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CREATING VALUE FOR BUSINESS AND SOCIETY

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UNCORRECTED TRANSCRIPT

MR. TALBOTT: Well, Mr. President, it says a lot when you get applause in this room before we've even started the program.

I'm Strobe Talbott. And it is my distinct pleasure to welcome all of you here today.

And it's a particular pleasure to be able to welcome my friend of 41 years, my boss for eight of those years, when he was the leader of our nation, and, as everyone here knows, he was much more than just the leader of our nation. The scope of his leadership was international.

Bill Clinton devoted his presidency, and he is now devoting his post-presidency to what my colleague Kemal Dervis has called in the title of his book a better globalization.

And that is what the Clinton Global Initiative is all about.

Now in its fifth year, CGI and its members have made commitments valued at \$46 billion, impacting 200 million people around the planet. And the purpose has been to advance the struggle against poverty, disease, malnutrition, and more generally the wretchedness that besets too much of humanity.

Brookings' commitment to these development goals and others is personified by Kemal Dervis, until recently, the head of the United Nations Development Program and now the Director of the Global Economy and Development Program here at the Institution.

And Kemal will now moderate a discussion on how the private sector can do good even as it does well and even in the toughest

of economic times.

So, Kemal, over to you. And thanks, again, to all of you for being here.

MR. DERVIŞ: Thank you very much, Strobe, for starting us off, and thank you so much to this wonderful panel -- to President Clinton, to Muhtar Kent, and to Patricia for being here.

At a time when the world economy is still in big trouble, there are some signs of improvement. I would never have thought that the oil price passing \$60 would be greeted with optimism, as good news. That shows us where we're at.

But I won't take much time. The panel is led by President Clinton. Of course, obviously, he doesn't need -- no introduction. But I'm just going to remind the audience of one thing: that 22 million jobs were created during his presidency, and that's something these days we perhaps need more than anything else.

Maybe one more thing: I also have witnessed while I was at UNDP his wonderful work post-tsunami and also his commitment to the climate change issue and his strong belief that we can do good on climate change while making the economy grow. This is not a lose-lose situation, but it's a win-win situation.

But anyway, that's maybe a topic for some other day.

We have Patricia Woertz, the Chairman and CEO of Archer Daniels Midland, the largest agricultural processor in the world. And, of course, agriculture -- food security -- is at the center of our concerns. It kind of disappeared a little bit from the headlines, but we should remember that the food situation remains a big challenge; that about 100

million more people are now in poverty because of the economic crisis; that there are major nutrition problems, particularly for early childhood phase of life, which have devastating impact on people throughout their lives.

And we have Muhtar Kent, my friend and the CEO and Chairman of Coca-Cola, a company -- a diversified company, very much also in the area of food, but much more diversified than that -- a leader in his field and also a countryman of mine from Turkey, which I'm particularly happy to say.

So without taking more time, I'd ask President Clinton to kick off the discussion.

PRESIDENT CLINTON: Thank you, Kemal.

Well, ladies and gentlemen, there could hardly be any better evidence of the benefits of the interdependent world and the changes as we're having a panel at the Brookings Institution in Washington, D.C., and half the people on the stage are Turks.

And I doubt that any Greek American resents it, so that's a very good thing.

And I'd like to just very briefly, because I'd rather hear from Muhtar and Patricia, but I want to put this into some context.

When I started the Clinton Global Initiative four years -- we're about to have our fifth meeting -- people said, "Well, you know, companies are making a lot of money, and they ought to be a part of this now. But when times go down, all you'll have are the philanthropists, the foundations, and the NGOs."

And I made the argument that the 21st century would be

dominated by unusual public-private partnerships that involved the government and business and the NGOs working together to deal with a lot of these challenges, and that it made good business sense to do so.

So let me try to make the context argument.

If there were no economic problems in America and the world, it remains the fact that we are less than five percent of the world's population, and we have, in any given year, depending on how everybody else is doing, between 23 and 25 percent of the world's GDP.

Therefore, if we want to keep our prosperity, we've got to sell something to somebody else, and we have to keep incomes rising in America so that our people are good for businesses. They can be customers. You can't have a business without customers.

Secondly -- the second point -- before the economic collapse occasioned by what happened at Lehman Brothers and the government's decision not to help them, before that, two-thirds of the American people were worse off in inflation-adjusted dollars than they were the day I left office. Their incomes were lower.

And most of our economic growth in this decade had come from housing, finance, and consumer spending, which increasingly led to second mortgages on homes and maxed-out credit cards.

So you had real income and consumption capacity problems in America.

A big story in the paper today about people with big student loan debts now think that student loans ought to be covered with the bankruptcy law, which they are not. It is a huge problem for any of this financial collapse.

Third context issue: If you believe in free markets and you think they should have a wider range and you want them to do well, you have to deal with the three major constraints on those markets in the 21st century world.

One is persistent and growing inequality. I alluded to that, both within the United States and in the larger world.

Now trade and production has lifted more people out of poverty in the last 20 years than at any previous time in human history. China is exhibit A.

The fact that India has the world's largest middle class is exhibit B.

But the population that's growing fastest in countries that are poorest and least able to take care of their people, and that's why there's a lot of anti-globalization feeling because whenever you change the economic model there is always a concentration of wealth, and a lot of people get rich in a hurry. And the system has not been able to keep up with the population growth, and so more and more people around the world are falling further behind.

So there's persistent inequality. And inequality has increased in this country ever since we went off the gold standard and got into the international financial institutions. It started -- the baseline year is 1973. It increased in every year since 1973 except the four years of my second term, when income inequality decreased, and the bottom 20 percent's incomes grew faster than the upper 20 percent, solely because the labor markets were so tight as we moved north of 22 million jobs, and because we had certain supports for workers at the lower end of the scale.

And then it resumed again in this decade.

So inequality is a huge problem, and it's manifest in incomes, economic opportunities generally, education and healthcare.

The second problem the world has is that its interdependence is totally unstable, which has enormous economic consequences. The most recent example obviously is not the financial crisis, which is purely interdependent; right? People start looking to the bank book and the housing loans in the U.K. and Ireland after we cratered, and then Iceland, which had been the crown jewel of European entrepreneurialism, has the highest percentage of self-made millionaires of any country in Europe, winds up also having banks that had done things that cratered the pension funds of police departments in tiny English towns.

And the Chinese, which didn't have cash problems -- they had \$2 trillion in dollars in the bank -- all of a sudden wind up with 35 million unemployed factory workers.

So the interdependence of the world forces us to think about these larger issues. And it goes beyond that; right?

A couple of people get swine flu in Mexico; they close the Fort Worth School District.

And my neighbors in Chappaqua come up to me and they hear one case in New York and ask if they can go to New York City and go to the play.

So it's an interdependent world. And finally, the model we have is unsustainable, unless you think all these climate change people are crazy. We're either going to do something serious about this or we're

going to relocate somewhere between 100 million and 200 million people in the next four decades at enormous cost and disruption, because they're not going to be able to live where they are now.

So my view is this is good business. And in the short run, I don't ever ask anybody to do anything that's not good business.

That's my last point. I just went to Stockholm, to a big European climate change meeting. Wangari Maathai spoke. She was wonderful.

Tony Blair spoke. He was terrific. I got up and said that they were wonderful. I have nothing to add to what they said. Everything they said is right. I came all the way from America to tell you that if you don't have a vote at Copenhagen and you don't have a vote in your local parliament, please don't go to another one of these meetings.

You're wasting your time. Go home and do something to prove that it's good economics to save the planet for our grandchildren. If we can do that, we'll get a good agreement in America. We can persuade India and China to join. We can get the world going in the right direction.

If we don't, we won't. And we're not going to do that without the heavy involvement of the business community. So that's the context for this discussion from my point of view.

I don't think a responsible business can avoid trying to improve the environment in which it operates, and the future that the people who will succeed these to find executives will occupy.

MR. DERVIŞ: Thank you very much, President Clinton.

Sustainability, responsibility, interdependence.

Patricia, in these difficult times, particularly also from the

point of view of agriculture and food processing, what can be done? What are you doing good while doing well?

MS. WOERTZ: Well, thank you for the question and thank you for the context, President Clinton.

I -- in listening to your contextual setting of the stage here, it helps me frame the answer a little bit. At Archer Daniels Midland, we are a large agricultural processor who takes crops from everywhere around the world -- wheat and cocoa and corn and oil seeds -- and transport and transform them through lots of plants and trying to get them to market.

Now you ask about social investment or social responsibility, we think absolutely, as President Clinton mentioned, that it's critical not only to our business, but to the longer-term survival and even thriving of a company like ours, of an industry like ours, to think about social investment being a critical part of its business strategy.

It is not separate. It is not just to philanthropy. It is not just giving. It is a critical part of the strategy in the longer-term.

And one of the things we thought about today -- we are doing this this year, but I thought I'd make today an opportunity to announce it -- but we are announcing today a new ADM Cares Program, which has three key components -- strong roots, strong communities, and strong bonds.

And it's the roots area and maybe even the communities area I'd like to talk about a bit.

It will devote one percent of pre-tax earnings annually, the Strong Roots Program will try to invest in areas that have high impact and high linkage to where ADM meets the farm, meets the agriculture, meets

the areas of need, particularly with respect to agricultural areas who do not have high efficiency, who do not have infrastructure, who are struggling with the aspect of agriculture that is about sustaining the planet and doing so efficiently, sustainably, and with long-term goals in mind.

So our commitment to that, we think, is critical, again for the longer-term.

A couple of quick examples of strong communities would be where we live and work. We feel it's very important to have long-term commitments there.

And strong bonds have to do with our employees, our colleagues, our contractors we work with. We have a Giving Council we've created to allow those individuals -- a Giving Council to allow where some of the investment goes, as it colleague-to-colleague giving, disaster relief, et cetera.

So the program we think will have lots of legs in the long-term and will definitely be linked to the areas of agriculture that are important to our industry.

One other thing I might mention does have to do with infrastructure. If you think about the areas of poverty or the areas of the world that are somewhat underdeveloped, but do rely on subsistence farming today, to advance that to the next level of efficiency and protecting what is actually grown, what harvest is actually grown, the United Nations estimates that 50 percent of agriculture today is actually left on the ground in waste, because people do not have storage or they do not have transportation or linkage to markets.

If the ability of agriculture in the long-term is to help people

be more efficient while protecting the planet, while being more efficient with fertilizer, with agronomic practices, and getting that harvest to market -- again, the connection with the capital markets -- we think the potential is almost unlimited.

MR. DERVIŞ: Thank you very much, Patricia.

I noticed that you said long-term four times. And I think that's important, because some of the short-termism of some sectors in business I think is partly responsible for some of the troubles we're having.

So saying long-term four times and showing how your business is really focusing on long-term sustainable development I think was critical.

Muhtar, you're active all over the world. You're creating value chains. You have been a leader in social responsibility. How have the last two years affected you? How are you dealing with the difficulties of the crisis while developing further the kind of model you've been working on?

MR. KENT: Thank you. First, it's a great honor and pleasure to be on this panel with President Clinton and yourself, Kemal, and Patricia Woertz.

And thank you for starting your question by saying what are we doing in the crisis.

I think we certainly -- no one is immune from this crisis. I always say no person, no country, no company is immune.

Some are more resistant than others, and one of the advantages that we see -- that we have in the world is that we operate in 203 countries around the world.

And the meaning of operating for us is not "sell our products," but we produce our products; we distribute our products; and we sell our products in 203 countries around the world.

And, therefore, we have a philosophy that says that unless we can meaningfully help create sustainable communities in all of those 203 countries where we operate, then we will not have a long-term and sustainable business.

And it's a very simple philosophy.

Three days ago was our 103rd birthday. And we intend to be around for many hundred years, and you cannot be around for many hundred years, if you can't truly look at sustainability as a key part of your business as opposed to a cost.

And we've selected a number of platforms, water being one of them.

And we see ourselves having a role of not just, of course, ensuring that we reduce our own water usage, but work with companies like Patricia's company to ensure that down the supply chain, we can also create awareness and ensure that we can meaningfully play a role in ensuring that water is treated as a resource as opposed to something that really you just use without thinking.

Over the last five years, we have reduced our water usage by 20 percent globally. We use about 300 billion liters of water a year, and we've reduced our water usage by 20 percent in the last five years. We've reduced our water usage -- we are going to reduce our water usage by another 20 percent over the next five years, including as the base of last year.

And by 2020, we said, we are going to be water neutral in the world. What that means is for every one liter that that we take out for our business, we will give back that one liter by 2020.

And that's part of all the commitments we've publicly made with ourselves and our 300 partners around the world, our bottling partners around the world.

But it doesn't stop there, because what we use as water globally is about half the water that Mexico City uses in a year -- what we use.

The issue is really -- goes down to agriculture, as Patricia knows very well, because for one kilogram of rice, you need 5,000 liters of water or -- and we've started working with growers of sugarcane around the world, the Better Sugarcane Initiative, and we've got a number of other initiatives around the world where we've started projects A, to raise awareness, and B, to ensure that we can make a meaningful difference.

And President Clinton used the word interdependency. Five, six years ago, when I was at Davos for the first time, I, you know, this notion came up: government, civil society, and business are interdependent and have to come together.

And at that time, I thought that's a funny concept. Today, it is an integral part of how we need to solve some of the issues like water in the world, because unless government, business, and civil society can come together, meaningfully, and create specific programs, and then this cannot be solved down the supply chain.

And I'll give you an example, we and the World Wildlife Fund have formed a partnership where we're working with individual

governments around the world to reinvigorate seven river basins around the world -- river basins like the Yangtze, the Danube, Rio Grande, et cetera -- seven river basins around the world, and where we have announced programs in Africa recently jointly with World Wildlife Fund to generate clean water for -- initially for 3 million people with the RAIN Initiative, which is Replenish Africa Initiative, and but -- and make sure that we can -- as we do it, we can multiply our efforts through awareness raising programs.

So I just want to sort of end there. We've got other initiatives around carbon footprint, because, again, it makes good business sense.

All our trucks are being converted into hybrid vehicles, and we're talking about -- we have more trucks than -- in the world than UPS and DHL and FEDEX put together.

So we do need to make sure that our trucks are all converted. We have a program over the next few years, and also we install and commission millions and millions of pieces of refrigerator equipment around the world.

We currently own 10 million and inside 20 million customers -- pieces of refrigerator equipment.

And, again, with Greenpeace, of all NGOs, Greenpeace and Coca-Cola have made a partnership around the world to convert our refrigerated equipment into HFC-free units.

And we're already installing a hundred thousand of those as we speak.

So interdependency, again, is the key, where we -- and if you thought 10 years ago Greenpeace and Coca-Cola are going to come

together for this initiative, I think people would have said that you're a part of the Flat Earth Society.

MR. DERVIŞ: Thank you very much, Muhtar. And you gave us a lot of very concrete examples. I think the water neutrality by 2020 is a fantastic target, and it's, you know, it's hard to believe it can be done. But I'm sure you'll do it.

And, at the same time, you also reminded us that cities, governments have to be important players in all that with the comparison to Mexico City.

President Clinton, you -- I think you founded CGI about five years ago, a little more than five years ago.

How have you seen attitudes evolve? I mean, you have championed these partnerships between business, policymakers, public sector, and civil society. And if you look back at the last five years compared to where we were at and where you are at five years ago to now, how would you characterize it?

PRESIDENT CLINTON: Well, one thing that was interesting to me. Last year, we had the meeting right after the Lehman Brothers collapse.

And we still had the, you know, big participation. And when you were kind enough to -- or Strobe was kind enough to say in its introduction, which was, by the way, ridiculously favorable but illustrates Clinton's Third Law of Politics: whenever possible, be introduced by someone you appointed to high positions.

(Laughter.)

PRESIDENT CLINTON: But anyway, it is true that we have \$46 billion worth of commitments over -- they will play out over a 10-year period, but -- and they have already touched 200 million lives. But that slightly overstates the case because the energy commitments are extremely capital intensive.

Nonetheless, there have been a lot. What I have seen is that when people showed up in the beginning they were interested, and we quickly found out -- and for those of you interested, Bob Harrison, who runs our Clinton Global Initiative, is here.

But we have a full-time commitments office, because the unique thing we had was we said, "We got a real deal for you. This is going to be shorter and cheaper in Davos, but you have to make a commitment or you can never come back. And besides that, we're giving you the joy of driving in New York City at the opening of the U.N."

And, you know, I had no idea if it would work, but it turned out people were interested in it.

So we set up a full-time commitment office, and when people know they're coming to CGI and they have money, but they don't know what they want to spend it on or they're an NGO and they got a good idea, but they don't know how they're going to fund it, or they want partners and they don't know where to find them, we do that year around, both before and after CGI, so everyone can make and keep their commitments.

And we never have more than two or three people who can't come back the next year. And most of them just sort of wanted to see what it was like, and that's fine. But the people that come year in and year out are people that have honored their commitments every year.

What I found was that more and more people got into their commitments, began to spend more time on it, and over time, more of them were involved in partnerships.

For example, Coca-Cola has been active at CGI, and they do -- they very rarely do something on their own now. It's really interesting. They're always looking for how they can put together four or five or six partnerships.

Last year, we had seven or eight different groups commit \$130 million total to help Haiti rebuild after their hurricanes. \$130 million in Haiti is one heck of a lot of money.

And it covered a whole range of things. So that's what I've seen -- a growing cooperation and sophistication.

If I could just say one other thing, Muhtar, because I don't know whether I'll get another chance. I want to say something about what both of them said.

First of all, Coca-Cola's commitments that I know about illustrate how important the quality and willingness of government is in some of these areas.

And it's very important, if you get into this business of sustainability and all the things Patricia talked about, you have to ask yourself, "What can I do that's a hundred percent within my control? And what can I do that I have to have a government with capacity and commitment in? And what can I do cheaper, faster, better if I work through an NGO?"

And government should ask the same question.

So, for example, their biggest reforestation commitment is in Mexico for a simple reason. President Calderon responded to the United Nations' call for a billion new trees by saying "put me down for 25 percent."

And he's got a map of Mexico -- he'll be only too happy to show you this -- that shows you this wide swath where he's going to have 250 million trees.

So it made sense if you operate in every country in the world and you want to contribute to the fight against global warming as well as to restoring watersheds and water quality, if you're going to do a reforestation project, do it some place where you know that there's a competent, committed government that will have an impact.

The second thing I want to say is you didn't mention what I consider to be your most important domestic social responsibility which is that Coca-Cola and PepsiCo got all of the beverage companies together and made an agreement with our Alliance for a Healthier Generation to fight childhood obesity and they have reduced the caloric content of beverages in vending machines in schools in this country by 58 percent in 3 years and that's very important.

Now you can say they must be losing money on that. It depends on whether you take the long view or not, because that's you talked about. We had a 9-year-old child in Harlem diagnosed with Type 2 diabetes 3 years ago, we were at risk of having the first generation of

Americans live shorter lives than their parents. If you really want a healthier customer base, it's okay if you sell smaller drinks in schools and healthier ones that have healthier adult customers 10 years down the road. So I want to thank them.

The important thing [Patricia] talked about, I love that a company like ADM would talk about the need for sustainable agriculture. Back in the 70s when we got praised with the prospect of exporting our food both processed and just row crops, basically wheat, rice and soybeans and other people were too, the bottom fell out of global support in rich countries for sustainable agriculture in poor countries, and by 1981 it became virtually nonexistent. Bob Zoellick, bless his heart, is the first World Bank president to stand up and say this was a terrible mistake, but he does not have the money he needs.

I work in Ethiopia with my AIDS project. Two summers ago when I was over there, if you get sick in Addis, you're fine, but 60 percent of the people live in villages of a thousand or less and they only have 700 clinics in the whole country, so I had to get out around the country to see what we were doing on that. They had a bumper crop, by the winter they had a famine in the Horn of Africa. They didn't need a famine. They had no storage. They had no distribution network. They didn't have the things that the Agricultural Extension Service was establishing in the United States in the Depression. The farmers are plenty smart. They know what they're doing. In other places you'd get better seed or better fertilizer and

you can do a lot more. There are lots of examples including work we've been involved in Rwanda and Malawi that show that you can do this, but it is not inconsistent with her business to have farmers be able to grow things that people have to consume on site instead of having to bring that in to stay alive. If she believes that, then maybe we got a chance to get the World Bank and some of these other institutions funded to the point where we can have nongovernmental groups that understand about what needs to be done and go out and work with these farmers and have more people feeding each other, and that will solve a big chunk of the hunger problem. There is far more capacity for sustainable agriculture to completely feed the people in poor countries to keep them alive than is being tapped today, and that may be the most important point that anybody will make today. So thank you very much.

MR. DERVIS: Patricia, would you like to react just a little bit in terms of the balance of agricultural production worldwide and how it's affecting your company, your strategy? Maybe a word also on the green side of things, on the sustainability side.

MS. WOERTZ: Maybe I'll pick up on the last thing you said and also build on President Clinton's comment. All of this is interconnected, the sustainability, the philanthropy, the social investing. We call it sustainability in our company and created a Sustainability Steering Process and Committee, and the three big things that are critical for us again longer term and also that we need to take more urgent action

on now have to do with water, climate change and the supply chain which gets all the way from the farm through the end product.

To comment on green if I could for a moment, just a little bit of context. Some of the crops that are grown around the world, if you think about any of the crops that are harvested in some of the most fertile regions of the world, somehow they find their way to your breakfast counter or lunchbox or dinner table through some process unless you're eating just the vegetables out of your back yard, for example. Out of corn we produce 24 products from a kernel of corn. Some may be more familiar to you than others like an ethanol or a corn syrup, but it's many of those other different products that also can drive the green. We think about trying to reduce the amount of sweetener that might be in our children's drinks as you referred to. What would we use that stream for? That stream may go to replace chemicals today that are made from petroleum but instead come from a bio base like a plastic, a biodegradable plastic, many other industrial chemicals that can be taken from part of this stream that we don't want to waste one little item, there is no waste in the system, so that every single part of the stream of corn in this case does not go to waste but instead goes to some product including ultimately green energy whether it's biomass, whether it's advanced fuels related to - ethanol biodiesel today are the only transportation fuels that is sort of an alternative that is an alternative to gasoline produced, but the next

generation will also be important and we have several investments along those lines.

We talked on the way in about carbon sequestration.

Another example of carbon capture and sequestration that's important to the longer term for any major manufacturer whether they are in food manufacturing or other is to be able to find a way to take that carbon and at least the pathway today might be able to capture it off of the manufacturing and into store it into the ground longer term. We have one of the largest, I think it is the largest actually, that's in stage four development in the United States, a joint venture with public-private NGOs. It is with the Department of Energy, Archer Daniels Midland, the Geologic Consortium in the Midwest to put CO₂ under the Illinois Basin in Illinois, Indiana and Kentucky, a very large basin under a third capstone and sequester it for experts believe for a 1,000 years without much migration. It will be a 3-year test to see where that goes, but again another example of where we think some of this effort in green needs to be taken.

Maybe one last comment that President Clinton said earlier, you have to have a business case for all of this. I think the business case or good economics really comes into play if you think enough longer term for what the demand from the customers might be. In our case because we're not a consumer company, we're not a household name like a Coke would be, we would go to companies and customers like Coke and ask

what that longer term strategy is in their mind and be able to back-engineer some of these new products, some of these greener products, some of the products that might replace what exists today to be able to match that economic need in the future.

MR. DERVIS: Thank you very much. I think the coal example, and all the examples, but the coal example is particularly important. There is not going to be a solution to the climate problem without having cleaner coal and without being able to manage the coal problem. So when you explain to us that you're doing it right now and that progress is being made, that's extremely encouraging.

Muhtar, could you perhaps tell us a little bit about how this has affected the spirit in the company, the morale, the internal value? And also what advice do you have for others who are perhaps not quite as far along? In this day where corporations are again being questioned because of the economic crises, problems in the financial sector, the kinds of activities, doing well by doing good, what does it do for the company?

MR. KENT: I think unless you are able to make it an integral part of your vision, and you have to do it in our case not just ourselves internally as the Coca-Cola Company because the Coca-Cola Company is part of a system and the system is called the Coca-Cola System and the system comprises also 300 bottling partners around the world, and with the system we employ directly 1 million people around the world. Ourselves we employ about 100,000, but with our system we employ 1

million, and of course, makes a distinction between whether a person in the Coca-Cola System is employed by the company or a bottler in Argentina or a bottler in Switzerland because everyone wears the Coca-Cola hat and everyone drives a Coca-Cola and everyone wears a Coca-Cola uniform that they see, so they're all part and parcel of the system.

What we did is get together with our 300 bottling partners and crafted a vision for 2020. We call it the 2020 Roadmap. In that vision, one of the key pillars is the planet together with portfolios, together with profits, together with partners and together with people, but one of those key pillars is the planet and planet is part of the way we think about the business and that's been the cultural change all the way up and down into the entire company, and also the same is true with our supply chain. We often have meetings with our suppliers to ensure that they are an integral part of that 2020 vision. In fact, this year we're holding a Supplier Sustainability Summit. Our key 15 to 26 supplies that make up our supply chain, we get together at the highest level and we'll do that in a couple of months so that we can ensure that they play an absolutely critical role in the supply chain because unless you get it through the supply chain, you can't really make it part of the vision. When it becomes part of your strategy every year and on a long-term basis, it really becomes embedded into the culture of the company and it becomes good business.

I'll give you another example. Soon we will be manufacturing some of our products in what we call bio PET bottles.

What are bio PET bottles? Bio PET bottles are similar to the bottles that you see here when you look at them, but are actually made of a blend of PET resin. Part of the resin is still virgin PET that comes from petroleum, the byproduct, but the other part of the resin is a hybrid that is made from sugarcane extract. I think those are the kinds of initiatives that you can only get done when you believe that they really make business sense. It's not a cost, it's an advantage, and over the next 10 years that single initiative will transform the whole concept of recycling around the world for beverage containers. So it's just one initiative that goes into it.

Another one is natural nonnutritive sweeteners. It's been an integral part of our innovation for the last 4 or 5 years to work with again our key supplying partners to ensure that we can develop a nonnutritive natural sweetener who is now developed, and we launched some of our products with that sweetener now available on the U.S. market, Vitamin Water 10 is an example, some of our Odwalla juices, and now Sprite, one of our main sparkling beverages. As the supply wraps up, we see us supplying that innovation to a lot of more products, and back to what President Clinton said in terms of ensuring that a lot of our new products are both low and no calorie, but also natural.

MR. DERVIS: Thank you very much, Muhtar. Yes,
President Clinton?

PRESIDENT CLINTON: I just want to interject one little reality dose here, because we have these two giant companies being run

by people who get it. It's very important if you've listened to all things they're doing, they can afford to finance and drive this all the way through the supply chain. I agree with them that it's good business, it raises employee morale, but it also changes the whole brand in the mind of the public.

Think of what trouble Wal-Mart was in 5 years ago. Everybody said it's anti-labor, they pay low wages, they don't give health care benefits, they employ illegal immigrants. So they sell \$4 prescriptions. They come out with a health care plan that is actually as far as I can tell the most progressive one with one of those health savings accounts which I don't like, but theirs is good because they give you primary preventive care with no out-of-pocket. And they cut their packaging 5 percent and it's like 211,000 diesel trucks off the road. They changed their whole brand, and they reported increased profits. This is an economy that's good for them because they're low-cost sellers, but still it changes the brand.

The thing I want to talk about is we have to change a lot of our delivery systems for the smaller companies to access this and for NGOs. Basically what the President is leading us through now in the Treasury Department, we're going through a wrenching change in the delivery system in finance and it's going to be more transparent and we're going to have more sensible risk assessment, thank goodness, and so I

predict that when we come out on the other side of this, we'll have more old-fashioned finance with more modern products and services.

We're going to do health care reform. I've been schooled on this by my daughter who's now in the School of Public Health at Columbia, but she gave me a paper the other day which said, yes, Medicare is in terrible trouble, but over the next 25 years, 80 percent of the cost increase is not going to be all of us baby-boomers retiring, that's 20 percent. Eighty percent is applying to that extra 20 percent the cost curve in health care. It's inflation because the delivery system is not sustainable, and the same thing is true in energy.

So one of the things that, Kemal, we need a lot of thought about is, and one of the things that I hope we can do more at the Global Initiative because we're trying this year to really focus on the processes by which you reduce poverty or increase education or health care or fight climate change is how you access this if you're not as big as Coke or ADM.

For example, people tell me all the time there's only so much you can do with solar and wind and conservation. Bull. You can do more with conservation than anything else and you get more jobs out of it. For every billion dollars you spend on a coal-fired power plant, you create 870 jobs; on solar depending on whether it's photovoltaics or solar thermal, just under 2,000 jobs per billion. For wind, if you make the windmills and assemble them in the country and put them up, 3,300 jobs. For building

retrofits, 6,000 jobs. The United States ranks about a hundredth in energy efficiency in the world. It's a bird's nest on the ground. Why don't we do it? Because the financing favors highly centralized construction. If he cut his water usage 20 percent in a year, it's just like he goes out and drills wells and finds water and pumps them up. The tax treatments there are not as disparate as they are for these other things, and if you can't do it that way, you have to do something for the end user, the consumer.

That's why I really hope that this automobile trauma that's going through as a positive outcome, but I was encouraged to see that the government is apparently going to offer a big incentive for people to turn in their old clunkers. Somebody needs to be thinking about how we're going to have a much bigger recycling industry and what's going to happen there because it's much cheaper to produce recycled steel and aluminum than it is to make it from the get-go and less energy intensive. But there's lots of things like that we need to think about.

We're greening the Empire State Building. My foundation is working on that in New York. We're going to cut their emissions by 38 percent. They're going to get a LEED Gold Rating, a Depression-era Art Deco building, 6,500 new windows are all going to be assembled and put in on site. We're going to actually do a lot of the manufacturing work on site. But the point is it's only possible because it's a big building and the guy who owns the building can self-finance it, and it's got a 7-1/2 year payout as opposed to a 20-year payout on a coal-fired power plant.

One of my technical partners in Sweden helps convert landfills. We ought to close every landfill in every big city in the world. It's an energy source and a goldmine. He's got a state-of-the-art facility, and no landfill in Gothenburg, Sweden. It's a great city in Northern Sweden with a half a million people. Their utility bills are \$35 million a year less because they create electricity from their landfills, but it took them 17 years to pay it off. Why? Because they treated it as if they were building a coal-fired power plant which would have taken them 3 years longer to pay off and not less. But most cities that want to do this can't work the financing because they don't have the same access. So I'd like to see those of you who are about all this stuff, think about delivery systems and how we have parallel financing systems so companies not as big as Coke and ADM can access the same flow of history.

Our companies that are in trouble like the automobile companies can have somebody come around and figure out why shouldn't the federal government retire all of its fleet early? Create a market for these auto companies. Why doesn't the Defense Department get rid of all their fleet? We need to think about the financing disabilities of these transformations we need to make as a delivery system problem because it's a horrible problem if you're not big enough to do a lot of this on your own.

MR. DERVIS: Thank you very much. Lots to think about and I do believe perhaps the incentives in the financial sector if they were

a little more long term would be part of the solution perhaps. But let's turn to the audience. We don't have much time. In fact we have very little time, but maybe two or three questions and then President Clinton and our guests have to leave.

SPEAKER: This is a question for President Clinton. As one follows the climate change debate in the Congress that's happening, is there not a disconnect in the following sense? Much of the climate debate as it has played out in the country is perceived by the consuming public as an application of pain and suffering through higher utility bills, higher gasoline costs, and benefits that are abstract in nature or very, very long term. Yet the reality is that many of the benefits of climate change controls, greenhouse gas controls, are much more immediate than that. Is there not a need to reframe this climate change debate? And how would you rearticulate it?

MR. DERVIS: President Clinton, with your permission could I just maybe ask one more question, if there are of course?

MR. LAYTON: I'm Ron Layton from Light Years IP. I wish to ask a question to the two corporates here. You may know, and President Clinton knows very well, that poverty and environmental degradation go together, and because Ethiopia's coffee farmers are among the very poorest and most successful coffee farmers and exporters in the world, unfortunately Ethiopia has to take on a very nasty and now highly unsuccessful flower industry that's damaging the country and it's actually

losing money -- conditions. So we came to a corporate like you folks about 3 years ago and said could you actually look at the Ethiopian case for doing exactly what you do which is manage our supply chain and license our distributors in this country. A big corporation, Starbucks, fought tooth and nail. All the big corporations like yourselves fought tooth and nail, and Ethiopia had to really, really struggle to get that situation to change -- the second Starbucks agreed and said we can change our business model. We can allow you to earn more out of the very successful export that you have. So Ethiopia went out from 100 million now to 2000 million to 200 million out of 2000 million and Starbucks did very well. So we're coming to you both with different clients now in Africa in a similar situation. How will you react to holding onto your business model or can you adjust to this kind of approach?

MR. DERVIS: I think we're running out of time, but President Clinton, you first.

PRESIDENT CLINTON: First of all, I would sell this as the great economic opportunity that America has had since we got out of the Depression by mobilizing for World War II, and we don't have to kill anybody to do it this time. In fact, we're going to save the planet for our grandchildren. What I would do is adjust the financing mechanisms. If you put a price on carbon today and you start paying it tomorrow and you don't realize the savings from clean energy or alterative energy for 10 years, if you do it in that stark way, you will have a short-term reduction in

GDP and a long-term gain and a lot of people won't be around in the long term and it's hard to sell now because people's incomes are down. So what we need to do is to work the financing so you share the savings immediately. One of the things that I think should come out of this energy debate is there should be a federal mandate for decoupling in this country, otherwise we're going to have to go raise the financing for all this energy efficiency. If a utility could make just as much money financing the energy efficiency of the Empire State Building and all the other buildings in Manhattan as it could building another power plant, then they could share the savings immediately. That's what I was going to do on my own with Republic Buildings before the banking collapse. That is, I had a deal with the energy service organizations to guarantee savings and then banks to loan money longer term to public entities and take repayment only from the utility savings so there would be out-of-pocket costs, and under certain circumstances to share them. Since utilities can finance over 20 years if you had decoupling, let's say they come to your home and they cut your energy use 30 percent, they could give you a 15 percent reduction on power bills right away, take the other 15 percent for 20 years and cover the loan as if they build a mini coal-fired power plant and put one hell of a lot ore people to work.

That's what I'm telling you. We've got to focus on the delivery systems to make sure we do this and sequence it right. I want the Congress to pass a strong bill, I think we've got to put a price on carbon,

but how we do it will determine whether we can start from the get-go making money out of it. I think it can be the salvation of Detroit if we do it right. I think that there are lots of opportunities here, but more focus needs to be on how we're going to do it than how much money we're going to spend on it. We need to figure out how to make it good business, and people like you need to help. I would sell it. I wake up every morning happy about it.

I've got a friend in California that just built the world's first carbon positive airplane hangar. It will take all business jets and small commercial planes. It produces 110 percent as much energy as it uses at full utilization and saves all the plane owners \$1,500 a day in jet fuel because they don't have to turn the engines on to check their instruments, and it produces so much energy that it actually provides all the utilities for 19 homes in the neighborhood, and it was built for \$30 a square foot less than an airplane hangar of exactly the same size next to it. So that's what we got to talk about. We got to stop all this Chicken Little talk and get the show on the road and talk about the positive stuff.

MR. DERVIS: Patricia and Muhtar, maybe it's just see whether there are one or two more questions. Yes, Norm. And then you can take the other one.

SPEAKER: My question has to do with reducing poverty and increasing economic growth in developing countries. Earlier in the discussion there was mention of the role that government can play in

facilitating partnerships with business. So my question is from the perspective of donor governments that really drive trade policy and development assistance policies, and from the perspective of developing countries, what are some examples of those that those governments could be doing to encourage the kind of partnerships that really work for poverty reduction and economic growth?

MR. DERVIS: Yes, one last one. This will be the last question.

SPEAKER: I want to just piggyback on that and focus on reducing poverty here in the United States and thinking about maybe applying some of this creative thinking about the distribution system and the role of business. We have in the U.S. workforce about 80 million people who are employed who have deficiencies in their skills. We have a distribution system for adult education that doesn't really connect to the realities of employers and employees. Employers invest about \$110 billion in training but usually for people who are already pretty highly skills. So how can business work more effectively with the distribution system of adult training to address the skills gap of current employees in order to create a more highly productive incumbent workforce and also to build a much more productive pipeline of workers and focus on the poverty issues within the U.S.?

MR. DERVIS: Patricia? A question and then any last words.

MS. WOERTZ: I'll start a little bit with the end any maybe work around a bit. I think your question is a good one. Often when we talk about poverty or areas with focus we forget about our U.S. and talk about all the severe issues outside of the U.S., and education happens to be a focus area for our ADM Cares Program within communities, an area that addresses your question directly is the JAG program -- the Jobs for American Graduates -- that I think employers can very much be a part of within communities for the less skilled. Even those that are not graduating high school, the data is very clear that -- particularly in communities that have low graduation rates the employment is -- it follows from that that it is not there. The companies working with those schools, working with those local communities can make a huge difference, and I think it is -- does need to be communities within which we work and live as opposed to the broad spectrum, because that's where you get the local volunteers. You get the commitment to the funding as well.

To get back to a couple of the other questions related to fair trade, as well as what can governments do, I think these partnership opportunities with private sector governments, NGOs need to focus, in my view, on the one or two areas that can truly make a difference in the long term in bringing the right partnerships together, so it's the right companies, the right NGOs to find that common ground. Sometimes there's not common ground when you bring an issue to a company, but I believe, generally speaking, there is common ground if you want to continue to do

business. Whether it's selling into, exporting, building infrastructure, if you want to do business you have to have the right permit come from that community. So, you will find common ground if you search for it. So, keep going back and looking for it, because I think governments have the best opportunity to say where that common ground exists in that focus for that particular country or community.

MR. DERVIS: Thank you.

Muhtar?

MR. KENT: Just very quickly, let me give you one example that addresses the issue of business model, flexibility, reduction of poverty, social empowerment, and economic empowerment. We're the largest employer on the continent of Africa. Our Africa Foundation created a concept called Manual Distribution Center. It's now employed in 14 different countries in Africa. What it does is our business model calls for us to distribute our products with our own trucks to the end customer, which then, the consumers come and buy our products from there. What we found in Africa is that we should change our model, be more flexible, and create individual entrepreneurs that can take our products to smaller villages.

We now have 2500 of these Manual Distribution Centers in Africa. They employ 11,000 people, and we have created 2500 entrepreneurs in 14 countries. The key here is we trained them in basic accounting, we trained them in hygiene. We trained them in basic

marketing skills. The Harvard Kennedy School just completed a study on the Manual Distribution Centers two and a half months ago and said that we -- this is a great opportunity and we should continue with the IFC -- International Finance Corporation -- and they have given their total backing.

And one other thing we found in here is that most of the time we get better cooperation from small city governments, municipalities, mayors than the federal government, and that's been a great learning for us. So, we may not get the ear of the federal government, but we sure as hell get the ear of the mayor or the head of the village or the governor, and that really works very well. We are now, in the next two years, going to set up another 2000 of these employing -- that will create an employment for an additional 8500 people, and so we've changed our business model to be more flexible. We're working with governments, working with local governments most of the time.

And the next phase, the second phase -- another thing we're doing, which came out of the study from the Harvard Kennedy School is -- this is a great opportunity in Africa to empower women. So, what we've said is that half of the new MDCs -- Manual Distribution Centers -- are going to be women entrepreneurs. So, that's another, again, social empowerment, which is critical, because what this does is it changes the awareness and creates the notion that people can help themselves. You've got to help people to help themselves to win in this game of

eradicating poverty. And it is a great business (inaudible), because our products get distributed to the village at the same time at the best cost and in the most effective way.

MR. DERVIS: Thank you very much.

President Clinton, one last word?

PRESIDENT CLINTON: On the international -- let me just say, first of all, we need more money for assistance. The American people will support this. They believe we give 10 to 15 percent of our revenues in foreign aid, and it's more like 1 percent. They think we ought to give 3 to 5. The Secretary of State, with support of the President, has asked for a doubling of foreign assistance -- be the best money we ever spent.

Secondly, we've got to spend it right. Too much of American foreign aid never leaves our shores. There needs to be a total deconstruction of this. Hillary and I went out for a walk the other day. We were going to Strobe's house. And on the way there and on the way back, we met two women, one in her 20s, one in her 40s, who worked for international health NGOs. And they were working in Washington, D.C., instead of someplace else. Why? They've got to hustle the money, they've got to write reports, they want to analysis. It's ridiculous, and it's not just America. We should put 80 percent of the money that Congress appropriates -- that ought to be our goal -- for foreign assistance in the countries. Then we ought to focus -- I agree with what has just been said

-- on empowerment. We gave 2 million microcredit loans a year when I was President. That's enough to change the life of a lot of villages. Not enough to change many countries.

Bangladesh, as you -- those of you who know it -- there's always trouble with these huge factional political fighting with the two women who had the big political groups who were -- one lost her husband, one lost her father, a political assassination -- and unfortunately they virtually grind the country's politics to a halt from time to time, and all this grinding before the current collapse, the Bangladesh economy is growing at 6 percent a year anyway? Why? Because they have the thickest, oldest network of microcredit empowering people at the grassroots level. So, we can do it.

The second thing I would say, to echo what's already been said, you put all the girls in school and give all the women access to the labor market, you would slow population growth and increase GDP in a more balanced way in every continent on earth.

The third thing is poor people should be part of the energy revolution. One of our CGI partners has electrified an Ethiopian village where I visited. Every little hut's got a tiny little solar reflector, enough to run a TV at night or keep the lights on to study, and they've got one school building -- only one -- that the people in the village picked how they wanted it lit. There are four corners of the schoolroom. Two of them are lit with compact fluorescent bulbs; the other two have LED lighting. Why?

Because the women can go in and work at night in the diffuse light of the compact fluorescent bulbs, and the kids can go in and study and read at night in the concentrated light from the LED bulbs. Don't patronize poor people. They'll do just fine.

And the final thing is, to go back to what Patricia said, I just think it's so important. We've got to get the show on the road taking sustainable agriculture up to scale. We had this notion that because Brazil and Argentina had 22 feet of top soil and America was productive and Europe was productive and the green revolution was in order that we just didn't have to help poor people everywhere farm. It just was wrong to think that they somehow could skip that stage of economic development.

Now, in America -- you asked about America. I started something when I was President called the School of the Work Transition and we really tried to organize all the private sector people who were interested in it to get everybody into at least two years of some kind of post-high school training shaped by the demands of the economy, driven by the employers. And it kind of fell off. We need to go back to that. And we need to give -- we need to make it more affordable and accessible, including college.

The Pell Grant covered 74 percent of the cost of a year of college in 1970, covers about 35 percent today. And, again, the delivery system is not sustainable. I had the biggest increase in college to date since the GI bill and the gains were gone in five years. It was as if I had

never done anything in terms of the pocketbook impact. So all of you who -- Bill Galston is out here nodding his head -- all of you are involved in higher education, we're going to change the delivery system. This is not sustainable anymore than health care is.

The third thing I would say is we're bringing -- the Grameen Bank is about to open a branch in the United States in New York City and other places. We had the first federal funds for domestic microcredit. I opened -- Hillary and I raised the money 25 years ago for the first rural microcredit bank in America, and it's still going. We need to do more of that here.

And then let me just give you some really mundane stuff. This year in New York City, over a hundred thousand people who were eligible for the income tax credit did not claim it. I get every tax cut I'm entitled to. And I don't even have to think about it, right? Pay the accountant, (inaudible) me, they just practically throw your tax credits and reductions at you. The EITC, the most important tax break in the entire tax code, is the hardest to get. It is not user friendly. So, we either ought to have employers and others helping people get it as we lobby the Congress to make it more user friendly.

And, finally, we're talking about hunger, which is the flip side of childhood obesity in America, the same group of people. It just depends on what line, what side of the survival line you're on.

The President, in his stimulus package, extended food stamp benefits. I thought it was a wonderful thing to do. Sixty-five percent of the food stamp benefits were claimed. Thirty-five percent are not claimed. Even in this terrible economy. And what's really unbelievable is its drastic variations by state. Some states only 50 percent of the eligible food stamp dollars are claimed; in other states it's over 90. So, if you're an interested citizen, if you're an NGO person, if you're an employer, we ought to figure out what to do about that. It is a horrible problem. You want to do something about poverty in America with the food banks going broke? Get the food stamp claiming up above 90 percent everywhere.

MR. DERVIS: Thank you very much, President Clinton, Patricia Woertz, Muhtar Kent. You not only shared your enthusiasm, but you gave us very concrete examples of what can be done, what you are doing already, but you also underlined the huge challenges ahead. So, thank you very much for doing this, and thanks to all of you for joining us.

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