

## Shareholder role in major commitments

2007-09-10 -- Last week Coca-Cola announced several substantive commitments related to environmental sustainability for product packaging that respond to requests in shareholder proposals filed in recent years by As You Sow and Walden Asset Management and other shareholders.

Coke agreed to invest \$60 million to build the world's largest plastic bottle recycling plant in South Carolina that will produce 100 million pounds of recycled PET annually. It also committed to recycle or reuse 100% of PET plastic used by the company's beverages in US sales. Sandy Douglas, president of Coca Cola North America acknowledged in a press conference that its commitments were partly the result of engagement by social investments groups.

For several years, AYS and Walden, along with other investors, have partnered to press Coca-Cola Co. and Pepsico to (a) set high levels of recycled content for plastic soda and water and juice bottles, and to (b) engage the rest of the beverage industry to develop strong container recovery goals. We are excited that the industry now seems poised for some potentially major shifts.

Coca-Cola's actions move the company toward fulfilling our first goal of using higher levels of recycled PET by making a long-term investment in a more stable supply of PET. The company has also responded to our request to establish a PET plastic beverage container recycling goal. We will be encouraging the company to extend this pledge to its other beverage containers and other regions, and encouraging other beverage companies to follow Coca-Cola's lead.

We look forward to hearing how the company plans to achieve its 100% recovery goal, and over what timeframe. The company also will spend \$16 million this year to promote recycling by investing in RecycleBank, a new form of incentive-based curbside recycling.

We are encouraged that Nestle Waters North America has recently made public statements about the need to improve recycling efforts. Nestle Waters CEO Kim Jeffrey has called for enactment of more comprehensive recycling programs than those contained in current legislation. Nestle was one of several companies that received a failing grade in a beverage container report card published by As You Sow last fall. The report, which provides background on this issue, is at [http://www.asyousow.org/sustainability/bev\\_survey.shtml](http://www.asyousow.org/sustainability/bev_survey.shtml).

We are excited that the industry may finally be moving toward meaningful reform on container recycling. Recent media focus on the large volume of plastic used for bottled water packaging has increased pressure on companies. But years of sustained pressure by As You Sow and Walden, and other SRI colleagues, demonstrate once again the value of the shareholder process and of long-term engagement in driving stronger corporate environmental practices.

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