



Telling the Beverage Industry's Sustainability Story

*Achievements, Investments and Leadership
from America's Beverage Companies*

The Coca-Cola Company

DR PEPPER
SNAPPLE

PEPSICO

AMERICAN
BEVERAGE
ASSOCIATION

UNIQUE AMONG PRESENTERS TODAY

- Companies represent a larger share of the value chain – from package design, some manufacture, to production, distribution, and merchandizing
 - Our sustainability story is about more than just packages
 - Also speaking for our customers and consumers
- We're the only ones required to recover our packages using a mandated system – creating a \$70 million annual burden.
 - \$35 million in net operating costs to our members and our retail customers
 - \$35 million in consumer deposits taken by the state



MULTI-FACETED STORY



WATER

We're in constant pursuit of developing the best water saving technologies on the planet. From the field to the factory, we are working to make sure every drop counts.



ENERGY

Across the entire beverage industry supply chain, from factory to vending machine, we're reducing greenhouse gas emissions and making operations more energy efficient.



FLEETS

Our industry's fleets are some of the largest in the Western Hemisphere, and they get cleaner and leaner all time.



PACKAGING

We put the force of our industry's creativity into designing containers that use fewer raw materials at the beginning of their lifecycle, and are easy to recycle at the end of it.

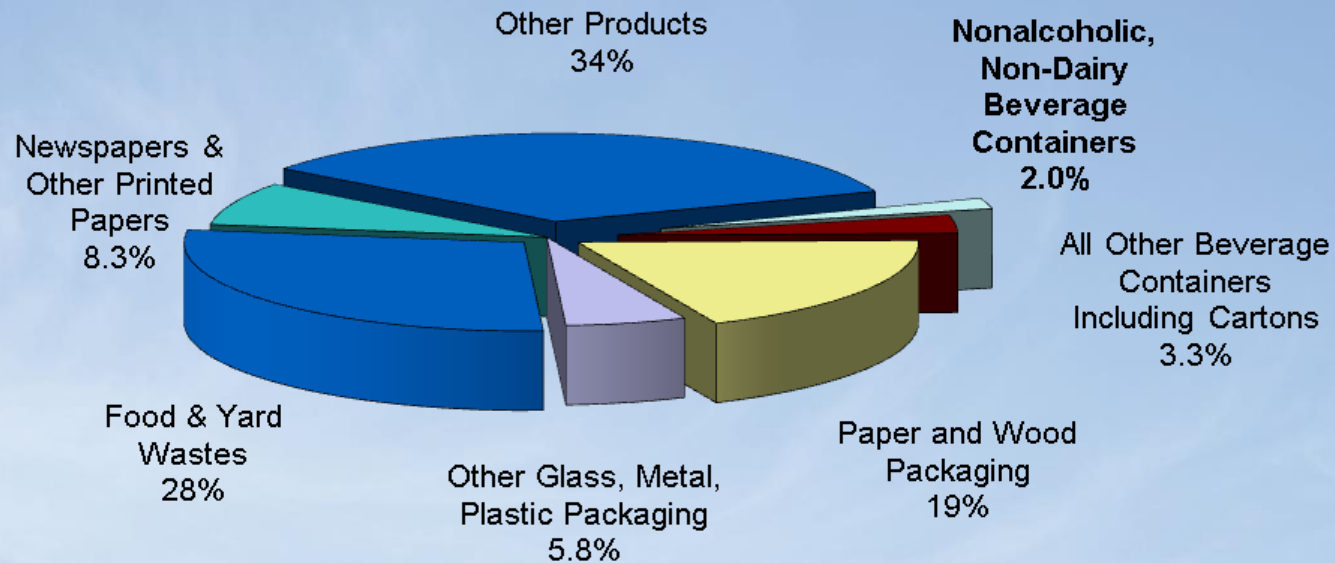


RECYCLING

Recycling is more than a core element in our history of innovation. It's something we'll never stop pushing to improve.

PACKAGING IN CONTEXT

MSW Composition - 2014 EPA Data With Detail on Beverages*



** Beverage detail from American Beverage Association data compiled by Northbridge Environmental from suppliers and third party research.*



SOURCE REDUCTION

- Lightweighting and package design innovation have been driven by the beverage industry for years.
 - In 2013 alone, ABA members reduced PET use 136 million pounds through lightweighting initiatives; this on top of years of progress in the past
- Why? What drives this?
 - High value packaging materials – they meet industry performance needs, they are recyclable, but are also costly
 - Other environmental attributes and goals – lower carbon footprint, fuel use, fleet efficiency
 - Competition – innovation and continuing progress to stay ahead
- But source reduction is not an end in itself – using less material has to be weighed against packaging objectives and other environmental parameters



DESIGN FOR RECYCLING

- Significant investment in packages that have value in the recycling stream and are recyclable
- 92% of consumer packaging is aluminum, PET, or HDPE – the three most valuable commodities in the waste stream
- Innovations in labels, coatings, liners, inks, glues, caps have all promoted recyclability and feed into design guidelines for, for example, APR



RECYCLING – Walking the Walk

- Members are working to eliminate waste to landfills from our US production facilities – currently at 94% overall and some at 100%
- Investment in infrastructure over many decades – balers, bins, carts, model cities (Hartford), Recycling Partnership, Closed Loop Fund
- Policy priorities for recycling infrastructure advanced through this investment and support for legislation



POLICY TOOLS – MULTI-MATERIAL

- State-level mandates are problematic
 - Source reduction goals discriminate against early adopters, don't factor in other dimensions
 - Minimum content disrupts markets, produces inefficiencies and may conflict with source reduction – “rates and dates” don't work
 - Bans and rate goals need infrastructure to be effective
 - Conflicting goals across states create the worst case scenario
- Our efforts to reduce and design for recycling and innovate depend on a robust infrastructure to recover materials effectively and efficiently
 - Program components are well-known: access, incentives, education, funding
 - Overall diversion needs to be a priority
 - Multi-material focus, not just our containers
 - Role for producer funding if the right guardrails are in place, but EPR is not infrastructure – it's a financing method.



POLICY TOOLS – DEPOSITS

- Today the deposit law costs >\$70 million and pulls \$8 to \$10 million of commodity value out of the multi-material recycling system.
- Policies under consideration in Hartford:
 - Raising costs further by raising handling fee, doubling the deposit
 - Expanding the law – Add \$27 million in cost for <0.1% impact on the recycling rate
 - A next generation alternative with a multi-material focus
 - **Only the last option furthers the goals of this task force.**





Questions?
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