

Department of Industrial Economics and Technology Management
Contacts during exam:
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TIO 4195 Environmental Management and Corporate Governance
Monday, 17th December 2012
Time: 0900 - 1300

Help facilities, D: English Dictionary, otherwise no printed or handwritten material allowed.
Evaluation deadline: 17. January 2013

Answers may be written in English or Norwegian

Answers should include concrete examples from course readings, project experience, and case studies when appropriate.

Exercise 1 – Frameworks – 10 points

Choose two of the following questions. Each question gives 5 points; a maximum of 10 points is given for this exercise.

- A. Who are the stakeholders of a firm? Why is analysis of stakeholders important, and how are stakeholder frameworks helpful towards understanding and communicating with the stakeholders of a company?
- B. DPSIR is a framework developed by OECD and adopted by the European Environment Agency. It can be used at the global, regional and local levels to set policy and determine future actions. What process is described by the acronym (name the component of each letter), and how is it used?
- C. Communications is central to risk activities within the firm per the International Risk Governance Council (IRGC) framework. Describe activities in the framework, and the categories of risk communications.

Exercise 2 – Corporate Governance – 10 points

Choose two of the following questions. Each question gives 5 points; a maximum of 10 points is given for this exercise.

- A. How do companies use codes of conduct to contribute to their position on social responsibility?
- B. The company Aarstiderne is an example of social entrepreneurship. What are the attributes of these firms and how do they differ from traditional companies?
- C. Transparency and accountability are two key elements of good corporate governance; describe the evolution of corporate reporting and the contribution of reporting to corporate governance and corporate social responsibility.

Exercise 3 – Environmental Management – 10 points

Choose two of the following questions. Each question gives 5 points; a maximum of 10 points is given for this exercise.

- A. Describe the main principles for the development of an environmental product declaration (EPD), and discuss how EPDs can be used to achieve more environmentally sound behavior by producers and purchasers of products.
- B. Explain the main steps in the implementation of an environmental management system. Discuss and give examples of practical problems that can occur during the introduction and ongoing operation of such systems in an organization.
- C. Describe the Global Reporting Initiative and the role of performance indicators for benchmarking. Give examples of operational performance indicators and management performance indicators.

Exercise 4 – Trends – 20 points

Answer the following questions. Each question gives 10 points; a maximum of 20 points is given for this exercise.

- A. Vision 2050 includes a roadmap for companies to participate in the progress from the current situation to reach the stated goal: “In 2050, around 9 billion people live well, and within the limits of the planet.” Describe the origin of the roadmap, how it is constructed, and discuss how a company could use the roadmap to set their own strategy.
- B. ISO 26000, Guidelines on Social Responsibility, is organized by 7 core subjects and 7 principles, as shown in the matrix in figure 1. Choose a company that you understand relatively well (e.g. a case company, or your project company) and select 3 cells from the matrix (e.g. transparency/labor practices) to provide the following advice:
 1. What is the current state of this practice in the firm?
 2. What improvements could be made, and which actions should the company take to reach an improved state?
 3. How will the firm measure the results of these actions to know if they are improving?

Core subjects / Principles	Organizational governance	Human rights	Labor practices	The environment	Fair operating practices	Consumer issues	Community involvement and development
Accountability							
Transparency							
Ethical behavior							
Respect for stakeholder interests							
Respect for the rule of law							
Respect for international norms of behavior							
Respect for human rights							

Figure 1. Matrix of core subjects and principles from ISO 26000

Exercise 5 – News of the Day – 10 points

Read the news item provided on the last pages of this exam. Discuss this press release from Coca Cola in terms of all aspects of this course curriculum – global frameworks, sustainability, environmental management, stakeholder management, corporate governance, and corporate responsibility. Your answer should include a critical analysis of what the company is communicating to the public.

NEWS ITEM (source http://www.csrwire.com/press_releases/34845-Coca-Cola-Releases-2011-2012-Global-Sustainability-Report)

Coca-Cola Releases 2011-2012 Global Sustainability Report (November 7,2012)

Report Highlights Sustainability-Minded Innovations Critical to Formula for Growth

ATLANTA - The Coca-Cola Company (NYSE: KO) today issued its ninth annual Sustainability Report and second Global Reporting Initiative (GRI) Report highlighting the Company's efforts to create value for shareowners while enhancing well-being for people and communities around the globe.

"Coca-Cola is intent on growing our business by making a difference wherever our business touches the world and the world touches our business. We are committed to enhancing people's lives, economically empowering women, providing access to safe water and promoting water replenishment - in collaboration with critical partners from civil society and government," said Bea Perez, Chief Sustainability Officer at The Coca-Cola Company.

Since naming its first Chief Sustainability Officer in July 2011, the Company has evolved its sustainability framework. Formerly organized across seven pillars and themed, "Live Positively," the new framework focuses sustainability efforts into three pillars: People, Communities and Environment. This new approach was designed to further embed sustainability initiatives into business plans, while providing clarity to consumers.

Highlights of key sustainability efforts and accomplishments achieved by the Company and its nearly 275 bottling partners worldwide, many of which are detailed further in the 2011-2012 Sustainability Report, include:

- Our portfolio includes full-, reduced-, low- and no-calorie sparkling beverages, waters, juice and juice drinks, sports and energy drinks, teas, coffees, and milk- and soy-based beverages. We now offer more than 800 low- or no-calorie options -- nearly 25 percent of our global portfolio. Since 2000, our average calories per serving have decreased by 9 percent globally.
- The Coca-Cola system currently sponsors more than 280 physical activity and nutrition education programs in more than 115 countries with a goal to provide at least one such program in the more than 200 countries where it has operations by 2015.
- The Company's 5-by-20 initiative to enable the economic empowerment of 5 million women entrepreneurs across its value chain by 2020 has gained exciting momentum over the past year. By the end of 2011, 131,000 women were empowered throughout Brazil, India, the Philippines and South Africa, by programs that offered access to business skills training, financial services, assets and networks of mentors and peers. We expect to enable the economic empowerment of 300,000 women by the end of 2012.
- In 2011, the Company and The Coca-Cola Foundation gave back a total of \$123.5 million to improve living standards for people around the world. This is a 21 percent increase over 2010.
- Since 2005, as part of the efforts to become water neutral by 2020, the Coca-Cola system has conducted 382 community water projects in 94 countries, working hand in hand with local governments

NEWS ITEM (continued)

and partners including WWF, the United States Agency for International Development, The Nature Conservancy and CARE. Also in 2011, the water use ratio in manufacturing operations achieved its targeted 20 percent reduction, based on a 2004 baseline. In September of this year, the Company announced a long-term global clean water partnership with DEKA Research and Development to bring DEKA President Dean Kamen's "Slingshot" technology to communities where potable water access is limited.

- The Company has distributed more than 10 billion fully recyclable PlantBottle™ packages across 24 countries, eliminating the need for the equivalent of more than 200,000 barrels of oil since the debut of this innovative plastic bottle in 2009. To continue to accelerate global production of plastic packaging made from plants, in September of this year, the Company announced a partnership with JBF Industries Ltd. To support the partnership, JBF Industries Ltd. will build the world's largest facility to produce bioglycol - the key ingredient used to make PlantBottle™ packaging.
- In response to a 2015 goal for all new cold-drink equipment to be HFC-free, approximately 24 percent of our 2011 cold-drink equipment purchases were HFC-free. Also in 2011, CO2 was adopted as the system's HFC-free refrigerant of choice for new equipment purchases. By phasing out HFCs, the Company expects to avoid the emission of more than 52.5 million metric tons of carbon dioxide equivalent over the life of its equipment fleet.
- With long-standing conservation partner WWF, Coca-Cola launched Arctic Home, the Company's largest cause-marketing campaign in its history. Together with Coca-Cola fans, awareness and funds were raised to help protect the polar bear and its habitat.

Perez says, "We recognize that the sustainability of our business depends on the health of the communities we serve. We also know that we won't reach our 2020 Vision of doubling the business without embedding sustainability into our business to drive efficiency and effectiveness."

The 2011-2012 Sustainability Report is a fully interactive website featuring videos, social media capabilities, third-party opinions on global challenges, and an updated digital design. The report, which can be accessed through smartphones, tablets and other popular mobile devices, follows the GRI's disclosure and reporting requirements, earning the Company's second self-declared grade level B+ with external verification performed by FIRA Sustainability BV.

About The Coca-Cola Company

The Coca-Cola Company (NYSE: KO) is the world's largest beverage company, refreshing consumers with more than 500 sparkling and still brands. Led by Coca-Cola, the world's most valuable brand, our Company's portfolio features 15 billion-dollar brands including Diet Coke, Fanta, Sprite, Coca-Cola Zero, vitamin water, Powerade, Minute Maid, Simply, Georgia and Del Valle. Globally, we are the No. 1 provider of sparkling beverages, ready-to-drink coffees, and juices and juice drinks.

Through the world's largest beverage distribution system, consumers in more than 200 countries enjoy our beverages at a rate of 1.8 billion servings a day. With an enduring commitment to building sustainable communities, our Company is focused on initiatives that reduce our environmental footprint, support active, healthy living, create a safe, inclusive work environment for our associates, and enhance the economic development of the communities where we operate. Together with our bottling partners, we rank among the world's top 10 private employers with more than 700,000 system associates.