

Action to Accelerate Recycling System-in-the-Room Event

The Situation

U.S. recycling rates are well below their potential. These materials have real value, and to keep them out of landfills and in the supply chain would save money, energy and natural resources. We want to accelerate the progress of existing recycling efforts and dramatically drive higher recycling rates. We believe this will require us to increase access to recycling infrastructure, consumer education and incentives, and to achieve break-through results in these areas we need broad-based activation from our value chain.

What do we propose?

We propose convening the value chain for a System-in-the-Room (SITR) event to co-develop a set of voluntary actions to drive a sustained, 20-point increase in U.S. recycling rates of consumer packaging and printed materials by 2015. By focusing on near-term action and by building momentum and partnerships across the recycling industry, we can drive breakthrough change and achieve our shared objective of higher recycling rates for all packaging materials.

Who is convening the system?

Alcoa is leading this effort with the support of the Founding Circle, a coalition of leaders representing the consumer packaging recycling value chain, including:

- Alcoa
- MillerCoors
- Minnesota Pollution Control Agency
- National Association of PET Container Resources
- New Belgium Brewing Company
- Owens-Illinois
- Waste Management

How will this be different from other summits?

The Right People — This invitation-only event will convene decision-makers across the entire value chain to identify and design solutions. Retailers, brands, government, waste haulers, processors, material and container manufacturers, thought leaders and NGOs will all be represented.

The Right Approach — The SITR process creates common understanding, alignment, and momentum by engaging stakeholders and identifying a practical path forward for implementing solutions.

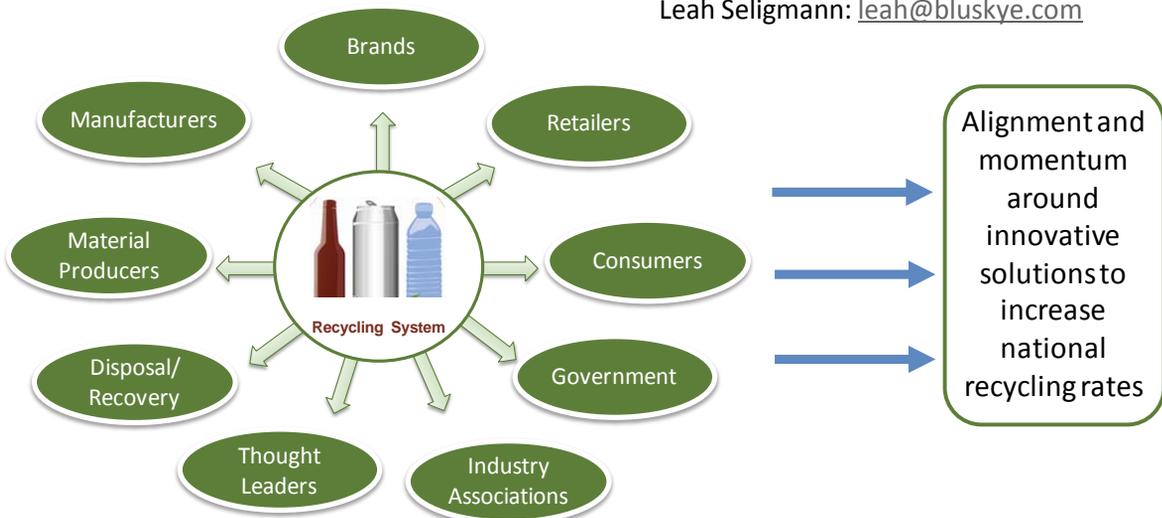
The Right Solutions — This approach opens up opportunities that no single player could create alone. Over the course of two days we will quickly move from dialogue to action, focusing our system's collective knowledge on identifying high-potential, innovative and data-driven solutions that are voluntary yet complementary to legislation, and that generate value.

Who is facilitating the meeting?

To ensure this effort drives action, Alcoa has brought in Blu Skye, a team of business strategists with deep sustainability expertise. Blu Skye is skilled in the art of creating breakthrough events that begin to shift entire systems through their SITR approach to multi-stakeholder engagements. For examples of results that have been realized through Blu Skye's SITR approach, refer to the case studies on the following page.

Contact

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Examples of past System-in-the-Room Events

System in the Room Case Study: U.S. Dairy Industry

Mobilizing an industry to radically reduce carbon emissions in the milk supply chain



Situation:

As the dairy industry came under increasing pressure to address carbon emissions from milk production, they looked to Blu Skye to help identify the opportunities for reduction of carbon in the industry's value chain while optimizing business value. Dairy Management Inc., the dairy industry promotion group, worked with Blu Skye to identify opportunities for reduction of greenhouse gases in the industry's value chain and creation of business value.

Key Activities:

- Completed a preliminary footprint analysis to identify the key sources of carbon in the industry's value chain
- Designed and ran a 3-day "System-In-the-Room" multi-stakeholder summit, using data from the preliminary footprint as a baseline, to identify projects and initiatives to reduce carbon
- The summit was executed with follow on work currently continuing to drive execution and implementation of the projects with over \$250M of business value potential.

Results:

- The "System-In-The-Room" approach brought the industry together and opened up opportunities for action that no single player could have contemplated alone, and ensured that the proposed solutions would have industry-wide support.
- In January 2009, the CEOs of the 30 largest dairy companies committed to an industry-wide carbon reduction goal of 25% by the year 2020.
- The 30 largest dairy companies also launched twelve carbon-reduction projects that will generate an estimated \$250 million annually by the year 2020.
- Recognized by USDA Secretary at the Copenhagen Climate Summit as GHG reduction leaders in agriculture.

System in the Room Case Study: Reducing waste in the magazine industry

Engaging an entire system to radically reduce waste

Situation:

For decades the magazine industry has struggled with entrenched inefficiencies, including a 36% in-store sell-through that translated to 2.6B unsold magazines in 2006.

Key Activities:

- Engaged the entire system to help address the industry's misaligned incentives and create innovative solutions to long-standing problems.
- Designed and ran a 3-day multi-stakeholder summit which included representatives from each stage of the value chain

Results:

- By the end of the three day session, the industry achieved levels of unprecedented cooperation and commitment to change.
- The innovation lab resulted in the launch of 6 pilot projects.
- Early phases have already achieved notable progress towards the year-end goal of 50% efficiency, while also increasing profitability.
- Tens of millions of dollars have been saved in this process

