct. 11, 2012)), at pp. 174-175.



DOCUMENT PREPARED ON RECYCLED PAPER

Case 3:21-cv-00754-MMC Document 58 Filed 02/18/22 Page 34 of 49

of plastic these Products are made from, Defendant must substantiate the validity of its recycling
 representations on Products made from unidentified plastic.

61. Some of Defendant's Products are packaged in a shrink sleeve that prevent the
Products from being recyclable in California and elsewhere in the United States. Below is an
example of an unsubstantiated recyclable representation on a Product packaged in a shrink sleeve
sold by Defendant in California:





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62. 1 These Products are not recyclable in California and elsewhere in the United States 2 because the plastic shrink sleeve cannot be recycled. The Green Guides are clear: "if any 3 component significantly limits the ability to recycle the item, any recyclable claim would be 4 deceptive. An item that is made from recyclable material, but because of its shape, size or some 5 other attribute is not accepted in recycling programs, should not be marketed as recyclable." 16 6 C.F.R. § 260.12(d). Here, these Products are packaged in a shrink sleeve that is not recyclable 7 and that is difficult and dangerous to remove. The shrink sleeves are wrapped tightly around the 8 Products, thereby requiring people to use a knife or sharp object to cut the shrink sleeve free from 9 the Products. Due to the difficulty in removing the shrink sleeves, most people are unwilling to 10 remove the shrink sleeves from the Products prior to placing the Products in their recycling bins. 11 Furthermore, most California residents believe that if their municipality offers recycling services, 12 then all products marketed as "recyclable" can be recycled. Thus, most people will place the 13 Products in the recycling bin without removing the shrink sleeve under the false impression that 14 the Products can be recycled, when the Products cannot in fact be recycled with the plastic shrink 15 sleeve. This is problematic because few, if any, recycling programs in California and elsewhere 16 in the United States accept Products with shrink sleeves for recycling, Products with shrink 17 sleeves cannot be sorted because they are made from mixed materials, and shrink sleeves 18 contaminate the recycling stream and may damage recycling machinery. Due to these issues, 19 there is no end market for Products with shrink sleeves and most of these Products end up in 20 landfills, incinerators, communities, or the natural environment. In sum, Defendant must 21 substantiate the validity of its recycling representations on Products packaged in a shrink sleeve. 22 63. Lastly, Defendant sells numerous Products packaged in plastic film that contain a 23 store drop-off representation despite the limited availability of such programs in California and 24 elsewhere in the United States. Below is an example of an unsubstantiated recyclable 25 representation on such a Product sold by Defendant in California: 26 27

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64. These Products cannot be recycled by established recycling programs. Rather, the packaging must be dropped off at participating stores. This is because plastic bags and film cannot be separated for recycling. The Green Guides specifically warn about plastic trash bags: "Because trash bags ordinarily are not separated from other trash at the landfill or incinerator for recycling, they are highly unlikely to be used again for any purpose. Even if the bag is technically capable of being recycled, the claim is deceptive since it asserts an environmental benefit where no meaningful benefit exists." 16 C.F.R. § 260.3(c), Example 2. Although the fine -35-

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1	print representations on these Products communicate that the Products must be "dropped off" to	
2	be recyclable, many of Defendant's stores in California do not accept the Products for recycling.	
3	In the past, California required supermarkets of a certain size to maintain a plastic carryout bag	
4	collection bin, but that rule expired on January 1, 2020. See California Public Resources Code §	
5	42257. Consequently, many retail stores in California, including Defendant's stores, no longer	
6	accept plastic bags for drop-off recycling. For instance, according to an informal survey, 0 of 8	
7	of Defendant's stores in South Orange County, California have takeback bins to recycle plastic	
8	film. According to Defendant's own data, it only provides access to in-store plastic bag and film	
9	recycling bins in approximately half of its stores (Defendant maintains roughly 5,353 retail stores	
10	nationwide, but only provides drop-off locations at approximately 2,900 locations). ⁵³	
11	65. On December 3, 2021, the Commission, sent a letter to Rachel Machi-Wagoner,	
12	the Director of the California Department of Resources Recycling and Recovery	
13	("CalRecycle"). ⁵⁴ The letter states:	
14	Flexible plastic bags and film are a major source of contamination in curbside	
15	recycling bins. The flexible plastic materials are harming curbside recycling systems by clogging machinery in material recovery facilities (MRFs) and fiber	
16	processors. There is not a comprehensive store takeback system for plastic bags or film in California. In MRFs, the plastic bags and film contaminate paper and	
17	cardboard bales and lower the quality and material value of the paper bales. Flexible plastic bags and films that depict the word "recycle" or the chasing	
18	arrows recycling symbol cause consumer confusion and contribute to contamination.	
19	The Commission requested that California's existing laws be enforced by requiring retailers and	
20	product manufacturers to remove the word "recycle, "recyclable," and or the recycling symbol	
21	from plastic bags and plastic films. The Commission further stated that the recyclable labels used	
22	from plastic bags and plastic minis. The commission further stated that the recyclable labels used	
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24	52	
25	⁵³ 2020 Environmental, Social and Governance Report, WALMART, INC., <u>https://corporate.walmart.com/media-library/document/2020-environmental-social-and-</u>	
26	governance-report/_proxyDocument?id=0000017a-85af-d7dc-ad7a-bfaf6cd70000 (last accessed Feb. 18, 2022).	
27	⁵⁴ Letter Dated December 3, 2021 from the Commission to Rachel Machi-Wagoner, available at, https://drive.google.com/drive/folders/1ARQy3JTiWPsjqDQ0f76SWD5qbOTEoqX9, (last	
28	accessed Feb. 18, 2022).	
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on many plastic bags and films in California are not legal and contributing to consumer confusion
 and contamination.

3 66. The Commission specifically identified the "Store Dropoff" statement as problematic because there is not a comprehensive takeback system in California. The 4 5 Commission stated that "California law (Cal. Bus. & Prof. Code § 17580 and Cal. Pub. Res. Code 6 § 42355.5) and the Green Guides (16 C.F.R. § 260.2) require substantiation for recycling claims 7 such as this" and "it is our opinion that this claim is not provable. This text should be eliminated 8 from the bag." The Commission enumerated 80 examples of plastic bags or film that illegally 9 contained a recycling representation, and specifically identified five of Defendant's Products, 10 including an example nearly identical to the plastic packaging on the Product photographed 11 above.

12 67. In addition, a 2017 report on Film Recycling Investment found that only 7% of retail bags that are available for recycling are returned by residents for recycling.⁵⁵ That report 13 14 further found that of the approximately 300 million pounds of plastic film that reprocessing 15 facilities receive a year, only 10 million pounds (approximately 3%) are able to be marketed due 16 to the poor quality of plastic film and the lack of recycling markets for such low-value plastic. 17 Due to the lack of recycling markets for plastic film, 93% of California MRFs do not even accept 18 it, and the reprocessing facilities that do accept it do not have the capacity to recycle large 19 quantities of plastic film. Based on these data, even if more people returned plastic bag film for 20 drop-off recycling, California MRFs do not have the capacity to sort and recycle it. Ultimately, 21 Products packaged in plastic film are not accepted by most MRFs nor can they be collected, 22 sorted, or separated from the general waste stream. Consequently, there is no end market to 23 recycle such Products in California and it is not surprising that Defendant has been unable to 24 substantiate the validity of its recycling representations on Products packaged in plastic film. 25

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⁵⁵ *Film Recycling Investment Report*, prepared by RSE USA, THE CLOSED LOOP FOUNDATION (2017), at p. 19.

Case 3:21-cv-00754-MMC Document 58 Filed 02/18/22 Page 39 of 49

68. 1 One of the major problems associated with making unsubstantiated recycling 2 representations on the labels of the Products is that this can lead to contaminating the recycling 3 stream with unrecyclable materials that will hinder the ability of recycling facilities to process 4 items that are legitimately recyclable. For instance, according to the Recycling Partnership, 5 "plastic bags cause MRF operators to shut down the recycling line many times a day to cut off 6 bags that have wrapped around equipment. This maintenance shut down reduces throughput for a 7 facility, raises cost of labor to sort materials and maintain equipment, increases waste coming out 8 of the MRF, and puts workers at risk of injury when they are performing maintenance."⁵⁶ By 9 making unsubstantiated recycling representations that encourage California residents to place the 10 Products in their recycling bins, Defendant is contaminating the recycling stream with 11 unrecyclable materials that prevents legitimately recyclable materials from being recycled. 12 Environmentally motivated people who purchase the Products in the belief that they are 13 recyclable are thus unwittingly hindering recycling efforts.

14 69. Greenpeace's mission is to protect the natural environment and expose 15 environmental harms to the public. Given that many people actively seek to purchase recyclable 16 products because they are environmentally conscientious, Defendant's unsubstantiated recyclable 17 representations on the labels of the Products have frustrated Greenpeace's mission. Greenpeace 18 has spent, and continues to spend, money, staff time, and other organizational resources, in 19 response to this frustration of purpose by evaluating the problems associated with the 20 proliferation of plastic pollution, investigating Defendant's unsubstantiated recyclable 21 representations in California, publishing reports on Defendant's recyclable label initiative, 22 requesting that Defendant substantiate its recycling representations, and informing its supporters 23 and the public in California with respect to Defendant's unsubstantiated recycling labels. Most of 24 this work is conducted in California by Greenpeace's California-based staff.

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 ⁵⁶ Asami Tanimoto, West Coast Contamination Initiative Research Report, THE RECYCLING PARTNERSHIP, Apr. 2020, <u>https://recyclingpartnership.org/wp-content/uploads/2020/04/The-Recycling-Partnership_WCCI-Report_April-2020_Final.pdf</u> at p. 13 (last accessed Feb. 18, 2022).

70. 1 Plaintiff seeks an order requiring Defendant to substantiate its recycling 2 representations or an order enjoining Defendant from making unsubstantiated representations 3 regarding the recyclability of its Products in California. If an injunction is not granted, Plaintiff 4 will suffer irreparable injury because it will continue to spend money, staff time and other 5 organizational resources to combat Defendant's unsubstantiated representations that the Products 6 are recyclable in California and to inform the public that the Products are not recyclable in 7 California. For example, Greenpeace has hired a consultant to prepare the sequel to the CCFF 8 Report, and part of her job involves further investigation of Defendant's unsubstantiated recycling 9 representations which would be unnecessary if Defendant provided the information it is mandated 10 to disclose pursuant to statute. In addition, Greenpeace will continue to divert resources from its 11 lobbying and advocacy activities to investigate Defendant's unsubstantiated recycling 12 representations and to inform the public that the representations on Defendant's Products are not 13 substantiated and therefore unlikely to be recycled. Thus, Plaintiff has no adequate remedy at law 14 for the injuries currently being suffered as an award of monetary damages would not prohibit 15 Defendant's unsubstantiated recycling statements in California nor would it allow Greenpeace to 16 obtain the information that Defendant is withholding. In addition, plastic pollution caused by 17 Defendant's sale of the Products in California and the resulting harms to California waters, 18 coasts, communities, and marine life will continue to negatively impact Greenpeace's efforts to 19 protect these critical resources. California residents may also contaminate the recycling stream 20 by unknowingly placing the Products in their recycling bins, preventing legitimately recyclable 21 products from being recycled. Accordingly, an injunction requiring Defendant to substantiate its 22 recycling representations or prohibiting Defendant's unsubstantiated recycling representations 23 will serve the public interest. 24 FIRST CAUSE OF ACTION

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DOCUMENT PREPARED ON RECYCLED PAPER (Plaintiff Alleges Violations of California Business & Professions Code § 17200, et seq. Based on Commission of Unlawful Acts)

Plaintiff incorporates by reference the allegations set forth above.

72. The violation of any law constitutes an unlawful business practice under Business
 & Professions Code § 17200.

3 73. Defendant's conduct violates the EMCA, which makes it unlawful for any person 4 to make any unsubstantiated environmental marketing claim. Pursuant to the EMCA, "Any 5 person who represents in advertising or on the label or container of a consumer good that the 6 consumer good that it manufactures or distributes is not harmful to, or is beneficial to, the natural 7 environment, through use of such terms as 'environmental choice,' 'ecologically friendly,' 'earth 8 friendly,' 'environmentally friendly,' 'ecologically sound,' 'environmentally sound,' 9 'environmentally safe,' 'ecologically safe,' 'environmentally lite,' 'green product,' or any other 10 like term, shall maintain in written form in its records...information and documentation 11 supporting the validity of the representation." Business & Professions Code § 17580(a). The 12 term "recyclable" is a term that represents that a product or packaging is not harmful to, or is 13 beneficial to, the natural environment, and is therefore covered under Business & Professions 14 Code § 17580(a). In fact, the EMCA specifically requires companies to maintain information and 15 documentation as to whether such products or packaging conform with the uniform standards contained in the Green Guides for use of the terms "recycled" or "recyclable." Id., § 17580(a)(5). 16 17 In addition to documents regarding whether the consumer good conforms with the Green Guides, 18 the EMCA requires that companies maintain the following records in written form supporting the 19 validity of their recyclable representations: (1) the reasons why a company believes the 20 representation to be true; (2) any significant adverse environmental impacts directly associated 21 with the production, distribution, use, and disposal of the consumer good; (3) any measures that 22 are taken by the company to reduce the environmental impacts directly associated with the 23 production, distribution, and disposal of the consumer good; and (4) violations of any federal, 24 state, or local permits directly associated with the production or distribution of the consumer 25 good. Id., § 17580(a)(1)-(4). The California Legislature declared its intent that the information 26 and documentation supporting the validity of any environmental marketing claims shall be fully 27 disclosed to the public, and information and documentation maintained pursuant to Business & 28 Professions Code § 17580 must be furnished to any member of the public upon request. Id., § -401 17580(b), (d). Further, SB 343 amended section 17580 to confirm that a person who represents in
advertising or on the label of container of a consumer good that the consumer good is not harmful
to, or is beneficial to, the natural environment "through the use of a chasing arrows symbol or by
otherwise directing a consumer to recycle the consumer good," shall maintain written records
substantiating the validity of such representations.

74. The Green Guides also require marketers to ensure that their claims are supported 6 7 by a reasonable basis prior to making the claim. 16 C.F.R. § 260.2. A reasonable basis is defined 8 as competent and reliable scientific evidence, such as "tests, analyses, research, or studies that 9 have been conducted and evaluated in an objective manner by qualified persons and are generally 10 accepted in the profession to yield accurate and reliable results." Id. "Such evidence should be 11 sufficient in quality and quantity based on standards generally accepted in the relevant scientific 12 fields, when considered in light of the entire body of relevant and reliable scientific evidence, to 13 substantiate that each of the marketing claims is true." Id.

14 75. Under the Green Guides, "A product or package shall not be marketed as 15 recyclable unless it can be collected, separated, or otherwise recovered from the waste stream 16 through an established recycling program for reuse or use in manufacturing or assembling another 17 item." 16 C.F.R. § 260.12(a). Here, the Products are not recyclable because people do not have 18 access to recycling programs that accept the Products, the Products cannot be separated or 19 recovered from the general waste stream and sorted into the correct materials bale by MRFs, and 20 there are no end markets to reuse the Products or to convert the Products into a material that can 21 be reused or used in manufacturing or assembling another item. Greenpeace has requested on 22 numerous occasions that Defendant substantiate that the Products are recyclable in California or 23 elsewhere in the United States, as required by law. Greenpeace sent Defendant a pre-suit demand 24 on August 18, 2020, informing Defendant that its Products are not recyclable and requesting that 25 Defendant contact Plaintiff to discuss resolution of the matter short of litigation. At no point has 26 Defendant provided written records supporting the validity of its recycling representations on the 27 labels of the Products.

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76. By failing to substantiate the validity of its recycling representations with respect
 to the Products under the EMCA and the Green Guides, Defendant has engaged in unlawful
 business acts and practices which constitute unfair competition within the meaning of Business &
 Professions Code § 17200.

5 77. Plaintiff has no adequate remedy at law for the injuries currently being suffered as 6 an award of monetary damages would not prohibit Defendant's unsubstantiated recycling 7 representations. Moreover, monetary damages would not remedy Defendant's unlawful refusal to 8 provide information that is mandated by statute to be disclosed to Plaintiff. If an injunction is not 9 granted, Plaintiff will suffer irreparable injury because it will continue to spend money, staff time 10 and other organizational resources to combat Defendant's unsubstantiated representations that the 11 Products are recyclable in California and to inform the public that the Products are not recyclable 12 in California. In addition, plastic pollution caused by Defendant's sale of the Products in 13 California and the resulting harms to California waters, coasts, communities, and marine life will 14 continue to negatively impact Greenpeace's efforts to protect these critical resources. California 15 residents may also contaminate the recycling stream by unknowingly placing the Products in their 16 recycling bins, preventing legitimately recyclable products from being recycled. Denial of access 17 to statutorily required information is harming Greenpeace because it must continue to divert 18 resources to investigate and communicate with Defendant and the public away from its advocacy 19 efforts to promote legitimate recycling, to protect the integrity of recycling infrastructure, to 20 foster sustainable alternatives to single-use plastic, to limit the impact of plastic pollution on the 21 environment, and to educate the public regarding the types of plastic that may actually be 22 recycled. Accordingly, an injunction requiring Defendant to substantiate its recycling 23 representations or prohibiting Defendant's unsubstantiated recycling representations will serve 24 the public interest by protecting the environment and the integrity of the recycling stream and by 25 preventing Defendant from gaining an unfair advantage over companies that can substantiate that 26 the products they sell are recyclable.

27 78. Defendant manufactures or distributes the Products and represents in
28 advertisements or on the labels of the Products that the Products are recyclable. Defendant's

1 representations that the Products are recyclable are prominent on all of Defendant's marketing, 2 advertising, and labeling materials for the Products in California. Because part of Greenpeace's 3 mission involves preventing companies from touting the environmental benefits of their products 4 without substantiating the validity of such environmental benefits, Greenpeace spent, and 5 continues to spend, money, staff time, and other organizational resources investigating 6 Defendant's unsubstantiated recycling representations requesting that Defendant substantiate the 7 validity of such representations, and informing the public that the representations on Defendant's 8 Products are not substantiated and unlikely to be recycled. But for Defendant's unsubstantiated 9 recycling representations in California and elsewhere in the United States, Greenpeace would use 10 that money, staff time, and organizational resources for its other lobbying and advocacy efforts 11 and its other plastic campaigns. Greenpeace has thus suffered, and continues to suffer, injury in 12 fact and lost money or property as a direct result of Defendant's unsubstantiated recycling 13 representations occurring in California. 14 79. An action for injunctive relief is specifically authorized under Business & 15 Professions Code § 17203. 16 Wherefore, Plaintiff prays for judgment against Defendant, as set forth hereafter. 17 SECOND CAUSE OF ACTION 18 (Plaintiff Alleges Violations of California Business & Professions Code § 17200, et seq. **Based on Unfair Acts and Practices**) 19 80. Plaintiff incorporates by reference the allegations set forth above. 20 81. Under California Business & Professions Code § 17200, any business act or 21 practice that is unethical, oppressive, unscrupulous, or substantially injurious to consumers, or 22 that violates a legislatively declared policy, constitutes an unfair business act or practice. 23 82. Defendant has engaged and continues to engage in conduct which is immoral, 24 unethical, oppressive, unscrupulous, and substantially injurious to consumers. This conduct 25 includes, but is not limited to, advertising and labeling the Products as recyclable in California 26 without substantiation. By advertising and labeling the Products as recyclable without 27 28

substantiating whether the Products are actually recyclable, Defendant's conduct, as described
 herein, far outweighs the utility, if any, of such conduct.

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3 83. Defendant has engaged and continues to engage in conduct that violates the legislatively declared policy of Cal. Pub. Res. Code § 42355.5. Under the California Public 4 5 Resources Code, the Legislature of the State of California has declared that "it is the public policy 6 of the state that environmental marketing claims, whether explicit or implied, should be 7 substantiated by competent and reliable evidence to prevent deceiving or misleading consumers 8 about the environmental impact of plastic products." Cal. Pub. Res. Code § 42355.5. The Code 9 further states that "the Legislature further finds and declares that it is the public policy of the state 10 that claims related to the recyclability of a product or packaging be truthful in practice and 11 accurate. Consumers deserve accurate and useful information related to how to properly handle the end of life of a product or packaging." Id., 42355.5(b). These policies are based on the 12 13 Legislature's finding that "littered plastic products have caused and continue to cause significant 14 environmental harm and have burdened local governments with significant environmental 15 cleanup costs." Id., § 42355. It is unfair for Defendant to represent that the Products are 16 recyclable without substantiation, in direct violation of the California Legislature's declared 17 public policy.

18 84. Defendant's conduct also violates the policy of the EMCA. Under the EMCA, 19 anyone who manufactures or distributes a consumer good and represents in advertising or on the 20 label that it is not harmful to, or is beneficial to, the natural environment, through the use of such 21 terms as "environmentally safe," "ecologically friendly," or other like terms, must maintain 22 written records supporting the validity of any such representation. Business & Professions Code 23 § 17580(a). The term "recyclable" is a term that represents that a product or packaging is not 24 harmful to, or is beneficial to, the natural environment, and is therefore covered under Business & 25 Professions Code § 17580(a). In fact, the EMCA specifically requires companies to maintain 26 information and documentation as to whether such products or packaging conform with the 27 uniform standards contained in the Green Guides for use of the terms "recycled" or "recyclable." 28 Id., § 17580(a)(5). In addition to documents regarding whether the consumer good conforms with

1 the Green Guides, the EMCA requires that companies maintain the following records in written 2 form supporting the validity of their recyclable representations: (1) the reasons why a company 3 believes the representation to be true; (2) any significant adverse environmental impacts directly 4 associated with the production, distribution, use, and disposal of the consumer good; (3) any 5 measures that are taken by the company to reduce the environmental impacts directly associated 6 with the production, distribution, and disposal of the consumer good; and (4) violations of any 7 federal, state, or local permits directly associated with the production or distribution of the 8 consumer good. Id., § 17580(a)(1)-(4). The California Legislature declared its intent that the 9 information and documentation supporting the validity of any environmental marketing claims 10 shall be fully disclosed to the public, and information and documentation maintained pursuant to 11 Business & Professions Code § 17580 must be furnished to any member of the public upon 12 request. Id., § 17580(b), (d). It is unfair for Defendant to represent that the Products are 13 recyclable without substantiation, violating the California Legislature's intent that information 14 and documentation supporting the validity of environmental marketing claims shall be fully 15 disclosed to the public. It is also unfair for Defendant to withhold information it is mandated to 16 disclose pursuant to statute.

17 85. Defendant's conduct also violates the policy of the Green Guides. The Green 18 Guides require marketers to ensure that their claims are supported by a reasonable basis prior to 19 making the claim. 16 C.F.R. § 260.2. A reasonable basis is defined as competent and reliable 20 scientific evidence, such as "tests, analyses, research, or studies that have been conducted and 21 evaluated in an objective manner by qualified persons and are generally accepted in the 22 profession to yield accurate and reliable results." Id. "Such evidence should be sufficient in 23 quality and quantity based on standards generally accepted in the relevant scientific fields, when 24 considered in light of the entire body of relevant and reliable scientific evidence, to substantiate 25 that each of the marketing claims is true." Id. It is unfair for Defendant to represent that the 26 Products are recyclable without a reasonable basis.

27 86. Defendant gains an unfair advantage over its competitors, whose advertising and
28 labeling must comply with the EMCA, the Green Guides, and the legislatively declared policy of

Cal. Pub. Res. Code § 42355.5. By committing the acts alleged above, Defendant has engaged in
 unfair business acts and practices which constitute unfair competition within the meaning of
 California Business & Professions Code § 17200.

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4 87. Plaintiff has no adequate remedy at law for the injuries currently being suffered as 5 an award of monetary damages would not prohibit Defendant's unsubstantiated recycling 6 representations. Moreover, monetary damages would not remedy Defendant's unlawful refusal to 7 provide information that is mandated by statute to be disclosed to Plaintiff. If an injunction is not granted, Plaintiff will suffer irreparable injury because it will continue to spend money, staff time 8 9 and other organizational resources to combat Defendant's unsubstantiated representations that the 10 Products are recyclable in California and to inform the public that the Products are not recyclable 11 in California. In addition, plastic pollution caused by Defendant's sale of the Products in 12 California and the resulting harms to California waters, coasts, communities, and marine life will 13 continue to negatively impact Greenpeace's efforts to protect these critical resources. California 14 residents may also contaminate the recycling stream by unknowingly placing the Products in their 15 recycling bins, preventing legitimately recyclable products from being recycled. Denial of access to statutorily required information is harming Greenpeace because it must continue to divert 16 17 resources to investigate and communicate with Defendant and the public away from its advocacy 18 efforts to promote legitimate recycling, to protect the integrity of recycling infrastructure, to 19 foster sustainable alternatives to single-use plastic, to limit the impact of plastic pollution on the 20 environment, and to educate the public regarding the types of plastic that may actually be 21 recycled. Accordingly, an injunction requiring Defendant to substantiate its recycling 22 representations or prohibiting Defendant's unsubstantiated recycling representations will serve 23 the public interest by protecting the environment and the integrity of the recycling stream and by 24 preventing Defendant from gaining an unfair advantage over companies that can substantiate that 25 the products they sell are recyclable.

26 88. Defendant manufactures or distributes the Products and represents in
27 advertisements or on the labels of the Products that the Products are recyclable. Defendant's
28 representations that the Products are recyclable are prominent on all of Defendant's marketing,

1 advertising, and labeling materials for the Products in California. Because part of Greenpeace's 2 mission involves preventing companies from touting the environmental benefits of their products 3 without substantiating the validity of such environmental benefits, Greenpeace spent, and 4 continues to spend, money, staff time, and other organizational resources investigating 5 Defendant's unsubstantiated recycling representations requesting that Defendant substantiate the 6 validity of such representations, and informing the public that the representations on Defendant's 7 Products are not substantiated and unlikely to be recycled. But for Defendant's unsubstantiated 8 recycling representations in California and elsewhere in the United States, Greenpeace would use 9 that money, staff time, and organizational resources for its other lobbying and advocacy efforts 10 and its other plastic campaigns. Greenpeace has thus suffered, and continues to suffer, injury in 11 fact and lost money or property as a direct result of Defendant's unsubstantiated recycling 12 representations occurring in California 13 89. An action for injunctive relief is specifically authorized under California Business 14 & Professions Code § 17203. 15 Wherefore, Plaintiff prays for judgment against Defendant, as set forth hereafter. 16 PRAYER FOR RELIEF 17 WHEREFORE, Plaintiff has no adequate remedy at law and prays for judgment and relief 18 against Defendant as follows: 19 That the Court preliminarily and permanently enjoin Defendant from conducting A. 20 its business through the unlawful or unfair business acts or practices, and other violations of law, 21 described in this Complaint; 22 B. That the Court order Defendant to substantiate the validity of the recycling 23 representations in advertising or on the labels of the Products; 24 C. That the Court enjoin Defendant from making unsubstantiated recycling 25 representations in advertising or on the labels of the Products; 26 D. That the Court order Defendant to implement whatever measures are necessary to 27 remedy the unlawful or unfair business acts or practices, and other violations of law described, in 28 -47-

Case 3:21-cv-00754-MMC Document 58 Filed 02/18/22 Page 49 of 49

1	this Complaint;
2	E. That the Court grant Plaintiff its reasonable attorneys' fees and costs of suit
3	pursuant to California Code of Civil Procedure § 1021.5, the common fund doctrine, or any other
4	appropriate legal theory; and
5	F. That the Court grant such other and further relief as may be just and proper.
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7	Dated: February 18, 2022 Respectfully submitted,
8	LEXINGTON LAW GROUP
9	
10	/s/ Howard Hirsch
11	Howard Hirsch (State Bar No. 213209)
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	THIRD AMENDED COMPLAINT – CASE NO. 3:21-CV-00754-MMC