

October 2015

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Building trust, inspiring a better future

# Packaging



**Coca-Cola**  
**Hellenic Bottling Company**



Central  
& Southern Europe



MILANO 2015  
FEEDING THE PLANET  
ENERGY FOR LIFE

## Issue Brief

# Packaging

## THE ISSUE

Coca-Cola HBC sells more than 2 billion unit cases of products ranging from natural mineral water, through sparkling soft drinks to nectars and juices, equating to 50 billion servings annually. We use a variety of materials with strict quality specifications to package our beverages in the 28 countries where we operate. Our packaging plays a key role in ensuring the safety and quality of our products throughout the supply chain, providing our retail partners and consumers with convenient and attractively packaged, safe products that meet and exceed their expectations throughout the shelf life of our products.

The Coca-Cola Company and Coca-Cola HBC as a system share a long-term vision to leverage our significant scale and resources to work towards achieving the circular economy concept in our organization. We do this through our 3 R principles: Reduce, Recover and Reuse. This means:

- minimizing the amount of material used in our packaging
- partnering with industries and communities to recover post-consumer materials
- making these available for reuse in our packaging and other purposes (recycling).

## OUR APPROACH AND PROGRESS TO DATE

We strive to act responsibly, earn the trust of the communities in which we operate, establish a solid

foundation for future growth and minimize our environmental impact. Our efforts to integrate social and environmental responsibilities into our daily operational routines have been recognized through our rating on external indices, such as the Dow Jones Sustainability Indices (DJSI), FTSE4Good, among others. Packaging plays a key role in our sustainability performance, scoring the maximum 100 points in the recent DJSI assessment, contributing to maintain the world lead position for Coca-Cola HBC within the beverage industry for two consecutive years.

In addition to our 3Rs principles, we strive to use packaging that:

- is made from responsibly sourced materials
- is assessed for lifecycle impact
- is designed to be effective, convenient and safe throughout its life cycle
- offers customers and consumers choices and meets their expectations
- can be recovered efficiently after use and recycled.

Our packaging continues evolving to meet changing consumer and customer needs, therefore addressing environmental impacts at every stage of its lifecycle by:

- optimizing the packaging we use
- increasing recycled and renewable content
- promoting recycling and recovery
- minimizing waste in our own facilities.

We close the circular economy loop by recovering and recycling packaging materials. Our progress on this to date varies substantially between countries due to different stages of social and economic development. We continue to work closely with governments, recyclers, suppliers and industry partners to establish or enhance collection and recovery systems, advance technological solutions and develop economically sustainable, closed-loop recycling solutions.

## **OPTIMIZING THE PACKAGING WE USE: REDUCE**

Since 2004, we have worked continuously to optimize our total packaging while maintaining high quality and food safety standards, improving functionality and delivering against customer and consumer needs. Our efforts to use packaging resources efficiently has resulted in significant reduction of the material used across all our primary and secondary packaging, and has been supported by supplier partnerships. These initiatives provide both positive environmental and economic impacts. As an example, we have reduced the amount of PET in our packaging by approximately 50,000 tonnes of resin annually. During the course of 2014, we further reduced our resin use by an additional 1,963 tonnes, generating €2.16 million in savings.

Through our partnership with Ball Packaging Europe, the lightest and most environmentally friendly can in the world has been developed and launched in 2014. We reduced the amount of packaging we use by developing lightweight glass bottles and metal cans, best in class closure weights and the lightest plastic labels in the industry to further reduce our use of materials.

We developed a new PET water bottle named Twist, which uses, on average, 22% less plastic. The lighter weight of the Twist bottle design facilitates collapsing to minimize its volume and optimize recovery and recycling. This new design has been successfully introduced in Greece and Hungary and deployment will continue in other markets.

We also work with customers to reduce secondary packaging such as shrink wrap and stretch film. Innovative solutions we deploy include pre-merchandised products that can be rolled straight onto the shop floor.

## **INCREASING RECYCLED AND RENEWABLE CONTENT**

A further way to reduce the impact of packaging material is to include recycled and renewable content. Coca-Cola HBC works with its suppliers to increase the recycled content of packages. Using recycled material in production is less energy intensive: 85% less for PET and 95% less for aluminum, which also helps reaching our carbon and energy targets.

We have substantially increased the amount of recycled material in our metal and glass packaging to 33.5% and 13.5% respectively and are continuing to increase the amount of recycled content in our plastic bottles.

In 2014, we increased rPET (recycled PET) content in our packaging up to 13,267 tonnes which is 31.5% higher than in 2013. In some markets, such as Austria and Switzerland, the recycled PET content has reached up to 50%. Since the consumer demand for PET bottles continues to grow, we must further expand the collection and recycling of these packages. By improving the availability and affordability of rPET we can increase the amount we use for our packaging.



## SOME FLAGSHIP ACTIVITIES

### PET to PET Recycling Austria

PET to PET Recycling Austria is a joint venture of 5 beverage producers, including Coca-Cola HBC Austria. What this plant does is it converts post-consumer packaging that has been selectively recovered as a result of responsible consumer behaviour and industry supported collection infrastructure. Every year around 20,000 tons of selectively collected and baled PET bottles are used at this plant - which is one of the most advanced of its kind in Europe - to yield food grade recycled PET flakes which we can use to produce bottles again. The PET to PET recycling plant in Müllendorf (Austria) has been in operation since 2007 and has been extended in 2010 to include a PET extrusion line to produce high quality and food-grade recycled material granulate. With its PET recycling plant, the Austrian beverage industry fulfils the obligations of the sustainability agenda signed by regulators, business partners and the waste and recycling industry. This agenda ensures the ecological recycling of PET bottles - which is a "closed loop system" - and a reduction in CO<sub>2</sub> emissions related to beverage packaging.



### Renewable PlantPET

Developed by The Coca-Cola Company, PlantBottle packaging replaces the traditional fossil-based ingredients used to make PET with renewable materials made from plants. The first generation of PlantBottle packaging which consists of 30% plant-based material has been successfully introduced in many of our markets, replacing 9.000 tonnes of fossil based PET, with a target to reach 12 countries by

the end of 2015. Our consumers have an emotional connection with this innovative packaging and PlantBottle has proven to be a top differentiator for water portfolio brands in Russia and Italy.

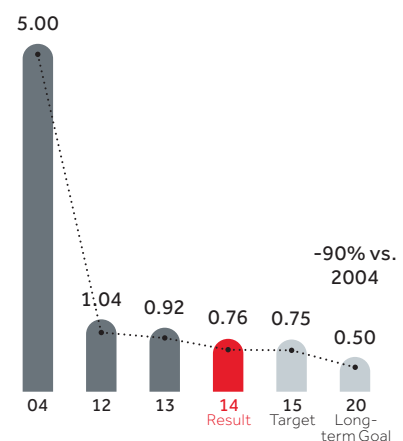


### Minimizing waste in our own facilities

To ensure that we walk the talk and lead by example, Coca-Cola HBC has committed that all bottling plants will recycle or recover at least 90% of its production waste. In 2014 we reached 91%, amounting to 88,792 tonnes of recovered and recycled waste.

#### Landfilled waste ratio

(g/litre of produced beverage)



We continuously divert waste from landfill and our goal is to achieve zero waste to landfill by 2020.



## Promoting recycling and recovery

Our UNGC Caring for Climate commitment is to become an active business champion for rapid and extensive response to climate change with our peers, employees, customers, investors and the broader public.

Coca-Cola HBC engages with stakeholders to develop an enabling framework for industry to contribute to an EU circular economy where there is zero waste, and to extend producers' responsibility for packaging. These stakeholders include national governments, inter-governmental organizations and civil organizations.

Investments in recovery and recycling contribute to the circular economy by creating value for communities and for the environment. We have been working on a circular economy for packaging for many years through the extended producers' responsibility concept. To this end Coca-Cola HBC has helped set up 19 recovery organizations in the countries where it operates. These organizations provide over 133 million people access to a collection and recycling infrastructure, allowing the recovery and recycling of the equivalent of 73% of our beverage packaging, on average.

Although we have supported the set-up of recovery organizations in 19 of the 28 countries we serve, some of our highest-volume emerging markets are not yet included and we are systematically working to establish packaging collection schemes to divert packaging waste from landfill in these countries.

The Wecyclers initiative in Nigeria, supported by Coca-Cola HBC from its inception, has deployed a fleet of cargo bicycles to collect and recycle waste in low-income neighborhoods in Nigeria. Families are encouraged to recycle PET bottles, cans and plastic sachets. For every kilogram of material collected, points are awarded that can be exchanged for cell phone minutes, food items or household goods. The program also sends collection reminders and gives instant rewards for participation. Finally, the initiative creates jobs by hiring local people to collect and recycle packaging waste. Our support

includes equipment purchases, like bikes and a baler for a collection hub in Lagos, advice on streamlining collection and sharing communication practices.



The participation of consumers is critical in the recycling loop. If consumers don't place cans and bottles into collection systems, these packages become landfill waste or litter, rather than feedstock for recycling and raw material for our bottles. To facilitate this environmentally responsible behavior on a large scale, we continuously conduct education campaigns on the importance of recycling and how to separate waste, and we also support recycling education in schools in a number of the countries where we operate.

## FUTURE OUTLOOK

By 2020, we aim to reduce the total carbon footprint of our beverages by 25%, including ingredients, packaging, manufacturing and cooling.

We continue to:

- increase our use of recycled or renewable content
- contribute meaningfully to the circular economy concept by increasing collection, recovery and recycling of our packages
- support recycling awareness and education campaigns, as well as anti-littering initiatives
- encourage consumers and communities to recycle containers and reduce the carbon footprint of beverages.

28 countries

136 brands

2 billion unit cases

€785 m EBITDA

36,000 employees

### OUR PUPOSE

"Bring togetherness, spread happiness and inspire a better future" motivates our employees to make a meaningful contribution to business and society.

### OUR MISSION

We seek to refresh our consumers, partner with our customers, reward our stakeholders and enrich the lives of the people in our local communities.

### OUR VISION

To become the undisputed leader in every market in which we compete.

#### Established markets

- Austria
- Cyprus
- Greece
- Italy
- Northern Ireland
- Republic of Ireland
- Switzerland

#### Developing markets

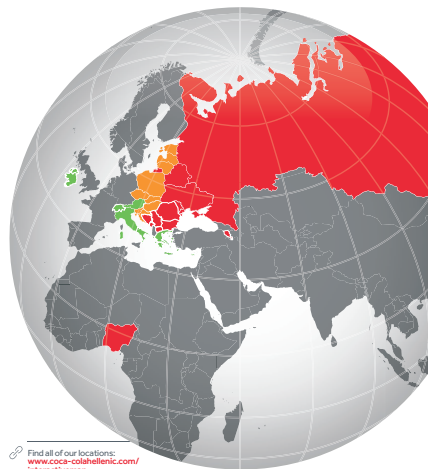
- Croatia
- Czech Republic
- Estonia
- Hungary
- Latvia
- Lithuania
- Poland
- Slovakia
- Slovenia

#### Emerging markets

- Armenia
- Belarus
- Bosnia & Herzegovina
- Bulgaria
- FYROM
- Moldova
- Montenegro
- Nigeria
- Romania
- Russia
- Serbia
- Ukraine

#### Our broad geographic footprint

We operate across 28 countries and three continents. Our territories extend from as far west as the Dingle Peninsula in County Kerry, Ireland, to Petropavlovsk, the easternmost point of Russia, and from the Arctic Circle to the tropics of Nigeria. This breadth provides attractive growth opportunities and reduces our dependence on any particular market.



Find all of our locations:  
[www.coca-colahellenic.com/interactivemap](http://www.coca-colahellenic.com/interactivemap)

3  
continents

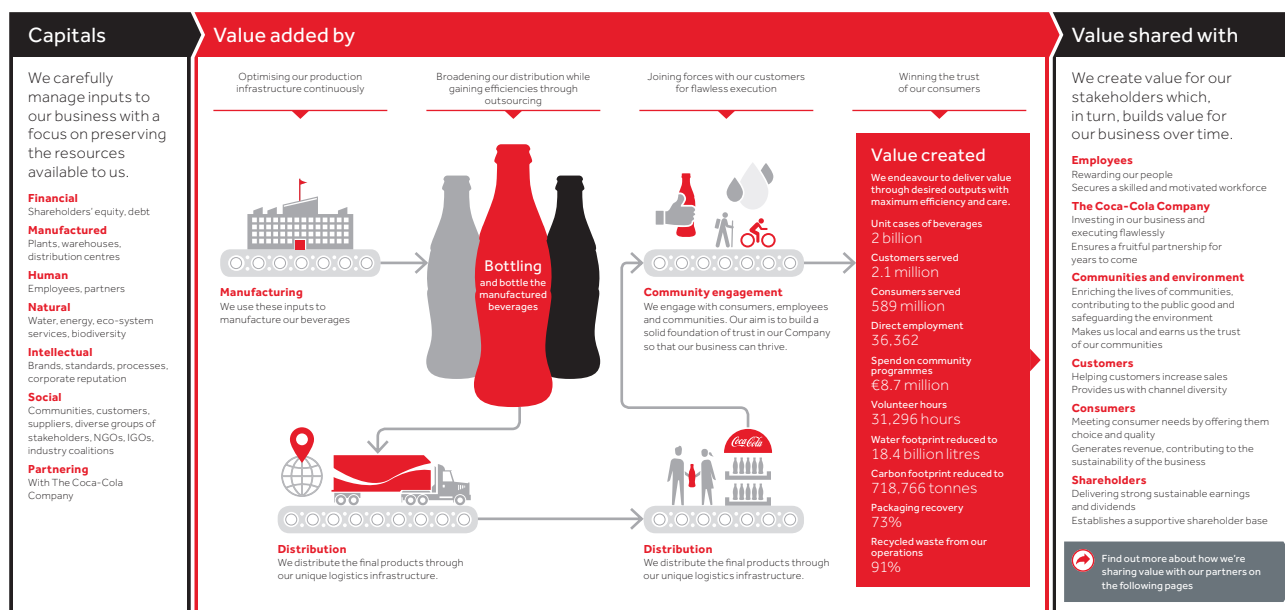
66  
bottling plants

302  
filling lines

307  
warehouses  
and distribution  
centres

589 million  
consumers

## DELIVERING SHARED VALUE



## FEEDBACK

We appreciate your feedback on this report and on any other aspect of our sustainability performance.

PLEASE CONTACT US AT

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Coca-Cola HBC has a premium listing on the London Stock Exchange (LSE: CCH) and its shares are listed on the Athens Exchange (ATHEX: EEE).

Coca-Cola HBC is included in the Dow Jones Sustainability Index ("Industry Leader Amongst Beverage Companies in 2014 and 2015") and the FTSE4Good Index. The company also has an AAA rating on its ESG performance by MSCI.

For more information, please visit <http://www.coca-colahellenic.com/>.