

## **ROLE of LEADERSHIP in ACHIEVING SUSTAINABILITY**

Address by ALAIN BELDA,  
Chairman and CEO, Alcoa Inc

to

***Amcham-China and US Embassy  
"Leadership in Sustainability" Forum  
Beijing  
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Good morning.

Alcoa is pleased to be sponsoring this important forum on Sustainability.

This is a critical global issue which requires leadership from every sector of society.

I want to thank the US Embassy and American Chamber of Commerce for organizing this valuable multi-stakeholder dialogue.

I also want to thank the previous speakers for their impressive insights and wisdom.

Alcoa believes that sustainable companies are just that - sustainable in the long term.

For Alcoa sustainability means that our social, environmental, and economic impacts are important beyond branding or having the NGO community recognize us for trying to do the right thing.

They are matters fundamental to the environment, to our profitability, and indeed to remaining in business over the long term.

This commitment to sustainability must underpin all of our decisions and actions.

For a “values driven company” like Alcoa this means that it is an integral part of the company culture.

It’s part of our overall approach of integrating sustainability into corporate decision making, our manufacturing processes and our products.

It’s one of the reasons Alcoa has earned consistently high rankings in the Dow Jones Sustainability Index and recognition from the World Economic Forum as one of the top sustainable companies in the world.

As a leader in global business, Alcoa accepts responsibility in that leadership to be the force for change.

But no one business or government can do this alone.

We need joint efforts and collaboration across many sectors to develop long-term solutions.

We need engaged leadership from every part of society, particularly business, government and society to achieve the goal of sustainable economic growth.

And we need vision and persistent application to make this change.

Today, I would like to address ways for achieving step change in three critical areas:

*First,*

-- Climate change and energy,

*Second,*

-- Water management and conservation, a crucial factor in our fast growing urbanising world, *and*

*Third,*

-- Making sustainability a reality in business and society.

Let’s look first at climate change and energy.

Nowhere is there the need for more urgent and obvious solutions than the issue of climate change. Here in China and all around the world we are seeing this as a front page issue.

Recently, Alcoa and nine companies and four leading non-governmental organizations formed an unprecedented alliance called the U.S. Climate Action Partnership (USCAP).

We did this to send a clear signal that legislative action and leadership on climate change is urgently needed by the United States. Each year that we delay action to control greenhouse gas emissions increases the risk of unavoidable consequences that could necessitate even steeper reductions in the future, at potentially greater economic cost and social disruption.

USCAP's shared goal is to slow, stop, and reverse the growth of greenhouse gas emissions over the shortest period of time reasonably achievable.

Alcoa has been a leader in business in addressing climate change.

The challenge is significant, but I believe we can all grow and prosper in a greenhouse gas constrained world.

In order to meet this challenge society must fundamentally change the way we produce and use energy and much other economic activity and infrastructure across the globe.

Alcoa and our USCAP partners are convinced that we can build a global plan of action on climate change in ways that create more economic opportunities than risks.

Governments everywhere need to align climate change and energy policies to provide the tools to achieve necessary emission reductions and address energy security.

We need to engage this action in all sectors in all the leading economies, especially the United States and China, to make this a top priority.

Technology will be key, so we must place priority on research, and deployment of innovation.

We need to accelerate deployment of low- and zero-carbon technologies. These need to be deployed across every sector of economic activity.

China's growth - which is providing the engine for the global economy - offers an unprecedented opportunity to build urban, transportation and energy infrastructure which meets this challenge.

The Chinese Government has recognised this and is taking this up in its national environmental strategy. Its 11th "five-year" plan targets at building a resource-efficient and environmental friendly, circular and sustainable national economic system.

We have seen how innovation and new technologies have been growth drivers in the global economy in the past.

In the future, they will be the keys to driving sustainable growth.

For our part, Alcoa is committed to our industry and our products being part of the solution to climate change.

Alcoa has reduced its direct greenhouse gas emissions by 25% since 1990. We achieved this ambitious goal in 2003, seven years before our 2010 target date, and we have maintained the lower emissions level ever since. Alcoa is ahead of schedule in meeting many of the ambitious emissions targets we've set as part of our plan for reducing our environmental impact.

We do this by driving change in our energy use, striving for efficiency, innovation for cleaner processes, greater recycling and new technology.

Even though we've made substantive changes to reduce greenhouse gas emissions, we can and must do better.

We are developing new smelting technology that would eliminate all consumable carbon anodes and related carbon dioxide emissions, as well as all PFC emissions.

We are committed to decreasing the company's reliance on fossil fuels by increasing the use of natural, renewable energy sources that help lower carbon dioxide emissions.

Recycling is a central priority of Alcoa.

Aluminum is endlessly recyclable

Using recycled metal saves 95% of the energy it takes to manufacture new metal. Almost three quarters of all the aluminum ever produced in the past 100-plus years is still in use today.

Alcoa also wants to achieve the greatest impact through greater use of our key product in transportation.

Alcoa is a leading global manufacturer of aluminum auto components.

The typical aluminum auto part is 40-50% lighter than a comparable steel part. Every 10% reduction in a car's weight can result in a 7% reduction in the vehicle's GHG emissions.

We see expanding use of aluminum in automobiles and light trucks as good for the environment, energy independence, communities, and business.

The entire aluminum industry has the potential to be greenhouse gas neutral by the year 2020 as a result of the growth of aluminum in the transportation sector and capture of the weight savings to make lighter more fuel efficient vehicles.

We can achieve this from the transport sector if development of lighter weight cars and trucks is accompanied by accelerated efforts to develop a new generation of vehicles that will be powered by alternative fuels and new technology.

This represents a significant agenda for Alcoa and business in general into the future.

I want to move now onto a second major global sustainability challenge: that of sustainable water management.

It's estimated that by 2025, about 60 percent of the world's people will be living in water stressed countries.

Climate change is a critical factor affecting water availability in many ecosystems.

We are already seeing intensified competition for water in many regions of the world

While agriculture remains the leading global user of water, industrial growth and urbanization in the developing world are placing additional demands for greater water use and infrastructure.

Water availability is emerging as a development constraint in many regions. Population growth, higher consumption due to rising incomes, industrial development and changing agricultural production is placing critical pressures on available fresh water resources.

This is a business issue as well as one for consumers. In order to meet the demands of growing societies for goods and infrastructure, businesses like Alcoa need a reliable and replenished water supply for our business, our employees and the communities in which we live and work.

Alcoa is taking action to manage and preserve this precious natural resource in our operations around the globe.

We have reduced water use by 23 percent since 2000 and we are aiming for a 60 percent reduction by 2008.

Whilst we can do much to address water use in our own operations, we also must work closely with water providers and governments on pricing, infrastructure for recycling and rational water use.

In our experience and as is demonstrated by our dialogue today- for complex global sustainability issues like climate change and water management, finding solutions requires systemic change.

No one sector can successfully deal with them alone.

Significant step change in both these areas will require cooperation around the world by governments, business, NGOs and researchers to develop and promote research and bring solutions to market for the widest and most rapid deployment.

If we do that, we can succeed in making ourselves part of the solution – making sustainability a reality in business and society.

I am encouraged by the energy and ideas being exchanged at this dialogue, and I look forward to working with you to achieve our common goal of sustainable growth.

Reaching the challenge ahead of us won't be easy.

We recognize it will call for significant change.

I believe there is no other option.

Much greater is the risk of failing to act.

As an industry leader, Alcoa has the responsibility to help set the course for others.

In closing, I would challenge companies, communities, NGOs, and civic leaders to see the long term vision, setting aside short-term views so we can collaborate for the purpose of making a difference in the sustainability of our future.

We suggest a common direction which includes:

- Embracing climate change as a real problem needing real solutions
- Embracing transportation efficiency
- Embracing recycling and waste stream reduction in as many venues as possible

Thank you