

**Testimony of Bruce Karas,  
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The Coca-Cola Company North America  
before  
The United States Senate  
Environment & Public Works Committee hearing on Marine Debris  
September 26, 2018**

Good Morning Senators. Thank you for inviting me before you today to discuss the very real issue and concern of Marine Debris. Our world has a waste problem. According to the Ocean Conservancy, scientists estimate that more than 8 million metric tons of plastic is entering our ocean every year. From our perspective, it is unacceptable that packaging ends up in the wrong place, in our oceans and waterways or littering the communities where we work and live.

As a total beverage company, we bring people drinks that make life's everyday moments more enjoyable, to create shared opportunity for the people and communities we call home. While growth is important, we cannot grow at any cost. We believe in doing business the right way, not just the easy way. For us, that means continuously working to reduce our environmental impact by collecting and recycling our packaging footprint, providing access to clean drinking water, supporting women's economic empowerment, and strengthening local communities.

We may be a global company operating in more than 200 countries and territories, but through our bottling partners we also have deep, local connections and relationships that offer a unique ability to make a meaningful difference. The key areas where we strive to lead are clean, sustainable water for communities, women's economic empowerment, and to working to create a world without waste by collecting and recycling the equivalent of our bottles and cans in the marketplace.

In 2010, The Coca-Cola Company made a commitment to be water neutral by 2020 – a goal we achieved in 2015. Through projects implemented by the end of 2017, The Coca-Cola Company is replenishing an estimated 248 billion liters per year through community and watershed projects globally. We are also working to improve our water-use ration 25% over 2010 levels. To date we have made a 15% improvement and continuing to do more.

At the same time, our commitment to strengthening communities by empowering women has never been stronger. Our 5by20 initiative, also launched in 2010 to enable economic empowerment to 5 million women by 2020 has to date enabled more than 2.4 million women entrepreneurs across 75 countries.

This year, to help tackle the world's packaging problem, we launched our new packaging vision, World Without Waste. It involves rethinking how bottles and cans are designed and made, as well as how they're recycled and repurposed within our system around the world. The centerpiece of this vision is a bold, ambitious goal to help collect and recycle the equivalent of every bottle or can we sell globally by 2030. The Coca-Cola system intends to back World Without Waste with a multi-year investment that includes ongoing work to make our packaging 100 percent recyclable by 2025.

When it comes to PET, we believe every package has value and life beyond its initial use and should be collected and recycled into either a new package or another beneficial use. We aim to be part of collaborative solutions that prevent waste from getting to the ocean in the first place.

Regardless of where it comes from (i.e. whether the package is made by Coca-Cola or one of our competitors), we want it to have more than one life. To date, all 17 of our geographic business units have developed local plans to address our (3) strategic pillars – Design, Collect and Partner:

- **Design** - Aspire to create packaging that is at least 50% recycled material by 2030; continue working to make all consumer packaging 100% recyclable by 2025
- **Collect** - Collect and recycle the equivalent of 100% of the primary packaging we sell by 2030
- **Partner** - Work together to support a healthy, debris-free environment (land & sea)

## Design

Our Research and Development team is working with chemical recycling technologies towards future partnerships or piloting. Additionally, our Procurement team is working with our suppliers to forward progress on and increase availability of rPET.

In Mexico, our bottled water brand, Ciel, is now available in a 100% rPET bottle, which builds on the extremely strong collection and conversion infrastructure that our system has financed over the past decade. In Australia, our Mount Franklin water brand is also now available in 100% rPET, and we are launching our water brand in Hong Kong in 100% rPET later this year. We will pilot the use of rPET in a number of ASEAN markets beginning in 2019 and we believe this is going to be very important to accelerate a transition to a true circular economy for plastics.

In the innovation space, we have expanded our “package-less” delivery model for beverages, our innovative Freestyle technology to more than 50,000 machines serving 14 million drinks daily, with continued expansion in North American and moving to Europe and Latin America. Freestyle is a touchscreen-operated dispenser that uses “micro-dosing” technology to deliver nearly 200 beverage options – including 117 low/no-calorie beverages and more than 100 varieties, with only a cup.

## Collect

We are keenly aware from research conducted by the Ocean Conservancy and others that marine plastic is primarily a land-based issue, driven in large part by limited collection and waste management infrastructure in many emerging markets. That’s why our second strategic pillar centers on improving packaging collection. We are working around the world to have an, up-to-date understanding of existing collection and recycling data and approaches, as you would expect some parts of the world have much stronger systems in place than others. Where the systems do not exist is where we are focusing our efforts.

Data on solid waste management collection and recycling is a significant challenge in ASEAN (governments and civil society don’t have this kind of data on PET collection rates) and so we’ve commissioned a Singapore-based circular economy advisory and action company to conduct baseline research for us in six markets across Southeast Asia. What we’ve seen from the research is high rates of collection for recycling for PET in cities like Myanmar (estimated 82% collection for recycling rate for PET in Mandalay, 74% in Yangon) or Jakarta (estimated 69% collection for recycling rate for PET) with a very active informal sector (i.e. unofficial small-

scale businesses such as street scavengers, recycling pickers and junk shops) and correspondingly lower rates of collection for recycling in more developed cities like Kuala Lumpur (estimated 23% collection for recycling rate for PET) where there's less incentive for waste collectors and recycling pickers with higher incomes to collect recyclables.

As ASEAN develops, driving source segregation will be the only way to capture recyclables. This will require government conviction that segregation is necessary and government commitment to implement and enforce source segregation initiatives. We will be using the data to tailor, co-create and roll-out with government, industry, civil society and local communities the type of collection and recycling models that have been very successful in developing markets in other parts of the world (e.g. Mexico) and scalable models that improve collection rates by empowering and strengthening the informal collection sector. We see extensive opportunity to do this starting in major cities and tourist destinations in the ASEAN region and we already have a number of industry alliances set up in ASEAN. A few examples are:

- **Indonesia** is the second largest global contributor to issue of ocean plastic, with plastic waste a serious threat to the economy (particularly industries like tourism and fishery) as well as the environment. In 2017, the government launched a *National Plan of Action Against Marine Debris*, developed by a task force led by the Coordinating Ministry for Maritime Affairs. Ahead of National Waste Awareness Day in February, and as part of industry efforts to step up and contribute to solutions, six companies, including Coca-Cola Indonesia, jointly announced the formation of the Packaging and Recycling Alliance for Indonesia Sustainable Environment (PRAISE). The vision of PRAISE is to establish best practices that support sustainable and integrated packaging waste management solutions in Indonesia. This approach to waste management aligns with the government's move towards a circular economy and PRAISE has engaged on a regular basis with the Ministry of Environment and Forestry and the Coordinating Ministry for Maritime Affairs. By contributing to research, education, collaboration and engaging stakeholders in government and civil society, PRAISE is an important industry platform to help advocate for a circular economy and drive industry efforts to reduce impacts of packaging waste on the environment. PRAISE was represented last year at the World Ocean Summit in Indonesia, the first-ever ASEAN Conference on Reducing Marine Debris held in Thailand, the APEC High-Level Meeting on Accelerating Waste Management Solutions to Reduce Marine Litter in Bali and the Responsible Business Forum on Sustainable Development in Singapore. This year, as part of an agreement with the Coordinating Minister of Maritime Affairs, PRAISE commissioned a study in Bali to look at the value chain of Plastic Waste in order to obtain better data on plastic waste and subsequently to implement a pilot project on Sustainable Plastic Waste Management using the data collected. In parallel, this year PRAISE is also starting to implement a Drop Box program in Jakarta, through which 100 drop boxes are being distributed in public as well as retail spaces.
- **Philippines** - Coca-Cola Philippines is a member and active supporter of The Philippine Alliance for Recycling and Materials Sustainability (PARMS) a non-profit industry organization incorporated in 2015 to bring together stakeholders in the recycling value chain, including manufacturers, industry groups, retail groups, waste consolidators and haulers, recyclers and non-government and government entities. The objective of PARMS is to develop and implement holistic and comprehensive programs to increase waste recovery and reduce landfill dependence towards zero waste through strategic partnerships. PARMS recently entered into a Memorandum of Understanding with the Local Government Unit of Paranaque (a fully urbanized city in Metro Manila) to build a plastics recycling facility towards the implementation of a Full Waste-Recovery Program within this year. Once fully operational, this facility will be able to process approximately

365 tons of waste per annum – waste diverted from landfills, from water streams, and the like. During the Earth Day celebration in April 2018, PARMS formally turned over the proposed recycling facility design to the chief executive of Paranaque City. The project is supported by 8 leading fast-moving consumer goods companies including Coca-Cola and many of our competitors and leading local industry organizations

- **Vietnam** - we are now advancing a partnership with Unilever, Dow and the Vietnam Chamber of Commerce and Industry to implement a circular economy approach in Ho Chi Minh City. The partnership is still in its infancy, but we will be working together to strengthen recycling infrastructure. We are also getting ready to launch a new community-focused program focused on the iconic tourist area of Ha Long City, working with a local NGO called Green Hub to empower 250 women waste pickers and raise awareness across stakeholder groups and decision-makers about the importance of tackling plastic waste.

## Partner

We recognize that although we are a part of the problem, we cannot solve the packaging waste problem alone. It is for that reason we have created, established, joined and expanded cross-sectoral partnerships around the world. We intend to do all of this not just in a cross-sector way but in a scalable way that drives systemic change – to do so will take catalytic funding. Some of our other partners in driving this change are:

- **The European Union Beverage Industry:** Beverage packaging is already the most collected packaging in the European Union, but the beverage industry just announced a new set of EU-wide ambitions:
  - By 2025 100% of soft drinks primary plastic packaging will be recyclable;
  - By 2025 soft drinks PET bottles will contain a minimum of 25% recycled material on average;
  - Collection rates of soft drinks primary plastic packaging for recycling will be further increased and optimized in all EU markets in collaboration with other packaging recovery actors;
  - Soft drinks primary plastic packaging will be reused – including refillable bottles – where it makes environmental and economic sense.
- **The Ocean Conservancy/Trash Free Seas Alliance:** A partner since 1995, our partnership activities range from participation in the annual International Coastal Cleanup to supporting recycling infrastructure. Together with the Ocean Conservancy and others, we launched the Trash Free Seas Alliance in 2011 to advance the scientific understanding of marine debris globally, including research to determine the regions contributing the most waste to the oceans.
- **Closed Loop Fund:** We have worked with the Closed Loop Fund since its inception, predominantly through Coca-Cola North America (as most of its first efforts were focused in the U.S.). More recently, we joined a new initiative of Closed Loop Partners called Closed Loop Ocean that will target innovative approaches on funding waste management and recycling solutions in Southeast Asia.
- **Circulate Capital** we are an early-stage supporter of the just-announced Circulate Capital initiative established to advance the circular economy – it builds on our long partnership in North America with the Closed Loop Fund. Circulate Capital is focused on catalyzing investments in ocean plastic solutions in

Southeast Asia and India. Priority markets are Indonesia and India. Secondary markets are the Philippines, Vietnam and Thailand.

- **Ellen MacArthur Foundation (EMF) New Plastics Economy initiative:** The Company is a founding partner of the New Plastics Economy initiative, which includes leading consumer goods companies and other plastics users and producers. The Company continues to work closely with EMF on the development of our packaging strategy and metrics. EMF is a leading voice supporting the circular economy and pushing for private sector led innovations and solutions to the addressing plastic waste.
- **World Economic Forum Platform for Accelerating the Circular Economy (PACE) initiative** is a public-private multi-stakeholder platform focused on shaping global policy and accelerating targeted action towards the circular economy. Plastics is a core focus area with specific project work underway in ASEAN. We are actively engaged in shaping the agenda at both the strategic and tactical levels. Our CEO James Quincey serves on the PACE Leadership Board.

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