

FOOTPRINT. HANDPRINT. BLUEPRINT:

How Business Can Tackle Climate Change



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The Climate Group:
Gathering of One Hundred Leaders

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A BUSINESS PERSPECTIVE

Thank you, Michael Allegretti and Kate Krebs of The Climate Group. I want to thank Steve Howard for convening such a distinguished group and for inviting me to represent the business community.

The fact that business is represented in the speaking program tonight communicates one of the most important points I could make:

- To tackle a problem like climate change, we will need new partnerships among business, government and civil society – what I call the “Triangle of Sustainability.”

Bringing these three institutions together is the only way to achieve the scale and the speed that climate change requires.

CAUTIOUSLY OPTIMISTIC

Tonight, I am cautiously optimistic about the progress we can make this year. The political climate has changed. There is a new urgency among governments to address climate change. Leading organizations like The Climate Group are helping bring stakeholders together to move the agenda forward toward Copenhagen and beyond.

BUSINESS IS STEPPING UP

And the business community is stepping up. It recognizes the problem, is taking action and is working with policymakers.

I’m reminded of a phrase from the North of England that our previous speaker, Tony Blair, who represented Sedgefield as a Member of Parliament – will be familiar with:

- “Where there’s muck, there’s brass.”

For the rest of you, it means waste can be profitable.

More and more companies are finding – as we have – that the business case for sustainability is more than philanthropic. It is an imperative for business survival and profit in the future.

IMPACT OF THE GLOBAL ECONOMIC CRISIS

My optimism is tempered with realism, however, because the latest science tells us that the steps envisioned by business so far are inadequate. The mindset of business needs to move from “should” to “must.” The level of business action needs to move from “incremental steps in isolation” to “step-change collaboration.” And it must happen during this global economic crisis, which limits our flexibility. The crisis also pressures executives to focus on the quarter, not the decade -- on survival, not sustainability.

In what may be a small benefit, the crisis is also separating the wheat from the chaff. It is separating the businesses that are serious about sustainability from the “greenwashers,” who will cut back as they look for savings.

That means NGOs, customers and consumers can see which businesses are investing in sustainability for the long term.

THE ROLE FOR BUSINESS

Given the scientific urgency and the economic reality, what should we expect and what must we demand from business?

I would define the proper role of business as three-fold:

- Address our footprint;
- Extend our handprint;
- And help shape the regulatory blueprint.

Let’s look at each of those, starting at the macro level and then moving to the micro level.

1. ADDRESS YOUR FOOTPRINT

First, addressing your footprint is necessary, but not sufficient. Collectively, even if every business reduces its footprint significantly, we will not have made the progress that the latest science says is needed.

For our Company, addressing our footprint means:

- using the best mix of energy sources;
- improving the energy efficiency of our manufacturing process;
- and reducing the potential climate impact of the products we sell.

Let me share a few examples.

Our Water Footprint

To reduce our water footprint, we have set the goal of returning to nature an amount of water equal to what we use in our beverages and their production. We call it becoming “water neutral.”

One part of that is that by the end of 2010, all of the water that leaves every one of our nearly 1,000 facilities will be returned to the environment in a nature-identical form – able to support aquatic life.

Our Packaging Footprint

We’re also addressing our packaging footprint. We’re engaged with The Climate Group in a new program called “Recycle Together.” It will help us increase the amount of empty bottles and cans that reach recycling facilities. Kate Krebs is leading that effort, and she joined us in January when we opened the world’s largest plastic bottle-to-bottle recycling facility in Spartanburg, South Carolina.



Here is one of the bottles produced at that plant. [*Mr. Isdell displayed a 20 ounce Coca-Cola PET bottle.*] Thirty-percent of the plastic comes from recycled bottles. It’s an example of how we’re trying to create a closed loop recycling system. There’s a climate benefit too. Over the next 10 years, the plant will prevent the release of 1 million metric tons of CO₂ emissions, the equivalent of removing 215,000 cars from the road.

Communicating Our Work

As companies address their footprints, it is important to communicate their work. Just last week, The Coca-Cola Company released to the Securities and Exchange Commission our latest 10-K. With it, we became one of the first companies to include a climate-specific risk factor in our 10-K.

I see that Connie Hedegaard is with us [*Denmark’s Minister for Climate and Energy*]. The Coca-Cola Company has been collaborating with the Minister on the “One Ton Less” campaign – another effort that communicates with and engages the public; and we look forward to continuing our discussions.

Again, I don’t want to dwell on the footprint because it’s really the bare minimum we should expect from companies.

2. EXTEND YOUR HANDPRINT

The second role business must play is to extend our handprint. Others have used the idea of a handprint in the climate discussion, so let me define it as I see it. Our handprint is what we can do that goes far beyond what we directly affect. They are interventions that allow us to have a larger impact on society by acting as a catalyst, partnering with others, and frankly, by leading. It is how you reach scale.

Find Pivot Points

For me, the most creative and exciting part of our handprint is finding and exploiting “pivot points.”

A pivot point is a step that one company can take which can leverage others to take similar steps. The Coca-Cola Company has a global presence and reputation. If we help pioneer an innovation, it can give that innovation credibility and spur others to adopt it. Ultimately, you can pivot a whole industry to a more sustainable future. Let me share two examples.

Pivot Point: Refrigerant Gas

Our coolers and vending machines have used HFCs in two ways. We removed them from the insulation foam in all our new coolers. That eliminated 75 percent of the direct emissions attributable to our coolers.

That leaves a second area, the refrigerant gas, which traditionally has been HFCs. Today, we are buying coolers that use a much safer gas, CO₂. Acting alone, however, we will not have a very big impact. Coca-Cola is responsible for only 1 percent of the world’s compressor purchases.

Fortunately, we have found a pivot point. We believe we can help move not just the beverage industry, but the entire commercial refrigeration industry to climate-friendly systems.

In Beijing last year, I spoke at a Greenpeace conference to an audience that included 100 major Chinese businesses. I announced that The Coca-Cola Company and our bottlers will purchase and deploy 100,000 CO₂ coolers by the end of 2010. And I challenged the rest of the industry to join us, so that the price will come down and they can be deployed even more broadly.

That’s a pivot point. It’s how 1 percent can influence 25 percent.

Pivot Point: Energy Management

Let me share another pivot point. We have developed a unique technology that cuts the energy use of a cooler by up to 35 percent. So far, we have deployed that technology in more than 1 million coolers. It helps our retail customers who enjoy lower energy bills, and it helps our climate because less energy means fewer emissions.

We own the patents, but we’re sharing this innovation. That makes it a pivot point because this technology can be deployed far and wide – reaching well beyond the bounds of our Company and our industry.

3. HELP SHAPE THE REGULATORY BLUEPRINT

Finally, business should engage in public policy to help shape the regulatory blueprint. In 2007, we endorsed the Caring for Climate Leadership platform of the UN Global Compact. We also expressed our views by signing the Bali Communiqué before

COP13 [*The 13th Conference of Parties to the U.N. Framework Convention on Climate Change*], and we're looking forward to the World Business Summit in May to help unify the voice of business.

Looking ahead to December, we are in the process of shaping our role for COP15 [*The 15th Conference of Parties to the U.N. Framework Convention on Climate Change*]. We know that the business community needs to have a clear and strong voice there. We need to support a clear regulatory framework that prices the externality of greenhouse gases. We need to make markets work for climate protection by getting the economics and externalities right. Price signals are absolutely essential. They are the only way to drive and sustain meaningful change. We can help by engaging in the regulatory blueprint.

AN OVERLOOKED LINK: AGRICULTURAL WASTE AND CLIMATE

Tonight, I've discussed efforts to mitigate climate change. I'd like to close with a final thought about adapting to the effects of a changed climate.

Agriculture will be severely impacted by climate, and it also affects climate. I was taken by a study that estimated that as much as 50 percent of the calories grown globally never make it to the table. In many developing countries, there is no way to store crops out of season or transport them to markets. In developed countries, a lot of food is thrown out – up to 30 percent in the United States alone.

We know that over 70 percent of the world's water use comes from agriculture. It leads me to ask: If we could invest in crop storage, transportation and capacity building, wouldn't it allow us to feed so many who go hungry and require less water for agriculture? Perhaps that's an overlooked part of the climate solution.

In conclusion, the role of business is urgent and clear:

- Address our footprint;
- Extend our handprint;
- And help shape the regulatory blueprint.

In closing, tonight I am cautiously optimistic. I am realistic. We have mountains to climb, but even more, I feel that working together synergistically we can do what this moment requires of us.

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