

October 2015

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# Water and Water Stewardship



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



Central  
& Southern Europe



## Issue Brief on

# Water and Water Stewardship

## THE ISSUE

The 2014 World Economic Forum Global Risks Report states that "Water security is one of the most tangible and fastest-growing social, political and economic challenges faced today. In every sector, the demand for water is expected to increase and analysis suggests that the world will face a 40% global shortfall between forecast demand and available supply by 2030."

Water stewardship is a key priority for the Coca-Cola system. We understand the priceless value of water, respect it as one of the most precious of shared global resources and work vigorously to conserve water throughout all of our operations because water is at the heart of our business. It is our primary ingredient, central to our manufacturing process and necessary to grow the agricultural ingredients for our products. Access to safe water is essential for human life, sustaining communities and supporting economic growth. Safe, accessible water is also essential to the health of people and ecosystems, sustaining communities and supporting economic growth. We recognize that water stewardship and responsible water use provide our social license to conduct business.

We are taking specific actions to mitigate the risks and capture opportunities stemming from water scarcity. From 2004 to 2010 Coca-Cola HBC achieved a 20% reduction in water use ratio and recently made the commitment to further reduce our water use ratio an additional 30% by 2020 against the 2010 baseline. The Company has developed a water strategy based on three fundamental principles:

- the water we use: protect the water resources supplying our facilities, reduce the amount of water we use to produce our beverages, and treat waste water to levels that support aquatic life
- partner with suppliers to minimize our water footprint across the entire value chain.
- invest in community water conservation projects to replenish the water we use in our beverages.

Coca-Cola HBC's specific actions to advance their water strategy are described in the following sections:

**"Our holistic approach across the value chain."**

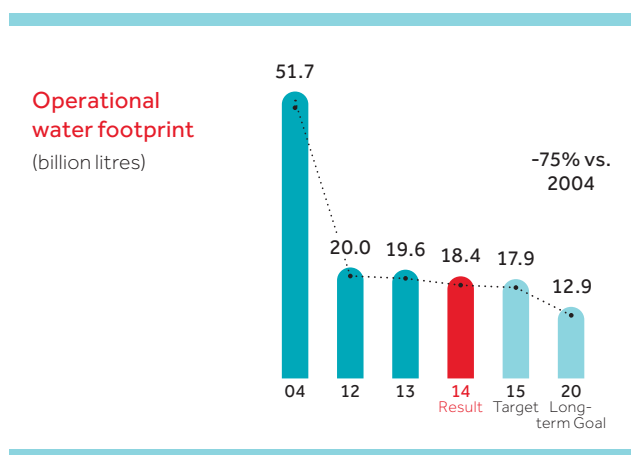


### Integrating water in our annual business planning process

We require all countries to include water conservation initiatives in their business plan submissions beginning this year. Supporting this effort is a fundamental change in our financial project valuation whereby we now include the "true cost" of water and apply water scarcity multipliers in evaluation capital projects.

### Reducing our water footprint

By the end of 2014, we achieved a 64% reduction in our operational water footprint vs. 2004.



## Water efficiency initiatives

Much of progress is the result of increased awareness and implementing water savings initiatives across our operations. An example is our Top 10 Water Savers which include filter backwash water capture and reuse, conveyor line dry lubrication, repairing leaking pipes and fittings, reuse of package rinse water and optimizing bottle and equipment cleaning processes. In 2014 we invested more than €5.8 million that saved 1.1 billion litres of water across our sites. We have also introduced a new environmental leading indicator



the "Near Loss" which in addition to highlighting further opportunities for water saving, is driving water use and conservation behavior change in our organisation.

Two of our operations were awarded for their efforts in water stewardship during 2014. Our Knockmore Hill plant in Northern Ireland won the Northern Ireland Consumer Council's Water Champion Award for its water efficiency activities and constant improvement.



Our environmental practices at production units in Greece were recognised with a Gold Award for water conservation. Through a systematic approach to leak detection, water reuse and other water saving programmes, Coca-Cola Tria Epsilon has achieved significant reductions in water consumption per bottles produced since it implemented an integrated water management strategy in 2006. The water management programme complements a broader water resource replenishment strategy

## Waste Water Treatment

Since 2011 we have met our commitment to treat 100% of the waste water from our operations in either our own or municipal facilities that deliver treated water capable of sustaining aquatic life. Over the past years, we have built 44 waste water treatment plants in our facilities and are currently investigating new technologies for treated waste water purification and reuse in utilities and non-process water.

## Source Water Protection

We have advanced our Source Water Protection Programme and have committed to certify all of our sites to either the European Water Stewardship or Alliance for Water Stewardship standards by 2020. These standards recognize excellence at every stage of water management from the protection of water sources, through efficient use of water, to the quality of wastewater released into the environment while requiring engagement

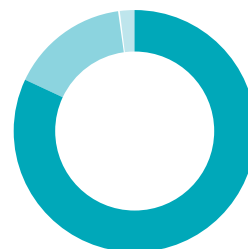


with all water users and stakeholders in the community. At the end of 2014 we had achieved 8 Gold EWS Certifications at Coca-Cola HBC sites in Romania, Switzerland, Austria, Hungary, Serbia and Poland.

## Sustainable Agriculture

The largest contributor to our Global Water Footprint is the ingredients we use to produce our beverages.

### Operational water footprint (2014)



Ingredients	82.0%
Packaging	16.0%
Fleet	0.1%
Operations	1.9%

Recognising that over 80% of our total water footprint is linked to agriculture, we have joined The Coca-Cola Company in a global commitment to achieve 100% sustainable supply of agricultural commodities by 2020. We are partnering with our commodity suppliers to implement The Coca-Cola Sustainable Agriculture Principles, which include water management, water runoff quality, soil erosion prevention and waste water discharge in addition to good farming practices.

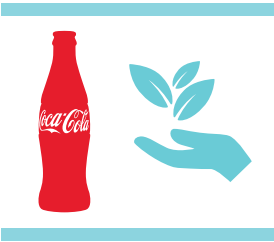
Farm-Level Sustainability	Sustainable Agriculture Guiding Principles	
	1. Water Management	6. Crop Protection
	2. Conservation of Natural Habitats and Ecosystems	7. Harvest and Postharvest Handling
	3. Soil Management	8. Community and Traditional Rights
	4. Energy Management and Climate Protection	9. Management Systems and Continuous Improvement
	5. Reproductive Material Identity, Selection and Handling	10. Record Keeping and Transparency

### Community Water Projects: Replenish

Our water stewardship strategy drives our partnerships with international and national governmental and non-governmental organisations to preserve and protect important watersheds, such as the Danube and other rivers, their basins and watershed areas, including wetland habitats and biodiversity. We have invested in 21 community water stewardship initiatives in 2014. Over the years, our company and its partners have invested more than €2.5 million in community water stewardship programmes involving a wide range of environmental, awareness-raising and educational initiatives. Activities have reached more than 20 million people through hundreds of events involving almost 1,000 different organisations. Over 400 employees from across the business have volunteered in water stewardship events.

As part of the Coca-Cola system, we have joined the commitment to replenish 100% of the water we use in our final beverages by 2020. Recently The Coca-Cola Company and its global bottling partners (the Coca-Cola system) announced they are on track to meet their 2020 water replenishment goal by the end of 2015. Based on the Coca-Cola

system's global water replenishment projects



to date, the system is balancing the equivalent of an estimated 94 percent of the water used in its finished beverages based on 2014 sales volume.

### Some Flagship Programmes

**The Green Danube Partnership**, a leading project for the International Year of Water Cooperation, is an example of a truly successful public-private partnership. The award-winning Danube Box, an educational water stewardship tool developed with the support of the Coca-Cola system, has been translated into seven languages. Spin-offs are the Black Sea Box, the Saar Box in Germany and the Lake Baikal Box in Russia. More than one million children have been reached to date using the Danube Box tool.



**Rainwater Harvesting Greek Islands:** The majority of the Cycladic and the Dodecanese islands encounter significant water scarcity issues. In response to these issues, we started the RWH Programme in 2008 which has now been implemented in 28 Greek islands promoting rainwater harvesting and the reuse for secondary uses, as a simple, cost-effective and sustainable solution. The programme is financially supported by The Coca-Cola Foundation in Greece (Coca-Cola HBC and The Coca-Cola Company) and implemented jointly by the Global Water Partnership - Mediterranean programme and the Greek Coca-Cola system's "Mission Water" programme, in collaboration



with the islands' local authorities and the Mediterranean Information Office for Environment, Culture and Sustainable Development.

The Programme involves a non-conventional water resources' management approach, which promotes rainwater harvesting as using innovative technology, cultivating public awareness and creating a culture of sustainable water use. Sharing knowledge and best practices for water resource management and encouraging multi-stakeholder partnerships for local rainwater harvesting are also key success factors. The programme, which offers site specific solutions, has been well received by the local communities.

The following table shows the activities conducted in the Greek islands during the period 2008-2014.

Project Islands		Installation/ Reinstatement of small scale RWH systems in the Dodecanese Islands		Water kiosks	
28		50		3	
Outreach to students	Outreach to teachers	Annual amount of water collected (L)		Total Direct Beneficiaries in island communities	
7,900	1,491	62,5 million		45,000	



### Internal policies, external initiatives

We have adopted internal standards which underpin our commitment to sound environmental management practices, including our Water Stewardship Policy. By the end of 2014, ISO 14001-certified plants accounted for 99% of our produced volume. CCHBC is also a signatory of the UNGC CEO Water Mandate.

Since 2012 we have responded to the CDP Water Programme requests and during 2014 participated in their pilot to finalise the scoring methodology for their water disclosure. CDP is an NGO which provides the only global system for companies to measure, disclose, manage and share information on environmental impact and encourage actions to reduce it.

### Governance

Responsibility for water stewardship lies with the Group Director, Operational Sustainability and Primary Packaging. In this capacity, he is supported by the Group Environment Manager and Water Resources and Technologies Manager. He also serves as the Chairman of the Sustainability Steering Committee, which gives recommendations to the executive board on the sustainability strategy and the management of the most material sustainability issues, including water stewardship.

### Monitoring & Follow-Up

We set short, medium and long-term targets for water stewardship improvement. Annual targets are set at plant, country, region and Group level, and progress is reviewed monthly, quarterly and annually.

Water use and stewardship performance is monitored quarterly by the Group Sustainability Steering Committee and reported to the Social Responsibility Committee of the Board of Directors. Targets and performance are included in performance objectives of managers and employees, according to function. Performance affects variable compensation and career development.

Independent audits are conducted each year as part of ISO 14001. Compliance with environmental laws and regulations is monitored and reported. We publish our performance against these goals.

## FUTURE OUTLOOK

By 2020, we aim to reduce our operational water footprint by 75% vs. 2004 and have already achieved 64%. In addition, we have set a target to reduce our water use ratios by 40% vs. 2004 and to date have achieved a 26% reduction. The Coca-Cola Company has committed to safely return to communities and nature an amount of water equal to that used in finished beverages and their production by 2020.

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 costumers, 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

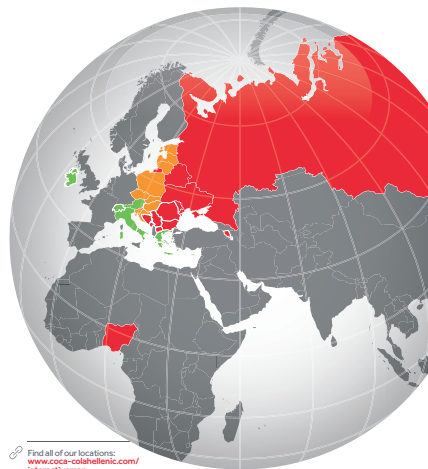
- Croatia
- Czech Republic
- Estonia
- Hungary
- Latvia
- Lithuania
- Poland
- Slovakia
- Slovenia

#### 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

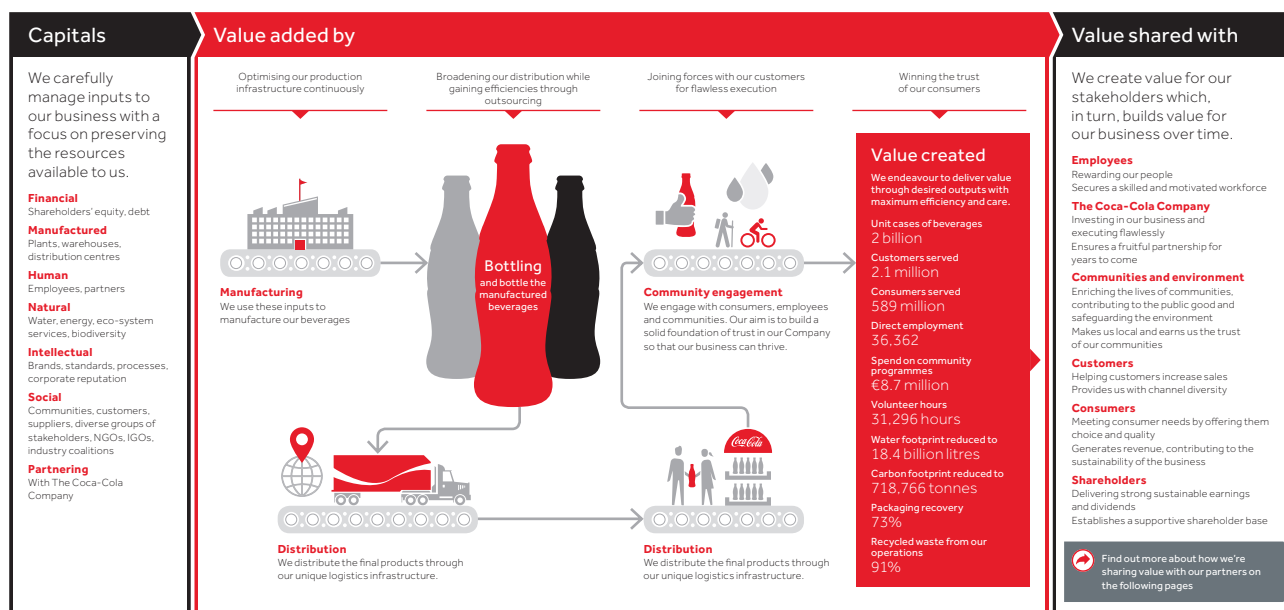
66  
bottling plants

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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Prepared and produced by Coca-Cola HBC AG in partnership with Smartlab Consulting (Hungary).

Designed by Manero Grafikai Stúdió ([info@manero.hu](mailto:info@manero.hu)) Printed by Avaloni Nyomdaipari Kft. on CyclusOffset paper (100% recycled & uncoated, country of origin: France).

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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/>.