

marketplace

environment

workplace

community



# **Managing Impacts**

The social and environmental impacts of Coca-Cola Hellenic's business extend far beyond its own operations. The Company collaborates with suppliers, customers, employees and communities to better understand and manage its impacts.

These impacts - positive and negative - are summarised below, along with key activities and results for 2008.

#### **Bottling operations**

Water is Coca-Cola Hellenic's primary ingredient and the Company's 80 bottling plants used 29.5 million m<sup>3</sup> in 2008. Concerted water-saving programmes have led to the first absolute decrease in water use and a 22% improvement in efficiency compared to 2002. The Company is also close to completing wastewater treatment units at all plants. In 2008, 94% of all our wastewater was treated (see **Water Stewardship**).

The Company's consumption of energy - fuel, natural gas and electricity - resulted in 594,000 tonnes of  $CO_2$ . Although this is still an absolute increase in emissions, it marks a 28% improvement in energy efficiency over 2002. New energy-saving programmes include the construction of 15 combined heat and power (CHP) units. These will reduce CO<sub>2</sub> emissions from total manufacturing by over 20% (see **Energy & Climate**).

More than three-quarters of Company production waste was sent for recycling, a 37% improvement over 2002 (see **Packaging & Recycling**).

To address all environmental impacts from bottling operations, Coca-Cola Hellenic has implemented the environmental standard ISO 14001, achieving certification at 63 plants.

The Company employs 48,683 people and strives to be an employer of choice. Safety is a particular focus, and 55 plants are now certified against the OHSAS 18001 standard (see **Employee Development**).

#### Supply chain

Approximately 84,000 suppliers provide ingredients, packaging and other goods to Coca-Cola Hellenic. The main impacts occur during the production and transportation of these supplies.

The 830,000 tonnes of packaging material purchased annually emit 1.75 million tonnes of CO<sub>2</sub>. We work with suppliers to reduce packaging and increase recycled content (see **Packaging & Recycling**).

Water is needed to grow and process sugar, as well as other plant-based ingredients. The Company began to investigate its water footprint with suppliers and stakeholders (see **Water Stewardship**).

Supplier guiding principles that stipulate workplace conditions are now part of all supplier contracts. Coca-Cola Hellenic commissions independent audits of supplier sites (see **Supplier Engagement**).

## Fleet and transportation

Coca-Cola Hellenic owns or leases 4,500 trucks, 2,200 vans and 13,800 cars. Fuel used by these vehicles generated 222,000 tonnes of  $CO_2$  in 2008. With route optimisation, more efficient vehicles and asset utilisation, relative  $CO_2$  emissions are now 29% below 2004. Alternative fuels and vehicles are also being introduced (see **Energy & Climate**).

Safe & Eco-Driving courses have been rolled out in all countries and are expected to bring an additional 5-10% improvement in fuel efficiency as well as a reduction in road accidents (see **Employee Development**).

#### Sales

Coca-Cola Hellenic places 1.5 million cooling units on customer premises to chill beverages sold for immediate consumption.

As a result of electricity usage, 1.8 million tonnes of  $CO_2$  were emitted in 2008. Coca-Cola Hellenic helped develop new equipment that is up to 50% more energy efficient. The Company is also addressing the refrigerant gases which are occasionally leaked. HFCs (14 tonnes in 2008) will be replaced by alternative cooling technologies under development while CFCs (0.2 tonnes) are being phased out (see **Energy & Climate**).

Coca-Cola Hellenic has helped set up packaging collection and recovery organisations in 19 countries. These have recovered 12.8 million tonnes of packaging material for recycling into new containers and other items (see **Packaging & Recycling**).

#### Consumers

As consumers become more concerned about health and wellbeing, Coca-Cola Hellenic has broadened its product range. The Company now offers waters, juices and reduced calorie beverages, some of which are nutritionally enhanced. The average caloric content of Coca-Cola Hellenic beverages has decreased by 19% since 2001.

Coca-Cola Hellenic is also enhancing the nutritional information provided to consumers. In the EU, the Company's sparkling beverages now carry front-of-pack labels showing the beverage's caloric and nutrient content.

To help people expend the calories they consume, Coca-Cola Hellenic supports sports and fitness activities. More than 1.5 million people took part in the Company's award-winning programmes in 2008 (see **Consumer Health**).

Product quality is another priority. The Company has achieved certification of the quality standard ISO 9001 in 70 plants covering 95% of produced volume. The food safety standard ISO 22000 has been achieved by 36 plants.

#### Communities

Coca-Cola Hellenic aims to impact positively the communities in which it operates. In addition to the economic benefits of core business activities, the Company contributed over €11 million to community projects and organisations in 2008, or 1.5% of pre-tax profits.

Through public-private partnerships, the Company supports environmental conservation, sports, fitness and youth development. Water stewardship is a particular focus, and there are Company programmes to protect major rivers and watersheds and raise public awareness in almost all 28 countries (see **Water Stewardship**).

Emergency relief is also provided, with almost 235,000 litres of safe drinking water donated in 2008 to those affected by natural disasters (see **Community Involvement**).

# **Contents**

Message from the Board	р. 1
Business Overview	p. 2
Integrating CSR	p. 6
Engaging Stakeholders	p. 8



Supporting the UN Global Compact	p. 38
2008 Environmental Data Table	p. 40
Glossary of Terms	p. 42
GRI Index	p. 44
Targets and Progress	p. 45

**Scope of Report:** This report covers the calendar year 2008. Bottling, sales and distribution activities in the 28 countries in which Coca-Cola Hellenic operates are covered in this report unless otherwise stated. This report does not include investments and partnerships in brewing interests held in FYROM and Bulgaria, which represent around 1% of total turnover and less than 1% of volume. Neither does the report include investments held in the Greek snacks company Tsakiris, which are insignificant in terms of impact on turnover and volume.



Links to further sources of information are provided at the end of each chapter in the report.

# Message from the Board



#### Dear Stakeholders,

The downturn in the global economy presented serious challenges for our business, as for businesses everywhere. We continue to take measures to control costs and minimise the impacts, and remain confident that we are well-positioned for long-term sustainable success; we have a balanced portfolio of countries, diverse product range, unparalleled outlet reach and a healthy financial position.

Given the recession, we have been asked whether we would reduce – even abandon – our Sustainability programmes. Our answer is a clear 'no'. Indeed, we are increasing our efforts in each of our key focus areas.

Energy and climate protection has been a particular focus. We began 2008 by signing an agreement to build 15 combined heat and power (CHP) units in 12 of our countries. The first of their kind in the beverage

industry in Europe, these units will reduce carbon emissions from our total manufacturing operations by approximately 20%.

We also pledged that new coolers we purchase will be as much as 50% more energy efficient. Together with suppliers, we developed two new energy-saving models as well as an energy saving device. Our purchases in 2008 alone will lead to annual reductions of 29,000 tonnes of  $CO_2$ . In addition, to reduce the impacts of our fleet, we introduced a Safe and Eco-Driving training programme to all 28 countries. To date, we have trained approximately three-quarters of our drivers and expect this programme to reduce carbon emissions from our fleet by an estimated 13,000 tonnes annually.

We also made significant progress in our water stewardship programmes. In 2008, we improved our water efficiency by a further 4% and achieved a reduction of 1% in our absolute water use for the first time, despite a growth in production volume of 3%<sup>1</sup>. In addition to our award-winning Green Danube partnership, we now conduct watershed protection projects for major rivers and river basins in almost all our 28 countries we serve.

We continued to make progress in managing post-consumer packaging waste. We are working to reduce the impact of packaging throughout the entire life cycle. Our approach is both to reduce packaging weight and to reintroduce recycled materials back into new packaging. In 2008 we increased by two-thirds the amount of recycled PET used in new plastic bottles compared to the previous year. The packaging implementation schemes which we jointly co-own with other members of the industry recovered almost 13 million tonnes of packaging waste in 2007<sup>2</sup>.

Responding to consumer health and wellness preferences, we continue to broaden our range of beverages, launching more than 200 new products in 2008. Juices, waters and other still beverages now represent 38% of volume, compared to 10% in 2001. Together with low-calorie soft drinks, these have reduced the average calorie content of our products by 19% since 2001. Our support for sports and fitness programmes also continues apace, with more than 1.5 million active participants in 2008.

In addition, we are helping employees lead healthier and more active lives. Our new training programme 'Fit for the Future' teaches them about our beverages, balanced diets and active lifestyles, and we are expanding opportunities for employee participation in fitness programmes. We are also intensifying our efforts to improve workplace safety given the unacceptable situation in emerging markets. During 2008 we launched a three-year intensive programme to improve our performance.

As we embed CSR into our operations, we continue to find new and better ways of managing the aspects of the business which contribute to sustainability. In 2008 we updated our set of performance indicators and introduced Entropy, a leading integrated management system software from the British Standards Institute. Our business systems now allow management to track performance in real time.

Finally, we remain committed to our programmes and our partnerships. In particular, we continue to support the UN Global Compact. We are actively participating in the CEO Water Mandate and Caring for Climate initiatives and helping to bring local networks to life in 13 countries. The UN Global Compact has recognised Coca-Cola Hellenic as a Notable Reporter for each CSR report published since 2005.

In this report, our sixth, we outline our progress in 2008 – our achievements and areas for improvement – as well as our future goals. We follow the Sustainability Reporting Guidelines of the Global Reporting Initiative (GRI) and assess our approach to reporting as Application Level B. We continue to develop our approach, learning from the opinions of our many diverse stakeholders. As always, we welcome your comments and suggestions.

Dewellyn Smith

Sir Michael Llewellyn Smith Chairman, Social Responsibility Committee

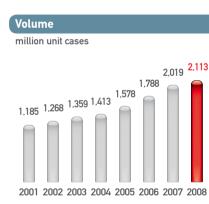
1. Excluding acquisition of Italian Socib operations in 2008 2. Latest available data

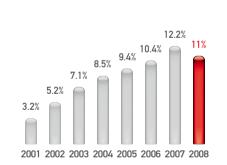
# **Business Overview**

Sales: 2.1 billion unit cases EBITDA: €1 billion Employees: 48,683 Bottling plants: 80 Countries of operation: 28 Coca-Cola Hellenic is one of the largest bottlers of non-alcoholic beverages in the world. With operations spanning 28 countries, the Company serves a population of approximately 560 million people across diverse cultures and geographies. One of the leading bottlers of The Coca-Cola Company, Coca-Cola Hellenic's annual sales exceed two billion unit cases.

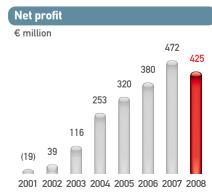


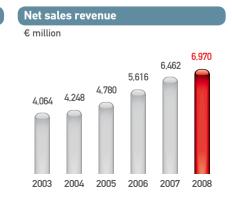
#### Financial performance





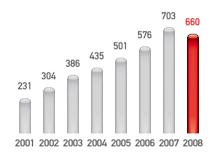
Return on invested capital





EBIT

€ million



"Our mission is to refresh our consumers, partner with our customers, reward our stakeholders and enrich the lives of local communities."



# **Business Overview**

## **Sustainability Milestones**

#### 2000

 Creation of Coca-Cola Hellenic Bottling Company S.A. through the acquisition of Coca-Cola Beverages plc by Hellenic Bottling Company S.A.

### 2001

2004

 First country operation to be certified against ISO 14001 - commitment to certify all operations



## 2002

• FTSE4Good listing confirmed under the new stricter environmental, social and human rights criteria

Launch of the WWF Water Savers tool to save water in operations





Launched the Green Danube Partnership with ICPDR

- Signed the UN Global Compact
- Ratified the UNESDA commitments



 CSR Policies ratified for Human Rights, Equality of Opportunity, HIV/AIDS, Health & Safety, Environment and Quality

Published first GRI report in

the non-alcoholic beverage industry

 Environmental award received in Russia for highest environmental eco-efficiency



Formed Social Responsibility Committee of the Board and executive-level Council

 First country operations to be certified OHSAS 18001 - commitment to certify all operations

 First wastewater treatment plant installed in Nigeria - commitment to equip all bottling plants

2008

Included in

the Dow Jones

## 2006



 Annual sales of still beverages and waters exceeded 500 million unit cases (33% of sales)

- Awards in Ireland for best environment-based CSR Project and in Bulgaria for the Green Danube Initiative
- Named 'Notable Reporter' by the UN Global Compact
- Launched front-of-pack
- nutritional labeling in all EU countries



- Signed UN Global Compact CEO Water Mandate, Caring for Climate statement and the Bali Communiqué
- Opened 1<sup>st</sup> industry-owned PET-to-PET recycling plant in Europe
- Joined the CSR Europe Alliance
- Green Danube programme extended to 10 countries



 Launched stakeholder panel to discuss and address the main impacts of our business

- Launched the "Business Friends of the Danube" Fund
- Extended Safe & Eco-Driving courses to all countries
- Increased use of recycled PET by almost 67% over previous year
- Committed to build 15 CHP units to reduce CO<sub>2</sub> from bottling operations by 20%



Coca-Cola Hellenic aims to grow its business in a way that is responsible and sustainable. Since its formation in 2000, the Company has systematically worked to reduce its environmental impacts and create value both for business and local communities.

## International platforms

#### Dow Jones Sustainability Indexes

**DJSI Europe & World Listing** In 2008 Coca-Cola Hellenic was included in the Dow Jones Sustainability Indexes (DJSI). This follows a thorough independent analysis of Coca-Cola Hellenic's corporate economic, environmental and social performance, overall corporate governance, risk management, branding, climate change mitigation, supply chain standards and labour practices. Launched in 1999, the Dow Jones Sustainability Indexes are the first global indexes tracking the financial performance of the leading sustainability-driven companies worldwide. These Indexes follow a best-in-class approach and include sustainability leaders from each industry on a global and regional level respectively. Coca-Cola Hellenic's inclusion in both the Dow Jones Sustainability World Index and Dow

Jones STOXX Sustainability Index (of Europe's most sustainable companies) follows the Company's annual listing in the FTSE4Good Index.



FTSE4Good

The Company has been listed on the FTSE4Good Index since its formation

in 2000, and has maintained its listing despite the criteria becoming increasingly demanding. We now fulfil not only the existing criteria required of food and beverage companies such as the environmental, social, human rights and supply chain labour criteria, but also the new climate change criteria.



#### **GRI Reporter**

This is Coca-Cola Hellenic's sixth social responsibility report and it is prepared in accordance with the G3 sustainability reporting guidelines of the Global Reporting Initiative (GRI). This report has been checked by GRI to be a Level B report.



LBG Model The Company is using the London Benchmarking Group model to

measure and evaluate its community investment programmes (see **Community Involvement**).



UN Global Compact Coca-Cola Hellenic upholds and promotes the 10 universal principles of the UN

Global Compact that encourage responsible business practices in the areas of human rights, labour, the environment and anti-corruption (see **Supporting the UN Global Compact**).

#### **GHG Protocol Reporter**

The Company assesses its corporate climate footprint according to the GHG Protocol.

External Standards		
ISO 9001 (Quality)	70 plants certified	covering 95% of volume
ISO 14001 (Environment)	63 plants certified	covering 82% of volume
OHSAS 18001 (Health & Safety)	55 plants certified	covering 75% of volume
ISO 22000 (Food Safety)	36 plants certified	covering 48% of volume



# Integrating CSR

The Company's corporate mission is to refresh consumers, partner with customers and reward stakeholders while enriching the lives of local communities. Corporate Social Responsibility (CSR) is therefore a fundamental part of how Coca-Cola Hellenic does business and has been formally integrated into the Company's business strategy.

Since 2002, Coca-Cola Hellenic has worked to reduce its environmental impacts and invest in its communities. Even in the short term, the Company is experiencing significant benefits: reduced costs, greater innovation, as well as the more intangible benefits of reputation and leadership. Nevertheless, Coca-Cola Hellenic's main objectives are long-term. If the Company does not manage its social and environmental performance, future success will be impossible.

#### Integral to Business Strategy

Coca-Cola Hellenic's CSR priorities directly support the Company's business strategy. As the Company works to diversify its product portfolio, for example, a corresponding CSR focus on consumer health is helping meet changing consumer needs. Similarly, Coca-Cola Hellenic's drive for cost efficiency is supported by programmes to reduce the use of energy, water and packaging. These initiatives are lowering the Company's costs while delivering significant environmental benefits.

#### **CSR Focus Areas**

CSR is not just about supporting business needs; Coca-Cola Hellenic must also contribute to broader sustainable development. To focus its efforts and make the greatest contributions, the Company consults widely. As a result, seven areas representing the greatest risk and opportunity have been identified (see box).

#### **Embedding CSR into Business**

Coca-Cola Hellenic continues to integrate CSR into its business, making sure the right governance structures, standards and processes are in place. In 2008, CSR was embedded further into the annual business planning process, and new policies, metrics and data management processes were implemented.

#### Governance

CSR is managed and measured as rigorously as other parts of the Coca-Cola Hellenic business.

At the Group level, Function Heads from across the business sit on the Group CSR Council. The Council identifies priority areas across the business, sets standards and targets, and reviews performance and compliance. Typically, Coca-Cola Hellenic sets pragmatic year-on-year goals, not longer-term targets that may not be reachable due to external factors.

In each country, a CSR team reports performance to the General Manager, who is accountable for progress. Legal compliance is also reported to the Group General Counsel.

#### **CSR Focus Areas**

- 1. Water Stewardship
- 2. Energy & Climate Protection
- 3. Packaging & Recycling
- 4. Consumer Health
- 5. Employee Development
- 6. Supplier Engagement
- 7. Community Involvement

The Social Responsibility Committee of the Board of Directors reviews progress on a quarterly basis. One of three committees of the Board, this body is chaired by Sir Michael Llewellyn Smith.

#### **Managing Risk**

An Incident Management and Crisis Response (IMCR) process ensures that all Company operations conduct regular assessments of risks – social, environmental, ethical, as well as traditional business risks. Social, environmental and ethical risks are reported to the Social Responsibility Committee and the Audit Committee. Material risks are reported in the Company's Annual Report on Form 20-F. The IMCR process also makes sure the Company can respond rapidly to incidents.

#### **Broader Collaboration**

Coca-Cola Hellenic works closely with The Coca-Cola Company on sustainability programmes. In 2008 a European Corporate Responsibility and Sustainability Board was established, comprising senior managers of Coca-Cola Hellenic, The Coca-Cola Company Europe Group and other European bottlers. The Company also participates in the global Coca-Cola Environmental Council.

#### **International Standards**

Coca-Cola Hellenic has committed to implementing and promoting the ten principles of the UN Global Compact. These support human rights, labour rights, environmental protection and anti-corruption, and are the cornerstone of the Company's CSR programme (see **UN Global Compact**).

The Company also adopts internationally recognised standards and management systems on specific topics (see p.5). For example, the Company is working to certify all bottling plants against internationally recognised management system standards with regard to quality, food safety, environment, and health and safety.

The Company helps develop standards and frameworks, such as the UN Global Compact's leadership platforms Caring for Climate and CEO Water Mandate. In addition, Coca-Cola Hellenic is trialling the methodology of the Water Footprint Network to measure indirect water impacts. The Company also helps develop voluntary industry codes, such as the Commitments to the EU Platform for Action on Diet, Health and Physical Activity by the European beverage industry association, UNESDA, and an industry methodology to assess the environmental impact of products over their life cycle, known as the eco-footprint.

Internal policies underpin Coca-Cola Hellenic's commitment to these standards. In 2008, new or enhanced policies were adopted on climate change, health and nutrition, packaging and packaging waste management and fleet safety.

#### **Measuring Our Performance**

To measure progress in a way that is consistent and comparable, Coca-Cola Hellenic updated its set of performance indicators in 2008. The Company has implemented Entropy, an integrated management system software licensed from the British Standards Institute. The Company also embedded CSR performance in its business 'dashboards', allowing management to track performance and risks in real time.

#### Verification

Independent third-party audits are conducted each year on Company management systems and data. Quality, environmental, health and safety performance is indepen-

#### **Internal Standards**

- Environment: Environment Policy; Climate Change Policy; Packaging & Packaging Waste Management Policy
- Consumer Health: Health & Wellness Policy; GMO statement; Quality Policy
- Employees: Human Rights Policy; Equality Policy; Health & Safety Policy; Fleet Safety Policy; Code of Business Conduct
- Suppliers: Supplier Guiding Principles

dently audited, as is compliance with the Company's Supplier Guiding Principles.

#### A Culture of Sustainability

For Coca-Cola Hellenic to be successful over the long-term requires more than standards and systems; the Company must build a culture of sustainability. Employees must understand the issues, be involved in implementing the Company's commitments, and held accountable for progress.

#### **Building Accountability**

CSR is now identified as one of the core competences required of Coca-Cola Hellenic's leaders. Senior managers are trained in sustainability issues, and social and environmental criteria are included in their performance objectives and appraisals. Performance in these areas influences variable compensation.

#### Informing, Involving, Inspiring

Employees are being trained in the Company's Sustainability strategy and shown what is expected of them. The Company's salesforce learns about responsible sales and marketing, while drivers are taught safe and eco-driving techniques. All employees receive instruction in the Code of Business Conduct.

Employees are also actively involved in CSR programmes. From cutting down on flights to switching off lights and computers; from joining active lifestyle projects to supporting volunteer programmes, employees are helping to bring our commitments to life, making sustainability integral to the way the Company does business.



- GRI Reporting & Index
- Supporting the UNGC
- Independent verification
- .

## **Reporting Our Progress**

Coca-Cola Hellenic has reported its CSR progress since 2003 and follows the G3 Guidelines of the Global Reporting Initiative (GRI). The Company has been recognised as a Notable Reporter by the UN Global Compact for every CSR report the Company has published since 2005.

The Company seeks feedback to ensure that its reporting addresses material issues, doing so in a complete and responsive way (see **Engaging Stakeholders**). Based on feedback to the 2007 Report, for example, Coca-Cola Hellenic continues to focus on the same key issues but with greater focus on water stewardship, energy and climate protection. In addition, drafts of this report were reviewed by a panel of external experts, with commentaries included in individual chapters.

This print report is aimed at external audiences, principally NGOs, investors and government agencies. Throughout the report, online sources for further information are indicated. In addition, a growing number of Coca-Cola Hellenic operations now publish country-specific reports. In the last five years, 11 country operations have issued reports.

# Engaging Stakeholders

Coca-Cola Hellenic together with all other human organisations operates within the earth's natural environment which it must respect. As human populations grow so do successful companies such as Coca-Cola Hellenic, making sustainability ever more necessary for our future. The earth's resources are finite and subject to increasing stress as demand for them increases. We believe that the means exist to mitigate and reverse ecological degradation, but finding the political will to do so requires determination and responsibility on the part of governments, NGOs and companies such as Coca-Cola Hellenic.

Our partnerships are **long-term**, focussed and deliver **measurable** benefits to projects and partners alike

Companies and the society they live within must learn how to operate within these constraints. At a minimum, Coca-Cola Hellenic must engage with stakeholders to ensure that its business is conducted in ways that are responsible and equitable. Over and above this, however, the Company must also work in partnership with governments, NGOs and others to address the broader sustainability issues that concern us all.

In particular, the urgent and transformational challenges posed by climate change and the emerging global water crisis require new forms of collaboration. Too large, complex and urgent to be tackled by governments or NGOs alone, these issues can be effectively addressed only with the innovation, investment and leadership of the private sector.

#### Working in Partnership

Partnerships are at the heart of Coca-Cola Hellenic's approach. At the global level, the Company is a founding signatory of the CEO Water Mandate and Caring for Climate and is committed to supporting these significant initiatives. In its countries of operation, too, the Company actively participates in 13 local networks of the UN Global Compact (see p.38), as well as a growing number of partnerships on issues such as water stewardship.

In addition to the Green Danube partnership with the International Commission for the Protection of the Danube River (ICPDR), Coca-Cola Hellenic works with NGOs and UN agencies to conserve watersheds, raise public awareness of water issues, and support access to potable water. Partners such as the WWF, GWP, UNDP, UNESCO and UNICEF guide and challenge the Company as we collaborate on projects.

Coca-Cola Hellenic was invited to present its partnerships at international meetings in 2008, including the UN Economic Commission for Europe (UNECE) Summit in Geneva, which comprised UN ambassadors from more than 50 countries, as well as professional organisations, UN bodies, IGOs and NGOs.

Together with the ICPDR, the Company also presented the Green Danube partnership at the International Water Association's 2008 World Water Congress.

#### Learning through Engagement

Coca-Cola Hellenic continues to consult key stakeholders, seeking their views on the Company's progress to date and its future plans. At the Company's stakeholder engagement sessions in London, the Company sought input from NGOs, academics, investors, business partners, customers and the UN Global Compact on progress.

The most pressing question asked was whether CSR would be first to 'bite the bullet' in economically challenging times. Coca-Cola Hellenic's answer was a clear no. An integral part of business strategy, CSR is vital to the Company's long-term business success.

Although Coca-Cola Hellenic received favourable comment for its progress on water and climate protection, the Company was urged to intensify its efforts as these issues grow in urgency and significance. The Company was also advised to deepen its eco-footprinting work and extend its reporting further into the supply chain. With the increasing role the private sector potentially has to play in global governance issues such as water, the Company





Sir Michael Llewellyn-Smith, Board Director and Chairman of the CSR Committee (front): Philip Weller, Executive Secretary of ICPDR: Josef Proell, former Federal Minister for Agriculture, Forestry, Environment and Water Management, currently serving as Vice-Chancellor

was challenged to take an even greater leadership role.

#### **Feedback on Our Reporting**

As Coca-Cola Hellenic prepared this report, the Company consulted its panel of independent experts from key stakeholder groups that recommended what topics to include and how progress should be reported. The Stakeholder Panel discussed the Company's 2007 Report and reviewed draft chapters of this 2008 Report. Additional feedback was sought from CSR Europe, GRI, and the UN Global Compact.

Coca-Cola Hellenic received positive feedback on its 2007 Report for identification of material issues, completeness of metrics and data, as well as balanced and transparent reporting, which was deemed particularly comprehensive in the area of water stewardship. The Company's ecofootprinting work was recognised and the panel asked for more focus on impacts in the supply chain.

Areas identified for improvement included: explaining the business case for CSR; showing how water and other issues vary by country; and integrating stakeholder input into reporting. Although Coca-Cola Hellenic was challenged to provide more forward-looking targets, the panel accepted that the Company does not provide future targets that may not be achievable due to external factors beyond its control. Instead, it was agreed that Coca-Cola Hellenic will give a clearer sense of future direction.

Coca-Cola Hellenic is grateful for these comments. The Company aims to incorporate them in this report or, in the case of water footprinting and other longerterm projects, in future reports.

Go

- International platforms
- <u>UN Global Compact</u>
- <u>ICPDR</u>

- Business Friends of the Danube
- UN Economic Commission for Europe

"The ICPDR works to restore and protect the iconic Danube River and its tributaries. Since 2005, we have worked in partnership with Coca-Cola Hellenic. Despite initial reservations. we have been impressed by the visionary approach of the Company, long before other businesses started thinking about water. Coca-Cola Hellenic has dedicated significant time and effort. as well as financial resources, to working with us.

Today we enjoy a true partnership based on trust and commitment. Both parties bring complementary skills and knowledge, and we have achieved far more together than ICPDR could have achieved alone. Through Coca-Cola Hellenic's communications expertise, for example, our Danube Day celebrations now reach millions of people in the different countries.

I am particularly impressed that the Company maintains its involvement during the current recession, even establishing a new platform to mobilise other businesses to support our efforts."

> PHILIP WELLER, EXECUTIVE SECRETARY, INTERNATIONAL COMMISSION FOR THE PROTECTION OF THE DANUBE RIVER



As the world's population grows and economies develop further, growing demands are being made on the available amounts of freshwater. More than one billion people lack safe, clean water supplies; close to three billion have no access to proper sanitation. Even as the world strives to meet the Millenium Development Goals, the water crisis is becoming worse in many parts of the world. According to the Intergovernmental Panel on Climate Change, shifts in climatic patterns are likely to increase the number of people living in areas of water stress (see map).

-22% in water use ratio since 2002

more than **94%** of wastewater is treated before reaching the environment

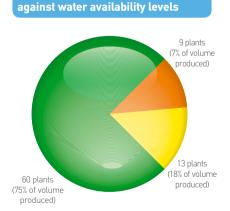
Physical availability of water is only part of a complex issue; governance is another. Water is often poorly managed and increasingly polluted. Water storage capacity is also underdeveloped. Indeed, water is only valuable if it is managed in a way that makes it available at the right time in the right place and in the right quality. Doing so will require continuous investment, technological innovation and institutional reform.

These issues are rapidly gaining awareness in the private sector. Directly and indirectly, business is a significant user of water and has a major stake in addressing these issues from a financial, technical and reputational position. As a beverage business, Coca-Cola Hellenic is particularly concerned. The sustainable growth of the Company depends on the availability and quality of local freshwater sources. Additionally, we must take into account those with whom we share these resources; are they able to maintain sustainable livelihoods?

Coca-Cola Hellenic takes a holistic approach, improving the efficiency with which the Company uses water, while taking an active role in managing the broader water issues in local communities. The Company conducts watershed protection, promotes integrated water resource management and, where necessary and possible, helps to provide access to safe water and sanitation.

#### **Working in Partnership**

To address water-related issues, Coca-Cola Hellenic works in a growing number of partnerships. At the international level, the Company was a founding signatory of the UN Global Compact's CEO Water Mandate. The Company actively participates in this unique initiative to help businesses tackle water sustainability in their operations and supply chains, while contributing to policy development. Coca-Cola Hellenic is proactively addressing all six components of the CEO Water Mandate – direct operations, supply



Distribution of bottling operations

(Source: WRI, 1995)

- Water scarce watersheds < 1,000 m<sup>3</sup>/ person/year
- Water stressed watersheds 1,000-1,700 m<sup>3</sup>/ person/year
- Water sufficient watersheds > 1,700 m<sup>3</sup>/ person/year

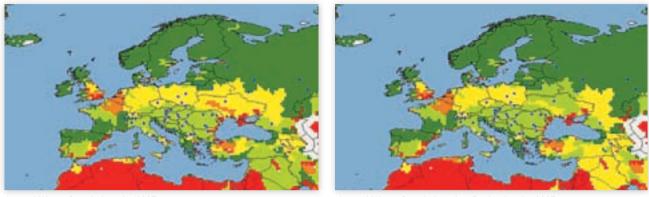
chain and watershed management, collective action, public policy, community engagement and transparency and has assessed its progress (see p. 38).

To better understand the water used in the Company's supply chain, Coca-Cola Hellenic is working with the Water Footprint Network, helping to test methodology to measure and reduce indirect water use. In 2008, we were invited to present our award-winning Green Danube partnership at a roundtable on public-private partnerships at the UN Economic Commission for Europe (UNECE) Summit. Coca-Cola Hellenic is also involved in national policy and regulatory frameworks for integrated water resources management and the development of improved water systems. In 2008, for example, the Company supported the Ukrainian National Policy Dialogue on Integrated Water Resources Management to help adapt the country's water management to climate change. Coca-Cola Hellenic also participated in sessions of the European Water Partnership Aquawareness project and the International Water Association's World Congress in Vienna.

#### **Understanding Water Risks**

The starting point for Coca-Cola Hellenic is to ensure the sustainability of the Company's own use of water. We must closely monitor the water sources we use, minimise the amount we withdraw and ensure





Annual Water Supply Levels (1995)

Annual Water Supply Levels - Projection for 2025

Location of bottling operations

Extreme scarcity <500 m³/person/year</p>

- Scarcity 500-1,000 m<sup>3</sup>/person/year
   Stress 1,000-1,700 m<sup>3</sup>/person/year
- Sufficient 1,700-4,000 m<sup>3</sup>/person/year
   Abundant >4,000 m<sup>3</sup>/person/year

that all water returned to the natural environment is treated to a level that supports plant and aquatic life.

The Company conducts detailed risk assessments at every bottling plant. These assessments study the quantity and quality of local water supplies and assess environmental, regulatory and other concerns. The Company then implements corrective actions to reduce risks and impacts.

In 2009, Coca-Cola Hellenic will repeat its water risk assessments which will focus on a more in-depth review of our water usage, efficiency and any associated risks.

Coca-Cola Hellenic also assessed the vulnerability of water sources at its 15 mineral water plants. In 2008, we undertook a further six such assessments, aiming to cover all bottling plants by 2013. In partnership with The Coca-Cola Company, we are also starting a more advanced source protection programme.

#### **Improving Our Efficiency**

During 2008 Coca-Cola Hellenic improved its water use efficiency by 4%, meeting its target for the year. We now use 2.48 litres of water for every litre of beverage we produce – representing more than 20% improvement in six years. In 2008, Coca-Cola Hellenic used 29,535 million litres of water. It was the first year in which water savings surpassed the growth of production volume, resulting in our first absolute decrease in water use.

Yet the Company is not complacent. As issues of water quality and availability become more pressing, efforts must be intensified. While basic water-saving initiatives – such as fixing leaks, installing air-rinsing and dry lubrication technology, promoting integrated water management – are being implemented, we must also seek new opportunities to improve water efficiency.

Together with The Coca-Cola Company and external specialists, the Company

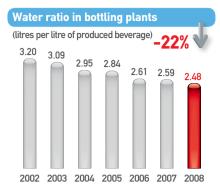
is conducting a programme to assess plants for further opportunities. Measurement points are identified and flow meters installed. Trained local operators collect and validate results and define improvement projects. Assessments were completed in four plants during the year, with nine more in progress in 2009. Working together with The Coca-Cola Company and WWF, a proprietary water savings tool has been shared with all bottling plants.

In newly acquired businesses, Coca-Cola Hellenic works swiftly to implement water-saving initiatives. In the three years

Air rinsing technology is being installed on many PET bottling lines







since acquiring the Italian mineral water plants of Fonte del Vulture, the Company has nearly halved the amount of water withdrawn while increasing production by 28%. In 2005, the two plants withdrew 2,278 million litres of water. By 2008, this had been reduced by 46%.

#### **Developing New Technologies**

Together with suppliers, Coca-Cola Hellenic is developing and testing new technologies. Firstly, we developed alternative cleaning regimes for filling lines and syrup rooms, which will save further significant quantities of water.

Secondly, the Company has worked with key suppliers to develop the technology to recycle rinse water from aseptic PET production lines. We now have 17 aseptic lines and will shortly add two more. These lines are more water intensive than traditional lines, and cleaning processes make the water harder to recycle. The technology developed in 2008 was being piloted in early 2009. With this technology, the Company expects water savings of up to 10,000 litres per line per hour. The Company is also working with suppliers to replace water rinsers with air rinsers, saving a further 10,000 litres of water per line per hour.

#### **Minimising Wastewater**

Coca-Cola Hellenic's goal is to minimise wastewater, making sure it is properly treated before it is released back to the environment. Currently, 94% of the Company's wastewater is treated and by the end of 2010 we aim to reach 100% water treatment.

#### **Community Partnerships**

Across its territories, Coca-Cola Hellenic works on its partnerships with governments, non-governmental organisations, UN agencies, educational institutions, and various local bodies to conserve water habitats and promote integrated water resource management. Most major rivers and river basins in the Company's territories are now covered by Coca-Cola Hellenic watershed protection projects. In addition to the flagship Green Danube programme,

Marilies Fleming (right), initiator of the eco-label, and Leopold Zahrer (left) of the Austrian Ministry of Environment, hand over the eco-label trophy to Roemerquelle representative Susanne Lontzen (middle)



which operates in 10 countries (see next page), other activities in 2008 included:

Belarus – Coca-Cola Hellenic works with APB Birdlife Belarus, the country's leading environmental NGO, to protect Yelnya peat bog, one of Europe's largest wetlands. A vital ecosystem in itself, a healthy bog can absorb thousands of tonnes of greenhouse gas emissions. With Company support, volunteers built 34 new dams in 2008 (see page 15).

Romania – Coca-Cola Hellenic is partnering with the UNDP and The Coca-Cola Company to connect the village of Vatra Dorna to central water services. As a result of the Company's seed funding and support, the project was awarded a €2.5 million grant from the EU in 2008.

Hungary – In 2008, the Company helped launch a public-private partnership with WWF Hungary, the Danube-Drava National Park and others to protect an endangered Danube island and connect one million local residents to safe and sustainable main water services. Our support enabled the project to gain EU Life+ funding.

Austria – The Company is the only bottler of mineral water to have been awarded the eco-label. The Roemerquelle brand has held the label since 1995 for fulfilling stringent requirements of the Ministry of the Environment. In addition to inhouse programmes, the Company works with local farmers to practise low-impact farming and protect groundwater from fertilisers.

**Greece** – Together with Global Water Partnership-Mediterranean, Coca-Cola Hellenic launched a project in 2008 to develop rainwater harvesting in public buildings on water-scarce Greek islands. The Company also conducted a clean-up of Lake Kerkini, a wetland listed by the Ramsar Convention and European Network Nature 2000.



Helping to restore the natural status of Liberty Island. Coca-Cola Hellenic enabled WWF Hungary to successfully apply for a LIFE+ EU fund contribution

Stockholm Junior Water Prize – Coca-Cola Hellenic supports national competitions in Russia, Belarus and Ukraine for this prestigious international youth award through financial donations, resources and time. In 2008, more than 1,300 projects were submitted in these countries alone. The Russian entry to Stockholm won an Excellence Award in 2008. Russia – Coca-Cola Hellenic launched the first Volga Day activities as part of a partnership with UNESCO to conserve the lower Volga wetlands and promote sustainable development on the delta.

**Poland** – The Company works with WWF to conserve the Vistula River, including re-stocking the river

"More than most companies, Coca-Cola Hellenic understands the importance of water, not just as a business input but also as a wider societal good. The impacts of business activities on water resources can be significant, and Coca-Cola Hellenic works hard to understand these impacts while aiming to deliver sound and meaningful responses to their water use.

WWF works with the private sector to be responsive and responsible water users, while helping to bring about better water management for all. We welcome Coca-Cola Hellenic's approach and commitment to water issues. We commit to closely working with them to make sure they deliver on their water goals and to assess their wider water impacts in supply chains."

STUART ORR, MANAGER, FRESH WATER FOOTPRINT, WWF INTERNATIONAL

#### Protecting the Danube River

The Green Danube Partnership is the award-winning partnership be-



tween the International Commission for the Protection of the Danube River (ICPDR), Coca-Cola Hellenic and The Coca-Cola Company.

The innovative, successful partnership is now active in 10 countries and highlights in 2008 included the launch of the Business Friends of the Danube Fund, an initiative to encourage other companies to contribute expertise and funding.



The Danube Box teaching aid is now translated into seven languages

The Danube Box, a major education initiative, is now translated into seven languages and used by chil-



dren in schools. In addition, the annual Danube Day celebrations on 29 June grow year on year, attracting the participation of hundreds of thousands of people, while communicating important water conservation messages to millions of others.

During 2008, the partnership expanded its conservation, education and awareness-raising activities, launching the First International Danube Challenge, an educational boat trip.



with salmon. The ultimate aim is that the salmon will return to their traditional spawning grounds and establish a stable population. We extended our education programme to 100 local secondary schools and plan to organise a Vistula Day in 2009.

We also established the Kropla Beskidu fund for projects that support conservation, awareness-raising and the development of partnerships with rural communities near the source of our local mineral water plant.

**Ireland** – As a UNICEF Corporate Champion, we added the new workplace programme 'Safe Water– Act Now' to drive awareness and raise funds to improve safe water supplies where most needed.

**Nigeria** – The Company continued its focus on water initiatives, by creating boreholes to provide safe drinking water for seven additional communities.

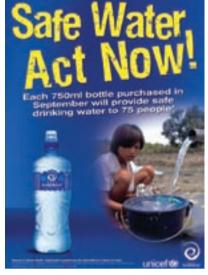
**Croatia** - In 2008, Coca-Cola Hellenic and the UNDP began a joint project to protect the Gacka River basin and actively promote water preservation throughout the country.



Employee volunteers help to restock the River Vistula with salmon in Poland

Coca-Cola Hellenic in **Ireland** and **Northern Ireland** supported the National Clean Coasts Project. Voluntary Coastcare Groups act as guardians, improving facilities, reporting incidents and tackling environmental problems.

Baltics: Schoolchildren from Estonia, Lithuania and Latvia take part in 'Clean the Beach' events organised by Coca-Cola



In partnership with UNICEF, we raise funds and awareness for potable water

Hellenic. During these events, the children learn about water resources and environmental issues.

During 2008, an estimated 2,500 employee volunteers took part in environmental and water-related activities, helping clean up rivers and other waterways.

Employees clearing the banks of the Gacka River in Croatia



The Coca-Cola Hellenic all Ireland partnership of the Clean Coasts programme



## **Restoring Yelnya Bog**

In Belarus, Coca-Cola Hellenic is working with APB Birdlife, the leading environmental NGO, to restore the Yelnya Bog, one of Europe's largest peat bogs. Previously recognised as among the world's 150 most critical ecological projects<sup>1</sup>, the bog is home to many rare and endangered bird and plant species. Past industrial practices led to the bog drying out and the groundwater table being lowered. As a result, severe fires occur almost every year, releasing vast quantities of  $CO_2$  into the atmosphere. One hectare of damaged bog emits up to 10 tonnes of  $CO_2$  a year, but during fires, this is up to 30 times more.

As part of the recovery project, volunteers build dams and close draining canals, helping the water level of lakes and peat lands to rise. To date the water level has risen by one metre, and during 2008 there were no fires. After 10 to 15 years, the bog is expected to absorb approximately 24,000 tonnes of CO<sub>2</sub> annually, equivalent



With Company help, volunteers built 34 new dams to help raise the bog's water level

to offsetting all  $\rm CO_2$  emissions from Coca-Cola Hellenic operations in Belarus.



Community boreholes in Nigeria provide safe drinking water to local residents



Schoolchildren help clean Baltic beaches during Coca-Cola Hellenic clean-ups

<u>Environmental Policy</u>
 <u>Water projects by country</u>
 <u>ICPDR</u>
 <u>Danube Day Celebrations</u>

- APB Birdlife Belarus
- European Water Partnership Aquawareness

Romania – Silver Prize (Danube Box), 2008 Spotlight
Awards, League of American Communications
Professionals
Hungary – Certificate of Appreciation, State Secretary for Water Affairs in the Ministry of Environment for long-term efforts in water stewardship
Austria – Eco-Label since 1995 (Roemerquelle mineral water), Ministry of Environment
Stockholm Junior Water Prize – Excellence award for the Russian entry, supported by Coca-Cola Hellenic

**Energy & Climate Protection** 

Despite mounting concern among scientists, governments and the public, the rate of carbon emissions from human activity has almost doubled since 2000 – beyond even the most pessimistic scenarios of the Intergovernmental Panel on Climate Change. Global warming has already produced dramatic reduction in glacier extent and polar sea ice. This has potentially devastating consequences for human society and the natural environment.

-28% in energy ratio of bottling plants since 2002

reduced CO<sub>2</sub> ratio from operations by **28%** since 2003

The challenge of transforming our societies into low-carbon economies is immense. In 2009, critical negotiations on a new global framework for climate change will take place in Copenhagen. But progress in tackling climate change, both in mitigating and adapting to change, will be impossible without the deep involvement of the private sector.

#### **A Leadership Role**

As a founder signatory of the UN Global Compact's Caring for Climate, the world's largest global business coalition on climate, Coca-Cola Hellenic has committed itself to taking a leadership position.

This is not altruism; our long-term business growth will be affected by the environmental, geopolitical and economic threats of climate change. Swift and decisive action is needed to move the world to a low-carbon growth path. By being in the vanguard of change, Coca-Cola Hellenic will be better positioned to adapt to the demands and opportunities of a low-carbon economy.

Coca-Cola Hellenic is accelerating its efforts to implement systemic change. During European Energy Week in January 2008, the Company announced that it will build 15 more combined heat and power (CHP) units in bottling plants across its business, the largest multinational energy efficiency project by any alcohol-free beverage producer to date. These units will cut carbon dioxide  $(CO_2)$  emissions from total manufacturing by more than 20% – the current EU emissions reduction target for 2020. Meanwhile, Coca-Cola Hellenic continues to drive energy efficiencies in its operations, and met its target for the year 2008, with a 2% improvement.

In order to reduce the impact of its cooling equipment in the marketplace, Coca-Cola Hellenic worked with suppliers to make new coolers up to 50% more energy-efficient. We launched two new cooler models and an energy saving device. The new cooler models purchased in 2008 alone will reduce annual  $CO_2$  emissions by 29,000 tonnes. This figure will increase substantially as new models and innovations are introduced in the coming years.

Such initiatives are now mandated in Coca-Cola Hellenic's new climate change policy. Operations must implement alternative or renewable energy technologies,

Coca-Cola Hellenic has launched its energy saving device for cold drink equipment

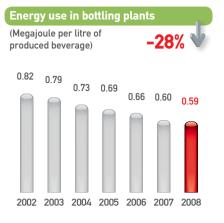


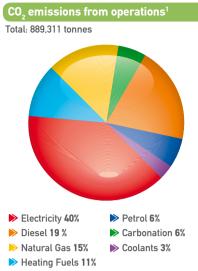
work with others to reduce our broader carbon footprint, and report emissions, targets and activities openly and in accordance with the Greenhouse Gas Protocol. In addition, the Company continues to work with industry and governments to provide input into wider policy development. Coca-Cola Hellenic is contributing to the development of the EU Sustainable Consumption and Production Action Plan, for example, including revision of the European eco-label scheme.

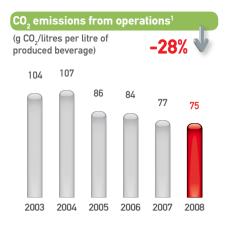
#### **Our Carbon Footprint**

In 2008, the Company's direct emissions from operations were 889,311 tonnes, resulting mostly from the energy used by bottling plants and fleet. This equates to 74.8 grammes of  $CO_2$  for every litre of beverage produced – a 2.9% reduction in relative emissions linked to business growth. Nevertheless, there continued to be an absolute increase in emissions. As the Company's business grows in terms of volumes and territories, Coca-Cola Hellenic is aiming to compensate the business growth.

The Company's wider carbon footprint is significantly greater than its direct emissions and was calculated to be 4.5 million tonnes in 2008. Indirect emissions result mainly from the manufacture and transportation of ingredients and packaging, as well as the refrigeration equipment that chills products in the marketplace.







#### **Energy-Efficient Operations**

In the near future, the biggest reductions in Coca-Cola Hellenic's carbon emissions will come from the 15 new CHP units. Cleaner and more efficient than conventional power plants, these on-site CHP units will supply the heating, cooling and electricity needs of the Company's bottling plants. During 2008, Coca-Cola Hellenic worked to obtain permits for these constructions and building work has begun. The first plant will be opened in June 2009 with others coming on stream in the subsequent months.

In 2008, renewable energy accounted for 15% of Coca-Cola Hellenic's electricity consumption, or 8% of total energy consumption.

#### **Energy Savings Programmes**

Coca-Cola Hellenic continued to implement energy-saving initiatives in its plants in 2008, improving energy efficiency by 28% since efforts began in 2002. For example, the Company is trialling new cleaning regimes that use cold water rather than hot.

While bottling plants account for the bulk of the Company's energy usage, Coca-Cola Hellenic is also broadening programmes to its offices, distribution centres and warehouses.

#### Coca-Cola Hellenic's carbon footprint<sup>2</sup>

CO <sub>2</sub> emissions	2007	2008		Scope as per GHG protocol
Source of emissions	Tonnes	Tonnes	% of total	
Fossil fuels in bottling plants	231,671	232,676	5.2%	Scope 1: direct emissions
Electricity use in bottling plants	336,723	362,097	8.0%	Scope 2: emissions from electricity
Total bottling plants	568,394	594,773	13.2%	
Fuels in own fleet	206,886	222,355	4.9%	Scope 1: direct emissions
Fuels in 3 <sup>rd</sup> party fleet	58,602	73,085	1.6%	Scope 3: emissions from 3 <sup>rd</sup> parties
Central office corporate flights	2,057	2,406	0.1%	Scope 3: emissions from 3 <sup>rd</sup> parties
Total transports	267,546	297,846	6.6%	
Coolants from Cold Drink Equipment (CDE)	26,977	22,355	0.5%	Scope 1: direct emissions
Electricity for CDE	1,694,592	1,790,909	39.8%	Scope 3: emissions from services
Total CDE	1,721,569	1,813,264	40.3%	
Product carbonation	63,766	49,828	1.1%	Scope 1: direct emissions
Packaging	1,636,622	1,747,199	38.8%	Scope 3: emissions from packaging
Total direct emissions CO <sub>2</sub> ratio (g CO <sub>2</sub> /lpb)	866,022 77.0	889,311 74.8	19.7%	Scope 1 and 2
Total emissions (direct and indirect)	4,257,896	4,502,911	100.0%	Scope 1,2 and 3

1. Emissions from operations result from energy use in bottling plants and fleet,  $CO_2$  for carbonation and losses of coolants in cooling equipment, 2. This table includes  $CO_2$  embedded in packaging for the first time. 2007 GHG data differ slightly from values reported in 2007 due to the update in  $CO_2$  conver-

sion factors from the International Energy Agency.

**Energy & Climate Protection** 



CHP plants are now under construction and will be coming in line in 2009



# Green IT

By extending the Green IT programme. Coca-Cola Hellenic avoided more than 850 tonnes of CO. emissions in 2008. The

greatest source of reductions came from outsourcing the corporate data centre to a more energy efficient site. In addition, the Company continues to consolidate physical servers and replace conventional personal computers (PCs) with thinclient technology. We have now replaced more than 3.000 end-of-life PCs with thin clients, which consume almost 50% less energy. We will further expand this project, focusing on power management in workstations and monitors.

#### Involving Employees

Coca-Cola Hellenic is stepping up efforts to educate and involve employees in its climate strategy. A major part of the Company's Green IT strategy, for example, is to modify user behaviour. In 2008, almost 200 tonnes of CO, were saved by using audio, video and online conferencing technologies instead of business travel.

Coca-Cola Hellenic is making employees more accountable for energy use and  $CO_{2}$ emissions by levying internal charges, such as a carbon tax on business flights and a departmental cost on paper printouts. A new training programme, The Environmental Academy, teaches employees about the Company's strategy, showing how their behaviour contributes to business success

#### Industry Initiatives

The Company takes part in industry initiatives to improve energy efficiency. In Italy, Coca-Cola Hellenic supports its energy supplier's campaign to reduce consumption by 30%, and adapted their interactive 'virtual office' software to show staff how their actions impact energy efficiency. In Hungary, the Company has joined the Green Office programme run by KOVET, the Hungarian Association for Environmentally Aware Management and won second prize in their 2008 Green Office competition.

#### **Our Fleet**

Coca-Cola Hellenic continues to reduce the climate impacts of its fleet. The Company is downsizing engines, teaching ecodriving techniques, as well as switching to alternative fuels and reducing vehicle miles travelled. The Company's purchasing strategy now requires that operations lease or buy vehicles that combine the best Total Cost of Ownership and best emission classification.

Coca-Cola Hellenic avoids air freight; supplies and finished beverages are transported by road, rail or ship.

#### **Eco-Driving**

Changing driver behaviour can also significantly contribute to reducing CO<sub>2</sub> emissions and improving fuel efficiency. In 2008 the Company rolled out its Safe and Eco-Driving programme across all 28 countries. Approximately three-quarters of staff who drive company cars or delivery vehicles have been trained in techniques such as driving at optimum speed and early gear changes. Initial results from early adopter countries are encouraging with an estimate of up to 13,000 tonnes of CO<sub>2</sub> in annual savings across the Group.

#### Alternative Fuels and Vehicles

The Company continues to evaluate and expand use of alternative technologies where local infrastructure allows. In Austria, for example, Coca-Cola Hellenic received the klima-aktiv certificate from the Ministry of the Environment for replacing 100 cars and trucks with Compressed Natural Gas (CNG) powered vehicles that emit 85% less pollution. We are searching for similar opportunities in other countries. The main challenge is to find a guaranteed

"The climate is warming faster than even the worst case scenarios predicted, as the rates of carbon emission have doubled since 2000. Although long-term emission reduction targets are important, it is the cumulative emissions that really matter, so the urgency to act is extreme. Coca-Cola Hellenic has taken significant steps to reduce its direct and indirect emissions, report its progress transparently and support broader collaborative initiatives. Of particular importance is the Company's combined heat and power (CHP) programme which will cut the carbon emissions of participating plants by more than 40% with immediate effect. The Company's efforts, in spite of the economic difficulties, are testimonial to its commitment to climate protection and sustainability."

PROF. GEOFFREY BOULTON FRS. EDINBURGH UNIVERSITY



The Safe & Eco-Driving programme has been rolled out across all 28 countries

supply of sufficient CNG. In 2009, the Company is conducting trials of hybrid delivery trucks with the truck supplier IVECO.

Given growing concerns about biofuels, Coca-Cola Hellenic has halted research until second generation alternatives are available.

#### **Climate-Friendly Refrigeration**

Offering consumers chilled beverages at customer premises is fundamental to Coca-Cola Hellenic's business success. Yet the coolers and other cold drink equipment that do so also represent the Company's greatest source of indirect emissions: twice the  $CO_2$  emissions from Company operations. Coca-Cola Hellenic is working with suppliers to reduce these impacts.

In 2008 the Company launched new coolers that are up to 50% more energy efficient<sup>3</sup>. New cooler models purchased in 2008 will lead to emissions reductions of 29,000 tonnes of  $CO_2$  for each year of their lifetime.

The Company also finalised the development and lab tests of its own energy saving device. This improves the efficiency of refrigeration equipment, in a similar manner to the existing EMS-55 energy saving device installed in larger coolers.

3. Compared to models in 2000

In addition, sales representatives are being taught how to reduce the energy usage of existing coolers. This helps customers reduce their own carbon footprint while better cooling the beverages.

Coca-Cola Hellenic estimates that these measures will reduce  $CO_2$  emissions by over 500,000 tonnes annually over the next 10 years – more than the annual emissions from all bottling plants.

#### **HFC-Free Refrigeration**

The commonly used refrigerant gases hydrofluorocarbons (HFCs) have a high global warming potential, and Coca-Cola Hellenic is working to phase them out. Since 2006, the Company has not used HFCs in insulation foam and alternative refrigerant gases are now being piloted. Instead, the Company is pursuing both hydrocarbon (HC) and  $CO_2$  technology since these gases have considerably less climate impact.

During 2008 the Company worked with its key supplier to develop a range of small coolers using hydrocarbon technology. These are due to be certified and available in 2009 for field tests. For larger coolers, Coca-Cola Hellenic is working with The Coca-Cola Company to adopt  $\rm CO_2$  technology, and is conducting tests using 1.650  $\rm CO_2$  coolers in Italy, Switzerland and Austria.

#### **Packaging and Water**

Coca-Cola Hellenic continued to investigate the impacts of packaging during 2008. By reducing the amount of material in our containers, increasing recycled content and promoting recycling, we reduced associated carbon emissions (see **Packaging & Recycling**).

Water stewardship projects can also support climate protection. For example, Coca-Cola Hellenic is helping to restore the Yelnya Bog in Belarus. Each hectare of healthy peat bog can absorb one metric tonne of  $CO_2$  every year. By restoring the 24,000 hectare bog, the Company will be offsetting the carbon emissions from its bottling operations in the country (see **Water Stewardship**).

> Austria: klima Aktiv Certificate (for promoting CNPG vehicles), Ministry of Agriculture, Forestry, Environment & Water Management Austria: Green Ball Award (climate protection), UEFA European Football Championship 2008 Hungary: 2008 Green Office competition (2nd place), KOVET (Hungarian Association for Sustainable Economies)

N • 0

- <u>Climate Change Policy</u>
- <u>Caring for Climate UN</u> <u>Global Compact</u>

Packaging & Recycling

The bottles and cans that deliver beverages to consumers are of vital importance. They protect the quality and safety of beverages in transit from production lines to consumers. Once the beverage has been consumed, the package can be used as valuable material for recycling or energy recovery - or can end up as waste in landfill.

17 national recovery organisations are co-owned by Coca-Cola Hellenic, almost
13 million tonnes of packaging material recycled

Lightweighting of Packages

Coca-Cola Hellenic is working to reduce the environmental impacts of beverage packaging at every stage of its life cycle. The Company supports an integrated approach that includes reducing the amount of material used in packages reuse, recycling and energy recovery. Ultimately, Coca-Cola Hellenic aims to close the loop by recycling used packages into new in a way that is environmentally and economically sustainable. In Austria, for example, the new industry-owned bottle-to-bottle recycling plant has already helped the Company to significantly increase the recycled content of its PET plastic bottles (see p. 23).

The new Coca-Cola Hellenic policy on packaging and packaging waste underlines the Company's commitment to closing the recycling loop and outlines the steps country operations must take as they work towards this. In package design, the Company continues to reduce the amount of glass, PET or metal used in each container and to increase recycled content. Coca-Cola Hellenic helps to set up recycling and recovery systems, and participates actively in managing them. The Company is committed to investing in bottle-to-bottle recycling plants in every country once a continuous supply of suitable recycled material is available. Lastly, Coca-Cola Hellenic is driving down waste in its own operations, too.

#### **Reducing Packaging**

The most significant contribution Coca-Cola Hellenic can make is to minimise use of packaging in the first place. This reduces the amount of virgin material used, as well as the carbon footprint of packaging throughout its life cycle: from manufacture to transportation to recycling and final waste treatment.

By 2012, Coca-Cola Hellenic aims to improve its packaging efficiency by 25% compared to 2004. This means reducing the amount of packaging for every litre of beverage by one-quarter. The Company has already undertaken major initiatives to make packaging more efficient. For example:

• Glass – Lighter-weight glass bottles are now used in all Company territories. The Ultra-Glass bottle, which uses one-third less glass, and other compact light-weight bottles allowed savings of 4,000 tonnes of glass in 2008, or 2% of total glass use. These initiatives have saved more than 26,000 tonnes of glass, or 5% of total glass purchased since 2005.

• **PET** – Coca-Cola Hellenic's 15-gramme PET Danube bottle is more than one-third lighter than its predecessor and is one of the lightest in the marketplace. Other PET lightweighting initiatives have reduced the 0.5 litre bottle for sparkling beverages by 15% since 2004. Half litre





PET bottles represent more than 42.7% of our business.

• Secondary packaging – Coca-Cola Hellenic is also working to reduce its use of secondary packaging. For example, a pilot project to optimise use of stretch and shrink film in bottling plants has yielded a 17% reduction in film used in the four pilot countries.

In all countries of operation, Coca-Cola Hellenic is close to achieving best practice, thereby running up against current technological limitations. Packages must be strong enough to store and transport beverages safely, particularly carbonated beverages which are kept under pressure. Furthermore, consumers must accept package changes, since packaging plays a role in their purchasing decisions.

Coca-Cola Hellenic will continue to explore opportunities to reduce packaging use. In 2009, the Company is introducing a new bottle closure that is 20% lighter. The Company is also increasing collaboration with suppliers of cans and glass bottles to make these packages lighter and easier to recycle.

#### **Using Recycled Content**

Coca-Cola Hellenic aims to use as much recycled content in packaging as commercially and legally possible. Glass bottles and metal cans contain up to 60% recycled content, for example. The use of recycled materials can save significant amounts of energy compared to virgin materials – a saving of up to 95% in the case of recycled aluminium.

#### **Recycled PET**

In 2008, Coca-Cola Hellenic increased the amount of recycled PET in its packaging by almost two-thirds. PET bottles with recycled content are now used by Coca-Cola Hellenic in seven countries – Switzerland, Austria, Czech Republic, Hungary, Slovakia, Slovenia and Poland – and recycled content has now reached 15% of total PET use in five of these countries. In 2009, Coca-Cola Hellenic aims to increase this further, using almost 7,000 tonnes of recycled PET. Although progress has been good, this still represents a low proportion of the Company's total PET usage. The technology exists to include up to 100% recycled content in PET packages but the material still poses challenges in terms of availability and cost. Demand for recycled PET remains high, and it is cheaper and easier to channel it into industries such as carpets and clothing which do not require the high quality standards needed for food containers.

The bottle-to-bottle recycling plant in Austria is providing a local supply of highquality recycled PET. In 2008, the plant provided the Company with 1,820 tonnes of recycled material for inclusion in new bottles. Another welcome development has been the new EU legislation that allows recycled PET content in food containers in every member state.

#### **Promoting Recycling**

Wherever Coca-Cola Hellenic operates, the Company takes the lead in establishing systems to recover and recycle packages. To date, the Company has helped set up systems in 19 out of its 28 countries. These organisations collect used (or 'post-consumer') packaging for recycling on behalf of the industry. In 17 of these countries, these systems include recycling and recovery organisations coowned by Coca-Cola Hellenic.

In the European Union, national targets are set for the recovery of packaging waste. These targets – ranging from 55% to 80% of packages to be recovered – were again met or exceeded in 2008 in Coca-Cola Hellenic's countries of operation. According to the latest industry information from PETcore, about 40% of all PET packages in Europe were collected for recycling in 2007, and collection rates are increasing 20% year on year.

This recovered packaging includes Coca-Cola Hellenic brands as well as those of competitors, so Company packaging cannot be quantified. Instead, fees are based on Coca-Cola Hellenic's share of sales: €31.3 million in 2008.

"I am always very pleased when an Austrian company assumes its responsibilities towards the environment and goes beyond the formal requirements. Coca-Cola Hellenic in Austria is a prime example of a domestic company which attaches real importance to the environment.

The Company played a crucial role in the development of the ARA Collection System, which has substantially reduced the residual waste volume since 1983. Coca-Cola Hellenic was also a role model for the beverage industry, advancing the sustainability agenda through a voluntary commitment to recycle PET bottles. In 2005, another milestone was achieved when PET to PET Recycling Austria was founded, a company in which five domestic beverage manufacturers participate. To this day, Coca-Cola Hellenic has had a pioneering role in sustainability and environmental awareness issues - I am very proud of this commendable co-operation!"

> NIKOLAUS BERLAKOVICH, AUSTRIAN MINISTER OF AGRICULTURE, FORESTRY, ENVIRONMENT AND WATER MANAGEMENT



Beyond its EU territories, similar structures are also being built. In Nigeria, for example, the Waste to Wealth programme led by The Coca-Cola Company, sorts and recycles PET bottles and cans. To date, there are three collection centres and one recycling plant, with plans for more. In 2008, the scheme recycled 1,875 tonnes of PET.

#### **Building Systems**

In countries currently without packaging management systems, Coca-Cola Hellenic is leading their establishment. Building a system that closes the recycling loop requires a phased approach.

First, Coca-Cola Hellenic helps set up cross-sector packaging associations to work with government agencies on developing a legislative framework. Next, the Company helps set up a system to collect used packaging. Once this is in place, a recovery and recycling scheme is established. The final step in closing the recycling loop is to establish plants that help recycle material into new beverage containers. Coca-Cola Hellenic aims to invest in bottle-to-bottle recycling plants in more countries once the groundwork and collection systems are in place.

#### Involving the Public

Yet setting up a packaging management system alone is not enough. If consumers do not place used containers in collection



systems, the process cannot work. Instead, valuable materials end up in landfill or as litter. Coca-Cola Hellenic supports campaigns that promote recycling, as well as activities to reduce litter. In 2008, for example, the Company conducted a tour across Russia of the exhibition 'The Second Life of Packaging'. Teaching schoolchildren about collection and recycling of packaging, this exhibition has been visited by more than 5,300 people.

To help consumers recycle their beverage packages while they are on the move, Coca-Cola Hellenic has introduced a new requirement for Company sponsorships. All concerts, sports and other events sponsored by Coca-Cola Hellenic must now include a collection system for used beverage containers. At the UEFA EURO 2008 tournament, the Company supported initiatives that helped collect



and process eight million beverage packages, resulting in 300 tonnes of material reprocessing.

#### In-plant Recycling

Coca-Cola Hellenic works hard to reduce the waste generated in its own operations. In 2008, the Company recycled or recovered 78% of production waste, diverting 119,506 tonnes from landfill. This reduced landfilled waste to 2.89 grammes per litre of beverage, 6% less than the previous year.

In addition to recycling beverage containers, Coca-Cola Hellenic also works to ensure that end-of-life cold drink equipment is recycled. To meet WEEE requirements in EU member states for collecting and recycling this equipment, the Company has put in place guidelines for treatment and contracts with authorised waste management companies.



Coca-Cola Hellenic's support to recycling Scope Countries of operation with a Recovery Organisation 19 Population covered by Recovery Organisations 132 million 18,268 Municipalities contracted Infrastructure utilised by Recovery Organisations 891 Number of recycling plants 11.2 million Number of collection bags and bins (annual) 1.227 Number of trucks Amount recovered in 2008 12.8 million tonnes Total cost to Coca-Cola Hellenic in 2008 €31.3 million

The Company's Russian exhibition on recycling of packaging was visited by over 5,300 people

## Austria Bottle-to-Bottle Plant Completes First Year

The first industry-owned bottle-to-bottle recycling plant in Austria completed its first year of operation in 2008. Owned by Coca-Cola Hellenic and four other beverage manufacturers, the €15 million plant produces food-grade PET flakes for use in manufacturing new bottles, providing us with a cost-effective supply of high-quality material. In its first year, the plant processed almost 20,000 tonnes of used PET plastic bottles which would otherwise have been recycled towards fibres production or used for energy recovery. In 2008, the plant provided Coca-Cola Hellenic with 1,820 tonnes of recycled material for inclusion in new bottles.



## UEFA EURO 2008 Event Collection

Held in Austria and Switzerland, the UEFA EURO 2008 tournament aimed to be the most environmentally friendly yet. In an international first, the Coca-Cola System worked with recovery organisations on a joint plan to collect and recycle beverage packaging.

With six million visitors in eight cities, this marked the first time businesses had organised collection and recycling for a cross-border event of this scale. Through close collaboration, the Austrian ARA System, Swiss PET-Recycling Schweiz and IGORA collected eight million beverage containers during the tournament. This represented 85% of packaging used and led to net savings of 450 tonnes of CO<sub>2</sub>. To download sustainability reports of the event, go to www.baspo.admin.ch/.



Packaging and Packaging Waste Policy

- Petcore
- PRO EUROPE
- EUROPEN

# Consumer Health

Changes in demographics and lifestyles as well as rising obesity rates mean that people are increasingly concerned about health and wellbeing. Consumers are seeking lower-calorie options, as well as added health and wellness benefits. They also want more information about the ingredients and the nutritional content of their food and beverages. Coca-Cola Hellenic must respond to these needs; the Company can only be successful if it does so.

## The average calorie content of our beverages is now **19%** lower than 2001

Coca-Cola Hellenic meets these changing needs in a variety of ways. To help consumers manage their calorie intake, the Company offers more lower-calorie beverages and highlights the calorie content of beverages on front of pack. We also promote understanding of the so-called energy equation - 'calories in' must be balanced by 'calories out' - and support healthy lifestyle campaigns and sports programmes in communities. To respond to growing consumer interest in ingredients and nutrition, the Company is launching more beverages with health benefits and providing more nutritional information on packages.

Young consumers pose a special challenge since they are not mature enough to make informed decisions, especially against the growing proliferation of media and brand marketing. All Coca-Cola Hellenic beverages can be part of a healthy diet, yet, the Company fully respects the parents and educators' wishes to manage young children's diets and lifestyles.

In EU territories, the Company was a founding signatory of commitments to the EU Platform for Action on Diet, Physical Activity and Health made by UNESDA, the European beverage industry association. Coca-Cola Hellenic has now fully implemented these commitments which span advertising, beverage choice, consumer information, healthy lifestyles and physical activity. The new Coca-Cola Hellenic policy on consumer health and wellness underlines these commitments, prohibiting the marketing of soft drinks in primary schools and advertising to children under the age of 12.

#### A Wider Choice of Beverages

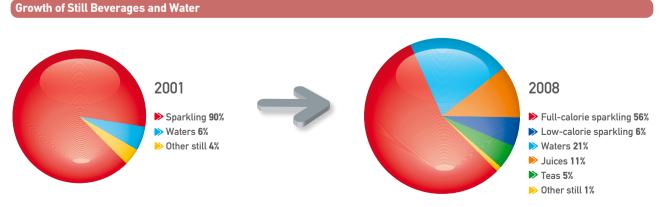
Coca-Cola Hellenic continues to expand its range of beverages. In addition to

sparkling beverages, the Company offers waters, juices, iced teas and coffee and nutritionally enhanced beverages with ingredients such as antioxidants. More than 200 new products were launched in 2008.

Juices, waters and other still beverages represent a growing proportion of the Company's sales volume. In 2008, these beverages represented 38%, while lowand no-calorie sparkling beverages accounted for 6% of volume in 2008. Other major new launches in 2008 included illy coffee, a range of espresso-based iced coffees, and Nestea Vitao, a range of green, red and white teas with antioxidants.

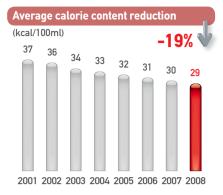
#### **Reduced Calorie Beverages**

As a result of expanding the Company's range of beverages, the average caloric content of Coca-Cola Hellenic beverages has fallen by 19% since 2001.



Waters, juices, teas and other still beverages represent 38% of the Company's volume - compared to only 10% in 2001





The growing range of no- and low-calorie beverages is a key driver of this. These beverages include light or "zero" calorie sparkling beverages such as Coke zero, Coca-Cola light (diet Coke), Fanta zero and Sprite zero.

Coca-Cola Hellenic also continued to expand its range of waters in 2008. New products included:

- Award-winning Avra Herbal range of enhanced waters in sage, lemongrass and mint flavours
- Olimpija Lemon with no sugar or sweetener
- NaturaAqua Emotions range of flavoured natural mineral waters with aloe vera and guarana

Another way in which the Company is helping consumers to manage their calorie intake is to offer more package sizes.

#### **Nutritionally Enhanced Beverages**

In addition to juices with their inherent nutritional benefits, Coca-Cola Hellenic now offers enhanced beverages with specific health or wellness properties. Depending on the beverage, these may include prebiotics and fibre to aid the digestive system, omega-3 to help maintain heart health and boost brain power, antioxidants to help delay ageing, or traditional ingredients like Chios mastic to help strengthen the immune system.

New nutritionally enriched beverages in 2008 included:

- Cappy Breakfast (with fruits, fibre, vitamins and calcium); Cappy Prebiotic and Cappy Antioxidant
- Ev Zyn, a nutritionally enhanced range of juices in Greece, with fibre, omega-3 and Chios mastic

#### **Nutritional Information**

The key information that consumers need to maintain a healthy body weight is the calorie content of their food and beverages. New labels on Coca-Cola Hellenic beverages show the calorie content on the front of beverage packs – both per beverage serving and as a proportion of a healthy diet (Guideline Daily Amounts, or GDAs). These labels also show ata-glance information on the sugar, fat, saturated fat and salt content.

In 2008, the Company placed these GDA labels on all sparkling beverages in all

EU countries. These labels are now being extended to juices, teas and other drinks.

To meet consumers' growing concern about ingredients in their diet, Coca-Cola Hellenic is also highlighting the 'naturalisation' of artificial flavours, colours and preservatives in its beverages. In 2008, for example, an advertising campaign for brand Coca-Cola in Europe affirmed that the brand has no added preservatives or artificial flavours.

In addition, The Beverage Institute for Health and Wellness supports nutrition research, education and outreach, focusing mainly on beverages. Working on behalf of the Coca-Cola business, the Institute evaluates emerging wellness trends and ingredients, undertaking research that supports the development of new beverages.

The Institute's team of nutrition, medical and technical scientists is guided by an external Scientific Advisory Council that includes scientists and physicians affiliated with leading research organisations.

More information about the Company's products, their ingredients and nutritional content is available through publications, website and consumer response hotlines.

#### Informing Employees

In addition to providing information to consumers, Coca-Cola Hellenic must ensure



New waters and nutritionally enhanced beverages launched in 2008



that its own employees are informed. In 2008, the Company began to implement an internal training programme in Europe, Fit for the Future, which teaches employees about the Company's beverages and ingredients, balanced diets and active lifestyles. Coca-Cola Hellenic is also increasingly providing opportunities for employee participation in Companysponsored fitness activities (see below).

#### **Responsible Sales**

In EU territories, Coca-Cola Hellenic no longer directly markets or sells sparkling beverages to primary schools<sup>1</sup>. In schools where children are above 12 years of age, the Company discusses with educators and parents what beverages are most appropriate. The latest independent audits for UNESDA showed 94% industry compliance with the commitment not to sell soft drinks in primary schools. UNESDA continues to consult with parents and educators to ensure views are taken into consideration.

#### **Active Lifestyles**

Helping people manage their caloric intake is only one part of the energy equation. To maintain a healthy body weight, people must burn off the calories they consume through physical activity.

Coca-Cola Hellenic works with government agencies, sport and nutrition experts and others to encourage people of all ages to exercise more, providing opportunities for them to do so.

In Greece, Coca-Cola Hellenic runs a schools programme called 'Moderation-Variety-Balance' together with The Coca-Cola Company. The project involves children, their parents and teachers in learning about healthy and active lifestyles. During 2008, 25,000 children took part in the programme which was named best innovation in the area of health in the international InnoBev awards in 2008.

In Poland, the Company supports the Keep Fit schools programme that promotes an active lifestyle and a The new Fit for the Future programme is teaching employees about healthy diets and lifestyles

well-balanced diet. Supported by the Ministries of Health, Education and Sport, the programme is now active in 5,000 secondary schools and will have reached more than one million children by the end of 2009.

At the community level, Coca-Cola Hellenic supports a wide range of sports and fitness programmes, with approximately 1.5 million people actively taking part each year. The Company support football tournaments in all 28 countries of operation; many are the largest youth sports event in their country.

In Russia, 10,000 young players took part in Coca-Cola Hellenic youth football activities in 2008.

Our 'Be Active' programme in Northern Ireland gained the 2008 BUPA Healthy Communities Award, supported by the Department of Health. By partnering with 20 sports bodies, the programme helps 120,000 people take part in sport each year.

The Coca-Cola Sports Initiative in Austria offers a wide range of sports in schools and communities. With a particular focus on running and football, the programme supports school events, talent development programmes, including all top 30 running events in the country. The long-standing Coca-Cola Sports Initiative saw 220,000 people take part in a wide variety of sports during 2008.

In Hungary, Coca-Cola Hellenic's award-winning programme called 'Move! Wake Your Body' was expanded to 800,000 participants in fitness activities. In partnership with NGOs, government and municipality institutions, Move! Wake Your Body programme promotes active lifestyle and balanced nutrition by initiating or supporting large-scale sport events.

#### Involving Employees

Coca-Cola Hellenic increasingly involves employees, too. In Hungary, the Company



won the 'Best Practice' award in the 2008 Healthy Workplace AmCham Awards for the workplace component of Move! Wake Your Body. The programme provides employees with a range of sports activities, lifestyle camps and wellness weekends. In Slovenia, more than half of employees took part in an active lifestyle programme during 2008. This included health checks, nutrition classes, a range of sports activities and events, as well as a personal exercise plan.

#### **High-Quality Beverages**

The quality and safety of Coca-Cola Hellenic beverages is of paramount importance. If the Company does not meet consistently high quality standards, the trust of customers and consumers will be lost. As part of efforts to continually enhance quality and safety processes, the Company is implementing the international food safety standard ISO 22000. This is part of an integrated management system that includes ISO 9001, ISO 14001 and OHSAS 18001. By the end of 2008, 36 plants had achieved ISO 22000 certification, representing 48% of Company volume and 70 plants had gained ISO 9001 certification, accounting for approximately 95% of volume.

In 2008, there were no product withdrawals relating to consumer health issues and no violations of food safety legislation. Occasionally, beverages may be removed from sale and replaced if they do not meet Coca-Cola Hellenic's strict quality standards although they are safe for consumption.

1. Unless requested to do so by school authorities

The Company also enforces stringent quality standards throughout its value chain. Ingredients and packaging may be sourced only from approved suppliers. The Company continues to exclude ingredients that are genetically modified or derived from GMOs due to consumer concerns in its countries of operations. Both ingredients and finished beverages are tested in quality control laboratories, and random testing is conducted on beverages in the marketplace.



220,000 people took part in the Coca-Cola Sports Initiative in Austria in 2008

# awards

**2008 Beverage Innovation Magazine Awards** – Best new health initiative – 'Moderation-Variety-Balance programme'

- Finalists: Ev Zyn functional drinks best new health initiative; Dobry Winter best new ingredient
- Highly Commended Multon rich fruit mix juice and Dobry fortified best new health initiative

2008 Water Innovation Awards – Best Enhanced Water (silver) (Avra herbal)

2008 Sial d'Or Award – Amita Apple & Cinnamon Juice

**Russia** – Environmental award, Moscow Ecologically Clean and Hygienic Products contest (Yasli-Sad and Nico Biotime juice and nectar brands)

**Northern Ireland** – 2008 Business in the Community Healthy Communities Award, supported by the Department of Health

Hungary – Healthy Workplace Best Practice Award, American Chamber of Commerce



- Our product portfolio
- Beverage Institute for Health & Wellness
- Quality and Food Safety Policy
- <u>GMO statement</u>
- Industry guidelines (UNESDA)
- <u>Supporting healthy lifestyles</u>

Employee Development

To ensure long-term business success, Coca-Cola Hellenic must strengthen the leadership and capabilities of its workforce at every level. In addition to offering career opportunities and training, the Company must also provide employees with a safe, fair and inclusive workplace.

less than 1% difference in salaries between male and female employees Safe and Eco-Driving programme rolled out in all 28 countries

Coca-Cola Hellenic employs 48,683 people, over three-quarters of whom are from emerging and developing economies. Approximately 90% of the Company's workforce are permanent employees. The full-time equivalent employees are 47,641.

#### **Talent Development**

The Company invests significantly in developing the necessary skills and capabilities to ensure its business success – both now and in the future.

Developing tomorrow's leaders is of particular importance and the Company has adopted an integrated approach called the Leadership Pipeline. This programme will help develop a pipeline of skilled, prepared leaders from within the Company. To help employees move from one rung of leadership to the next, they are shown the changes they must make in terms of time application, skills and work values. In 2008, the programme was rolled out to middle managers across the Group and will be extended in 2009 to front-line managers and individual contributors.

The Company has now aligned almost all of its "people processes" with this Leadership Pipeline programme. This will not only help develop a strong talent and succession pipeline, but will also raise the performance bar. For example, performance standards have now been developed for all layers of leadership.

#### **Training and development**

Coca-Cola Hellenic conducts People Development Forums in every country twice a year to create development plans for employees. These plans typically consist of 70% assignments and projects, 20% training and 10% coaching. For example, the Company's recent Excellence Across the Board programme to enhance commercial and supply chain capabilities gave employees from 14 countries the opportunity to take international assignments in cross-cultural environments.

All employees from team leaders upwards are given an annual skills assessment and development plan. The Company also invests in formal training. During 2008, employees received on average more than 16 hours of formal training each.

#### **Equality and Diversity**

Coca-Cola Hellenic aims to recruit and promote local employees into management positions. By the end of 2008, 88% of managers were local. Where the technical expertise or leadership skills are not

	Accident Incidence Rate	Accident Frequency Rate	Sickness Absence Rate
	Number of accidents with 3 or more days of absence per 1,000 employees	Number of accidents with more than one day of absence per 100,000 days worked	Days absent per 100 days work
2004	24.4	12,6	2.36
2005	23.0	13,9	2.19
2006	20.1	14,8	1.80
2007	16.3	9,3	2.15
2008	15.1	15,9	2.28

1. Incidence rate =  $\frac{\text{Number of accidents resulting in 3 or more days away from work x 1000}}{\text{Average number of full time equivalent employees}}$  2. Sickness absence rate =  $\frac{\text{Total days absence from work x 100}}{\text{Total days available for work x 100}}$ 



yet available, international managers are temporarily seconded, while talented local employees are sent on international assignments. Among expatriate managers, almost half (49%) are from emerging and developing countries.

By developing local leaders, Coca-Cola Hellenic aims for its workforce to reflect the diversity of cultures served by the Company. In 2008, directors of eight different nationalities served on the Board and Operating Committee, while 74 different nationalities were represented across the Company's workforce.

Coca-Cola Hellenic is also strengthening its female leadership. In 2008, women occupied 25% of manager and senior manager roles. The Company is committed to salary parity and a 2008 analysis showed that men's salaries were essentially equal (101%) to women's salaries at the same job grade. Men represent 81% of the Company's overall workforce due to the physical nature of many non-managerial roles.

#### **Employee Engagement**

Another vital ingredient to Coca-Cola Hellenic's success is to ensure that employees are motivated and engaged. The biennial engagement survey is a particularly valuable channel for Coca-Cola Hellenic to learn employees' views on the Company's leadership, culture and workplace and to implement action plans accordingly. Based on previous employee feedback, for example, the Company has significantly increased opportunities for employees to meet management in informal settings, learn about the business and give feedback.

Coca-Cola Hellenic is also working to involve employees in its CSR programmes since employees have said that this is of significant interest. During 2008, 3,000 volunteers took part in Company projects in the community. There are now formal volunteer programmes in 16 countries, with more planned in 2009.

During 2008, Coca-Cola Hellenic continued to win awards and recognition as an employer.

#### **Engagement during Recession**

During the current economic challenges, Coca-Cola Hellenic has worked to keep employees abreast about developments, addressing concerns they might have. In particular, the Company aims to minimise redundancies. In 2008, 734 employees were made redundant, with affected

employees being treated fairly. Employee turnover around the Group averaged 20% in 2008.

#### **Creating a Safer Workplace**

Building a stronger safety culture was an important focus for Coca-Cola Hellenic in 2008. A further 21 plants gained OH-SAS 18001 certification, with 55 out of 80 plants now certified, representing approximately 75% of volume. The Company is committed to achieving full certification in all bottling plants and, as new acquisitions join the Group, they must begin implementing the system.

#### Safety Performance

Regrettably, Coca-Cola Hellenic continued to experience work-related fatalities despite this increased focus and investment. During 2008, 12 employees and 13 contractors died in the course of work. There is no justification for loss of life in the course of the Company's business, and these fatalities are simply not acceptable.

#### **Remedial Plans**

Coca-Cola Hellenic has taken decisive steps to make safety performance high priority for the next few years. A senior manager will champion health and safety for the Group. The Senior Management



Committee of the Group has endorsed a three-year plan to identify and address underlying systemic issues of process, infrastructure and behaviour. The plan is cross-functional and includes such elements as setting management accountability, reviewing and correcting compensation practices that drive unsafe behaviours, and conducting a Groupwide safety communications campaign.

In 2008, all country and region health and safety coordinators completed the Managing Safely course of the Institute of Occupational Safety and Health (IOSH). The Group achieved a 100% pass rate for all participants. Given the significant number of contractors among fatalities, a training programme for safe on-site management of contractors will be completed in all countries within 2009. The Company is also developing additional role-specific training health and safety programmes for targeted positions.

The Company further strengthened its metrics collection in 2008 to better understand incidents and drive correction actions. In addition to these lagging indicators reported by industry, the Company has plans to introduce commonly reported lagging indicators such as near misses and number of toolbox talks completed.

#### Safe Driving

Coca-Cola Hellenic is investing in the safety of Company drivers and vehicles. This is especially important given the poor road infrastructure in certain countries of operation. The Company's Safe and Eco-Driving programme was rolled out in 28 countries, and all sales representatives and light vehicle drivers have now been trained. Initial calculations indicate that this programme has resulted in a 9% reduction in total vehicle accident rates. In Nigeria, 30% of truck drivers were trained in safe driving and plans are in place to train all fleet drivers in the country by the end of 2009.

During 2008, Coca-Cola Hellenic also developed a Group Fleet Safety policy and supporting fleet safety manual.



#### 5 simple steps to a Greener Drive

- Shift into higher gear as early as possible (between 2000-2500 revs)
   Maintain steady speed (highest
- Maintain steady speed (highest possible gear and lowest possible revs)
   Try to foresee traffic conditions early
- and react accordingly (look as far ahead as possible)
- Use engine to slow, brakes if needed and to come to complete stop
- 5. Check tyre pressure regularly (low tyre pressure = 10-15% higher fuel consumption: very low pressure is a safety risk)

'Extra' fuel burners	consumption increases
Air conditioner	+ 15-20%
Roof box	up to 20%
Sporty driving style	>20%
Open windows at hi	gh speed +10%
For every 100kg+	+5%

The Safe and Eco-Driving programme has now been rolled out in all 28 countries

#### Health and Wellbeing

Coca-Cola Hellenic's commitment to promoting healthy active lifestyles extends to employees, too. A new fitness programme was launched in Slovenia in 2008, while champions from all EU countries will be trained in the Company's Fit for the Future programme during 2009.

The Company also conducts local programmes addressing specific health risks. In Russia, for example, employees were included in AIDS awareness activities with local NGO TPAA and authorities, such as the innovative photoexhibition 'Affects me. Affects everyone.' The Company also extended HIV/AIDS awareness activities to Armenia in 2008, educating employees about the disease, prevention and Company policy – as well as marking International Aids Day in schools.

In Nigeria, Coca-Cola Hellenic provides HIV/AIDS education, voluntary counselling, testing and anti-retroviral medicines for its employees and dependants. Employees are also taught how to prevent and control malaria and insecticidetreated nets have been distributed to all employees for use at home.

#### A Fair and Ethical Workplace

As part of its commitment to the UN Global Compact, Coca-Cola Hellenic upholds internationally recognised labour and human rights standards and commits to fight corruption.

Workforce breakdown	Managers	Non- Managers	Total
Total	2,060	46,623	48,683
Male	75.2%	80.8%	80.6%
Female	24.8%	19.2%	19.4%
Nationals	87.8%	98.3%	97.9%
Non-nationals	12.2%	1.7%	2.1%

#### **Code of Business Conduct**

All employees are expected to follow the ethical standards set out in Coca-Cola Hellenic's Code of Business Conduct. Approximately 90% of the Company's workforce has received relevant training. During 2008, a new awareness campaign was launched, with periodic electronic bulletins sent to employees that explain different aspects of the Code. In 2009, a new e-learning tool will track not only whether employees have completed training and refresher courses, but also how well they understand the Code.

A whistleblower hotline is in place and allows employees to report suspected violations of the Code on a confidential basis. Policies and procedures have been established for employees and other interested parties to communicate complaints or concerns regarding accounting, internal accounting controls, auditing matters or matters involving fraudulent behaviour by officers or employees of the Company that may affect the Company's accounts.

All reports are investigated and managed at the appropriate level, with the Audit Committee reviewing performance regularly.

The Company's Human Rights Policy and Equality of Opportunity Policy are widely communicated and integrated into management training. Child labour is expressly prohibited, and appropriate checks are made during recruitment.

In 2008, there were no confirmed cases of breaches of Coca-Cola Hellenic's policies,



At the opening of the exhibition of 'Affects me. Affects everyone.' at the Rostov Economic State University, representatives of medical institutes together with PA&C Manager of Coca-Cola HBC Eurasia of the Rostov-on-Don region (second from left)

violations of local equality legislation or litigation brought against Company workplace practices.

#### **Employee Relations**

The fundamental right to freedom of association is enshrined in Coca-Cola Hellenic workplace policies. The Company informs and consults with employees and their elected representatives about major business developments. In locations without unions, the Company recommends the establishment of employee bodies for information and consultation. In 2008, 46% of Company employees were covered by collective labour agreements. The Company ensures that information and consultation on proposed change takes place with elected representatives and employees within the timelines detailed in collective agreements and defined by local legislation.

#### **Rewarding Performance**

Coca-Cola Hellenic benchmarks its compensation packages against other international and key local companies to ensure that employees are remunerated fairly and competitively. In every country of operation, even entry-level employees are paid significantly above the minimum wage – on average 2.7 times this legal minimum.

Total staff costs in 2008 were €1,159.2 million (salaries and benefits). A breakdown of these costs and pension plans can be found in the 2008 Annual Report and Accounts.

Gq

- Human Rights Policy
- Equality Policy
- Occupational Health and Safety Policy

**Serbia** – Best employer among 57 companies by the Infostud and Economist Media Group research

Italy – Second place in the Best Place to Work Survey by the Great Place to Work Institute Hungary – Best employer by AIESEC, the world's largest student organisation



The vast and complex network of suppliers to Coca-Cola Hellenic has a far wider footprint than that of the Company's operations. The upstream environmental impacts of ingredients and packaging, for example, are more than double those of the Company's facilities. In addition, the number of jobs supported in the value chain is many times that of the Company's workforce. Coca-Cola Hellenic therefore has a responsibility to ensure that its standards are reflected in the way its partners work.

Increasingly, Coca-Cola Hellenic assesses the social, environmental and ethical performance of suppliers – in addition to the quality, cost, service and innovation they offer. The Company does not control its suppliers but aims to work collaboratively to assure their workplace standards and to reduce the broader environmental impacts of its business.

#### **Environmental Impacts**

Coca-Cola Hellenic continues to work in partnership with suppliers to reduce the Company's direct and indirect environmental impacts. Efforts are focused on energy and climate protection, packaging and water stewardship in the areas of highest impact. Although the Company has not yet applied green procurement policies across all suppliers, environmental considerations are increasingly included in purchasing criteria.

Indeed, the two biggest reductions to Coca-Cola Hellenic's wider carbon footprint will come as a result of working closely with suppliers. The planned combined heat and power (CHP) units, together with the new coolers and energy saving devices will cut  $CO_2$  emissions significantly as implementation progresses.

#### **Innovative Quad-Generation**

Coca-Cola Hellenic's partnership with ContourGlobal to build 15 CHP units is both large-scale and innovative. Spanning a dozen countries, this represents the single biggest investment in the technology across the food and drink industry. By working with ContourGlobal, Coca-Cola Hellenic has adapted the technology so that in addition to providing power, heating and cooling (tri-generation), these plants are quad-generation, capturing  $\rm CO_2$ for product carbonation. This innovation means that new CHP units can achieve carbon reductions in excess of 50%. The Company's existing CHP plant in Dunaharazsti, Hungary, has reduced the facility's CO<sub>2</sub> emissions by more than 40%.

#### **Cold Drink Equipment**

Coca-Cola Hellenic has worked with leading suppliers to develop more energy-efficient cooler models, as well as an energy management device that reduces energy consumption substantially during closed hours. Combined, these innovations make new cold drink equipment up to 50% more energy efficient compared to 2000. The coolers purchased in 2008 alone will save 29,000 tonnes of  $CO_2$  for every year of their life. The Company has also expanded its efforts to move to HFC-free cooling technology.

#### **Greening Information Technology**

By expanding its Green IT programme, Coca-Cola Hellenic avoided more than 850 tonnes of  $CO_2$  emissions in 2008. Working with forward-thinking suppliers, the Company is creating a framework to measure carbon emissions, power consumption and equipment disposal. The Company's focus is on shared resources, outsourcing the corporate data centre and consolidating servers.

Coca-Cola Hellenic has also extended the life cycle of equipment and assesses energy and carbon emissions when purchasing replacements. For example, the Company is moving towards server-based computing, where the thin client or virtual personal computers run as a regular workstation but consume 50% less energy than conventional PCs. In 2009, Coca-Cola Hellenic will continue its Green IT activities through power management initiatives, as well as by increasing user awareness and collaborating with suppliers.

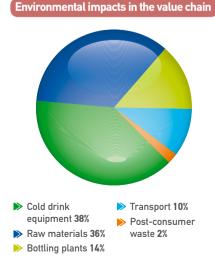
#### Transportation

Coca-Cola Hellenic is transforming its fleet strategy, targeting substantial reductions in  $CO_2$  emissions. In 2009, the Company is working together with its supplier to conduct its first trials of hybrid trucks. Coca-Cola Hellenic avoids air freight; supplies and finished beverages are transported by road, train or ship.

#### Water Footprinting

In order to better understand water use in the Company's supply chain, Coca-Cola Hellenic has been a member of the Water Footprint Network since its formation, and is helping to pilot the emerging methodology.

In addition, The Coca-Cola Company is working with WWF to address sustainability issues in the supply chain on behalf of the broader Coca-Cola System. The partnership is focusing on sugar, the most significant ingredient by weight and by impact. The partnership also supports the Better Sugarcane Initiative to establish standards, evaluate suppliers and set goals (see **Water Stewardship**).



#### **Supplier Guiding Principles**

The Coca-Cola Hellenic Supplier Guiding Principles (SGP) are now included in key procurement contracts. These principles detail expectations of suppliers in terms of labour and human rights, environmental stewardship and business ethics. Child labour and forced labour are explicitly prohibited.

"The 15 quad-generation plants we are constructing for Coca-Cola Hellenic are an innovation in combined heat and power (CHP) technology. In addition to using the energy for heating, cooling and electricity, we have also developed a means to use the power for a fourth use: carbonation. As a result, Coca-Cola Hellenic's CHP units will be among the most efficient in the world.

The integrated nature of these projects has required close co-operation between ContourGlobal and Coca-Cola Hellenic, both at corporate and operational level. From planning to execution, Coca-Cola Hellenic has worked collaboratively with us, committing the necessary resources to make this project a success. Their commitment and responsiveness enabled us to move this project quickly off the drawing board and into their facilities."

> JOSEPH C. BRANDT, PRESIDENT AND CHIEF EXECUTIVE OFFICER, CONTOURGLOBAL



The Company is piloting hybrid truck technology in Austria

During 2008, Coca-Cola Hellenic extended independent audits of this programme to nine more suppliers, representing approximately 15% of its annual spend. Since audits began in 2007, they have been conducted at 23 supplier locations. These assessments include inspecting facilities and records, as well as conducting confidential interviews with employees. The majority of findings have been corrected. These include minor infractions of local safety regulations, lack of sufficient time-keeping systems to verify compliance and incidence of voluntary excess overtime during peak production periods. Corrective action plans are being developed to address all audit findings.

This programme complements The Coca-Cola Company's programme which focuses on ingredients, beverage packaging and trademarked items, such as promotional merchandise. Following an initial focus on vendor certification in high-risk territories, The Coca-Cola Company is expanding its audit programme in Europe in 2009, targeting all suppliers with greater than €60,000 annual spend. Coca-Cola Hellenic will work collaboratively, supporting this joint approach in order to minimise the impact on suppliers while still providing the due diligence and transparency required.

#### **Bringing Economic Benefit**

Coca-Cola Hellenic sources goods and services as close to its facilities as possible. By doing so, the Company brings cost savings to its business and economic benefit to local communities, as well as reducing the environmental impacts of transportation.

In 2008, Coca-Cola Hellenic paid  $\in$ 4,079.2 million to its suppliers, of which 89% went to suppliers in its territories and the European Union.

While these suppliers include large international companies, some have set up or expanded production bases in countries Coca-Cola Hellenic serves. This also reduces transportation and brings further inward investment.





Through core business activities and voluntary community projects, Coca-Cola Hellenic helps improve the quality of life in its communities. The Company aims to bring economic benefits, support young people and their communities and protect the natural environment.

more than **1.5** million participants in Company sports programmes

€11 million contributed to

community projects, over **1.5%** of pre-tax profit

more than **3,000** employees volunteered their skills and time to Company projects

#### **Creating Economic Benefit**

Bringing jobs and other economic benefits is a key way Coca-Cola Hellenic supports the community in which it operates. In 2008, we employed 48,683 people, of whom 81% were in developing and emerging economies.

Almost 2.000 small stores in Poland have taken part in Coca-Cola Hellenic training to develop their overall businesses.



Payments in 2008 (in	millions)
Income taxes <sup>1</sup>	€129.8
Salaries and benefits	€1,159.2
Suppliers of ingredients, packaging, services	€4,079.2

The Company's business model also brings significant economic benefits to local businesses upstream and downstream. Almost 90% of the Company's ingredients, packaging and services are sourced locally.

#### Growing Small Businesses

In addition to the large international customers, Coca-Cola Hellenic supports the development of smaller independent stores. In Poland, where there are 118,000 such businesses, the Company commissioned extensive market research throughout the country and developed a customised traning programme. By the end of 2008, 67 workshops had been taught, with more than 1,200 participants from almost 2,000 stores. In 2008, 23 stores were fully remodelled as part of the scheme and a further 100 were upgraded. Best practice has been shared in 13 other countries to date. Tax revenues are another important economic benefit the Company brings. Other indirect benefits include the knowledge, skills and technology the Company helps to introduce.

During 2008, Coca-Cola Hellenic received a number of awards from local regions in Russia and Ukraine for supporting local business and community development.



#### Community Programmes

In addition to core business activities, Coca-Cola Hellenic also supports community

investment projects. Using the widely recognised LBG model, the Company contributed more than €11 million in 2008, representing more than 1.5% of pre-tax profit.

Yet financial contributions alone do not accurately reflect what Coca-Cola Hellenic brings to projects and partnerships. For example, more than 50% of our water stewardship partnerships with NGOs, government agencies and local communities are long-term relationships that ensure sustained support. In addition to financial support, the Company contributes business skills and technical ex-

1. This figure does not include additional tax charges, arising from employee income, sales, customs, duties, municipal charges, rates and levies



#### What Coca-Cola Hellenic supports



- Environment & water 23%
- Sports & physical activity 25%
- Youth development 15%
- Disaster relief 3%
- **>** Other **34**%

pertise, helping to build capabilities. The Company also generates greater awareness and support, leveraging its marketing expertise to mobilise the general public and the private sector. By providing seed funding to watershed protection programmes with the UNDP in Romania and WWF in Hungary in 2008, for example, Coca-Cola Hellenic helped win EU grants for the projects worth almost €4 million.

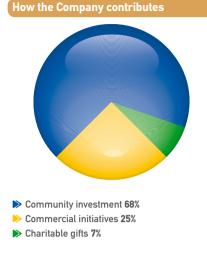
Coca-Cola Hellenic actively involves employees, too. In 2008, an estimated 3,000 employees contributed skills and time to Company projects. In response to employee feedback, formal volunteer programmes have been established in 16 countries with plans to increase this in 2009. In Croatia, Coca-Cola Hellenic received the Volunteer of the Year 2008 award for its contribution to the community through support of social projects, donations and developing volunteer work.

#### Strategic Focus

Coca-Cola Hellenic focuses its support on issues of greatest concern to its business and its stakeholders. There are three main themes for Company programmes:

- Water and environmental protection
- Youth development
- Sports and physical activity

In addition, the Company provides emergency relief following disasters.



Below are some highlights from programmes in 2008. More information can be found on the Coca-Cola Hellenic website.

#### Water and the Environment

Coca-Cola Hellenic helps to protect waterways and watersheds in local communities. More than 50% of water stewardship partnerships encouraging awareness and conservation of major river and river basins are long-term and strategic to ensure sustained support. Across 10 countries, the flagship Green Danube programme is helping to educate schoolchildren, raise public awareness and conduct specific conservation initiatives on the Danube and its tributaries. In addition, Coca-Cola Hellenic supports education, recycling campaigns and clean-up activities (see **Water Stewardship**).

#### Youth Development

By supporting the Stockholm Junior Water Prize, the European Youth Parliament and other activities, Coca-Cola Hellenic aims to develop future leaders. For example, the Company is the main sponsor of national competitions for the Stockholm Junior Water Prize in Russia, Ukraine and Belarus. In 2008, more than 1,300 student research projects on water-related environmental issues were submitted in these three countries alone. The Russian entry to the Stockholm Junior Water Prize won an Excellence award for its outstanding water project.

Special emphasis is also placed on supporting children from disadvantaged backgrounds. Given the numbers of children in care in central and eastern Europe, Coca-Cola Hellenic has formed partnerships with orphanages and care homes to provide long-term support. Where necessary, infrastructure projects are supported. For example, the Company renovated classrooms in Eyaen, Benin in Nigeria in 2008.

Russian entrant Alexey Shinkarev receives an Excellence Award from HRH Crown Princess Victoria of Sweden, the Patron of the Stockholm Junior Water Prize







Business in the Community - Be Active - Trina Stewart, Coca-Cola Hellenic in Northern Ireland with Geoff Wilson, Irish Football Association celebrating the 25th anniversary between the two organisations

#### **Sports and Physical Activity**

More than 1.5 million people actively took part in sports and fitness programmes supported by Coca-Cola Hellenic during 2008. The Company supports schools and community activities encouraging people of all ages to be more physically active.

Coca-Cola Hellenic is also a longstanding supporter of competitions, events and training for a wide range of sports. In Croatia, for example, the Company works with the Bicycle Association to encourage people to leave cars at home and travel by bike instead. Occasionally, providing infrastructure can be another way the Company provides support. In Ukraine, we constructed a further 15 playgrounds in 2008, making a total of 66 built together with the Klitschko Brothers Fund over the past three years.

#### **Emergency Relief**

Providing disaster relief is an often neglected contribution to sustainable development. Yet floods, droughts and fires can potentially undo progress in development and environmental conservation – and more disasters are likely as the world's climate changes.

Safe drinking water is critical in the wake of a disaster. In 2008, Coca-Cola Hellenic delivered almost 235,000 litres of water to

In 2008, Move! Wake Your Body was expanded to approximately 800,000 participants in Hungary



communities, hospitals, schools and relief agencies in Greece, Hungary, Poland, Romania, Russia, Slovakia and Ukraine, following floods, droughts, storms and other natural disasters.

It was only a year ago that Greece experienced its most severe forest fires in recent history. These fires left human casualties and environmental disaster in its wake. Given the Company's long term support, Coca-Cola Hellenic created hardship scholarships for university students from affected areas. In addition to financial aid, help included also psychological support to help them and their families to move on from the tragedy of the fires.

"The LBG model helps companies to measure, manage and report more effectively on their investment into the community.

Since joining LBG in 2008 Coca-Cola Hellenic has demonstrated its commitment by actively applying the model to compile an increasingly thorough picture of its community activity. This is reflected in the broader scope and level of detail in the Company's reporting. We are encouraged that the Company is already taking the next step, which is to assess what its investment achieves for the organisations and people it supports, by measuring the difference made by some of its core programmes."

> JON LLOYD, CORPORATE CITIZENSHIP, MANAGER OF LBG

### Groundbreaking partnership helps to restore the Dorna River

Green 003 is an innovative partnership between Coca-Cola Hellenic's Romanian operations and leading local NGOs Tasuleasa Social and Mai Mult Verde.

The three-year project has combined effective ecological restoration of the Danube tributaries (Dorna, Bistrita and Siret) with education, awareness-raising and volunteerism. From the river's spring, where Coca-Cola Hellenic bottles mineral water, to the Danube Delta, the project has tackled key ecological issues facing the rivers. In addition, the programme has trained hundreds of young people to be environmental activists and leaders, and recruited thousands more as volunteers.

In 2008, the partnership focused on cleaning up the banks of the Danube tributaries Dorna, Bistrita and Siret. More than 2,100 volunteers from nine cities col-



lected 70 tonnes of rubbish along 450 kilometres of the river. This followed extensive reforestation during 2007.

The Green 003 partnership received a special award at the prestigious Civil Society Gala in 2008 and 2009.



Northern Ireland – Responsible Company of the Year and BUPA Healthy Communities Award Northern Ireland – Arts, Business and the Community Award for the Coca-Cola Urban Arts Academy Belarus – Recognition for long-term partnership 'Child's heart' from the Belarusian Children's Fund Bosnia-Herzegovina – Top award 'Golden Sponsor' for campaign to clear the country of land mines, having supported the programme for six years.

Croatia - Volunteer of the Year award for contribution to the community

Ukraine – Philanthropist of the Year 2008 award

Ukraine - Kiev Region Patriot 2008 Award for responsible business and community support

Scholars from Greece receiving support from Company representatives



• <u>Our commitment</u> in action • <u>London</u>

Benchmarking Group

### Supporting the UN Global Compact

Coca-Cola Hellenic actively supports the UN Global Compact, the largest voluntary corporate citizenship programme in the world. The Company upholds and promotes the 10 universal principles that encourage responsible business practices in the areas of human rights, labour, the environment and anti-corruption.

At local and global level, Coca-Cola Hellenic engages in partnerships that support the Compact. The Company is implementing the principles into its business strategy and operations and, increasingly, developing activities in the Company's value chain.

#### **Supporting Local Networks**

Around the world, local networks are being established to help bring the Global Compact to life in different national and cultural contexts.

The Company now participates in local networks in 13 countries: Armenia, Belarus, Bulgaria, Croatia, Greece, Italy, Hungary, Poland, Russia, Serbia, Slovenia, Switzerland and Ukraine.

Most networks are in their early stages, and Coca-Cola Hellenic actively supports their development. In Ukraine, for example, the Company is represented on the Steering Committee and hosted the network's meetings in 2008. In Belarus, the Company supports the network's first programme: a partnership with the UNDP and Novolukoml City authorities to help set up small businesses in areas of unemployment. In Serbia, the Company is supporting the local network's activities to integrate disabled people into the workforce. In 2009, Coca-Cola Hellenic will also chair the network's environmental working group.

We were the **first** alcohol-free beverage company to be named a Notable Reporter and have maintained this status since **2005** Coca-Cola Hellenic participates in **13** local networks

#### **Global Action Platforms**

The UN Global Compact has established platforms that bring world business leaders together on an unprecedented scale to address climate change and the growing water crisis.

As a founding member of both Caring for Climate and the CEO Water Mandate, Coca-Cola Hellenic actively supports their evolution. In its own operations, the Company continues to implement its water stewardship and climate protection strategies (see **Water Stewardship**, **Energy & Climate Protection**).

#### **CEO Water Mandate**

When Coca-Cola Hellenic signed the UN Global Compact's CEO Water Mandate at its launch in August 2007, the Company endorsed its vision and pledged to implement a number of concrete actions. Eighteen months later, the Company has assessed its progress against the number of action points in the Mandate as follows

#### • Direct Operations: 5/5

We understand and improve our water use and have integrated robust water management processes.

#### • Supply Chain and Watershed Management: 1/5

We have supplier guidelines but we are not yet working with suppliers to build capacity and reduce their water footprint.

#### • Collective Action: 4/5

We work with governments and civil organisations and support water initiatives but are not developing better agricultural practices.

#### • Public Policy: 3/4

We are advocates for water sustainability policies but are not yet actively working towards regulatory mechanisms.

#### • Community Engagement: 4/4

We actively work with communities and authorities to increase understanding, awareness and actions towards better water use and infrastructure.

#### • Transparency: 3/3

We openly publish targets, results and activities in accordance with the GRI guidelines and report on progress against our commitments such as the CEO Water Mandate. The full assessment can be seen on our website.

#### Working in Partnership

The Global Compact calls for businesses to support partnerships in support of broader UN goals, especially the Millennium Development Goals. Coca-Cola Hellenic works closely with UN agencies, governments and NGOs with a particular focus on water sustainability. By the end of 2008, the Company was engaged in partnerships with UNDP, UNICEF, WWF and the ICPDR, among others.



Coca-Cola Hellenic also establishes partnerships, such as the groundbreaking Green Danube partnership. In 2008, the Company set up the Business Friends of the Danube Fund, a platform to mobilise business support to protect the endangered Danube River. The Company was invited to present the Green Danube Partnership at the UNECE Summit in 2008 (see p. 8).

In addition, Coca-Cola Hellenic supports the Global Business Coalition on HIV/ AIDS, Malaria and Tuberculosis and during 2008 conducted programmes in Nigeria, Russia, Ukraine and Armenia.

The Company also supports initiatives to advance corporate responsibility and sustainable development, such as the World Business Council for Sustainable Development and the European Alliance on CSR. We belong to approximately 200 organisations at local, national and international level.

#### Reporting

This report and the Company's website serve as the Company's Communica-

tion on Progress. Since 2005, Coca-Cola Hellenic has been named a Notable Reporter for each CSR report and was the first alcohol-free beverage company to have received this commendation.



UN Global Compact - The 10 Principles		Coca-Cola Hellenic CSR Report	GRI indicator
Human Rights			
Principle 1	Businesses should support and respect the protection of internationally proclaimed human rights	A Fair and Ethical Workplace, p. 30	EC5, LA4, LA6-9, LA13-14, HR1-9, S05, PR1-2, PR8
Principle 2	Businesses should make sure that they are not complicit in human rights abuses	Supplier Guiding Principles, p. 33	HR1-9, S05
Labour			
Principle 3	Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining	Employee Relations, p. 31	LA4-5, HR1-3, HR5, S05
Principle 4	Businesses should uphold the elimination of all forms of forced and compulsory labour	Supplier Guiding Principles, p. 33	HR1-3, HR7, S05
Principle 5	Businesses should uphold the effective abolition of child labour	A Fair and Ethical Workplace, p. 30 Supplier Guiding Principles, p. 33	HR1-3, HR6, S05
Principle 6	Businesses should uphold the elimination of discrimination in respect of employment and occupation	Diversity in the Workplace, p. 28 A Fair and Ethical Workplace, p. 30	EC7, LA2, LA13-14, HR1-4, S05
Environment			
Principle 7	Businesses should support a precautionary approach to environmental challenges	Water savings and wastewater treatment, p. 11-12 Reducing CO <sub>2</sub> emissions, p. 16-19	EC2, EN18, EN26, EN30, S05
Principle 8	Businesses should undertake initiatives to promote greater environmental responsibility	Community water programmes, p. 12-15 CEO Water Mandate, p. 38 Stockholm Water Week p.35 Caring for Climate Statement, p. 38	EN1-30, S05. PR3-4
Principle 9	Businesses should encourage the development and diffusion of environmentally friendly technologies	Water-saving aseptic lines, p. 12 Combined Heat and Power (CHP) programme, p. 16-17 PET-to-PET recycling system, pp. 21, 23 Energy-efficient equipment, p. 17-19	EN2, EN5-7, EN10, EN18, EN26-27, EN30, S05
Anti-Corruption			
Principle 10	Businesses should work against corruption in all its forms, including extortion and bribery	Code of Business Conduct, p. 31 Supplier Guiding Principles, p. 33	S02-6

### 2008 Environmental Data Table

	GRI G3 Indicator	Total Amount 2008	Relative Amount 2008	Relative Amount 2007
Production		million litres		
Total beverage production		11,897		
MATERIALS		tonnes	g/lpb	g/lpb
Materials used	EN1	tornes	g, tpb	9,455
Sugar and fructose syrup		863,279	72.6	69.4
Concentrate		54,417	4.6	4.6
PET (bottles)		282,457	23.7	25.6
Plastic (closures)		26,727	2.2	2.3
Metal (crowns)		18,840	1.6	1.2
PE (labels and stretch / shrink film)		49,033	4.1	4.2
Glass		183,414 38,546	15.4 3.2	13.5 3.3
Aluminium Paper (labels)		38,340 1,785	3.2 0.2	3.3 0.2
Cardboard		40,733	3.4	4.8
Wood		115,300	9.7	8.2
Percentage of materials from recycled sources	EN2	see CSR Report p. 21		
ENERGY		million MJ	MJ/lpb	MJ/lpb
Direct energy use (plants and fleet)	EN3	11,591	0.97	0.94
Electricity		2,966	0.25	0.24
Light heating oil		333	0.03	0.05
Heavy heating oil		137	0.01	0.01
Natural gas		2,351	0.20	0.20
LPG		217	0.02	0.02
Others in plants (steam, district heating, own power)		1,017	0.09	0.07
Diesel		2,420	0.20	0.18
Petrol		743	0.06	0.07
Estimated diesel in leased & 3 <sup>rd</sup> -party fleet <b>Primary energy use</b>	EN4	1,408	0.12	0.08
Electricity	LIN4	8,601	0.72	0.71
Fossil fuels		1,550	0.12	0.13
Energy use of Cooling Equipment				
Total cooling equipment electricity consumption		14,296		
• Coolers		13,184		
• Venders		699		
Fountains		413		
Energy saved in bottling plants (vs. 2002)	EN6	2,267	-28%	-27%
Share of renewable energies Initiatives to reduce indirect energy consumption	EN5	564	8%	8%
initiatives to reduce indirect energy consumption	EN7	see CSR Report p. 18-19		
WATER			litres per litre of produced	litres per litre of produced
T-1-1	ENIO		beverage	beverage
Total water use	EN8	29,535 million litres	2.48	2.59
Water withdrawal by source (% from municipal sources) Water habitats affected by withdrawal of water	EN9	36% 1		
Total recycling and reuse of water	EN10	1,285 million litres	0.1 l/lpb	0.1 l/lpb
BIODIVERSITY				
Total amount of land owned	-	885 ha		
Land owned in protected habitats	EN11	none		
Major impacts on biodiversity	EN12	none		
Changes to natural habitats resulting from operations	EN14	none		
Programmes to protect habitats	EN13	see CSR Report p. 12-15		
Red List species with habitats affected by operations	EN15	none		



	GRI G3 Indicator	Total Amount 2008	Relative Amount 2008	Relative Amount 2007
EMISSIONS, EFFLUENTS AND WASTE				
Greenhouse gas emissions <sup>1</sup>		tonnes	g/lpb	g/lpb
CO <sub>2</sub> emissions, direct (scope 1, from plants and fleet)	EN16	455,031	38.2	39.0
CO <sub>2</sub> emissions, indirect (scope 2, from electricity use)	EN17	362,097	30.4	29.9
HFC emissions	EN16	14.6	0.001	0.002
$CO_2$ for product carbonation (excluding recycled $CO_2$ )	EN16	49,892	4.2	10.3
CO <sub>2</sub> from electricity use of cold drink equipment	EN17	1,813,264	152.4	153.0
Programmes to reduce greenhouse gas emissions	EN18	see CSR Report p. 17-19		
Ozone-depleting substance emissions	EN19			
CFCs and HCFCs		0.194	<0.001	<0.001
Other significant air emissions	EN20	0.101	(0.001	(0.001
NO <sub>v</sub>		5,106	0.43	0.391
SO <sub>2</sub>		3,425	0.29	0.28
Particulate matter		564	0.05	0.04
		004	0.00	0.04
WASTE	EN(22	ass CCD Depart p. 22		
Amount of solid waste	EN22	see CSR Report p. 22	12.0 g/lph	12 / g/lph
Total amount		153,176 t	12.9 g/lpb	12.4 g/lpb
Recycling and energy recovery Hazardous waste		119,506 t	78%	75%
		1 50/ +	0.1 g/lph	0.1 c/lph
Hazardous waste generated	EN24	1,504 t	0.1 g/lpb	0.1 g/lpb
EFFLUENTS				
Discharges to water				
Quantity of wastewater discharge	EN21	16,743 million litres	1.4 l/lpb	1.5 l/lpb
Total COD (Chemical Oxygen Demand) produced	EN21	6,663 t O <sub>2</sub>	560 mg O <sub>2</sub> /lpb	559 mg O <sub>2</sub> /lpb
Total COD reaching the environment	EN21	998 t O <sub>2</sub>	104 mg 0 <sub>2</sub> /l	94 mg O <sub>2</sub> /l
Water habitats affected by water discharges	EN25	10		
Spills of chemicals, oils, fuels	EN23	49 t	0.004 g/lpb	0.003 g/lpb
PRODUCTS AND SERVICES				
Significant environmental impacts	EN26	see CSR Report's		
		inside front cover		
Percentage reclaimable products	EN27	see CSR Report p. 21-22		
Rate of returnable packaging		12%		
Possible rate of packaging recycling		see CSR Report p. 21-22		
Achieved rate of packaging recycling		see CSR Report p. 21-22		
COMPLIANCE				
Incidents and fines	EN28	9+8		
TRANSPORT				
Environmental impacts of transport	EN29	see CSR Report p.18-19		
Number of vehicles		20,500		
Fuel consumption (litres)		88,100,731 L.	7.4 ml/lpb	7.0 ml/lpb
·				
EXPENDITURES Total environmental expenditures	EN 30	not public		
rotat environmental expenditures	LIN SU	ποι μάριις		

Note: Core GRI indicators are indicated in bold typeface. Additional GRI indicators are indicated in normal typeface

1. 2007 GHG data differ slightly from values reported in 2007 due to the update in CO<sub>2</sub> conversion factors from the International Energy Agency

### **Glossary of Terms**

**Bottlers:** Business entities that sell, manufacture, and distribute beverages of The Coca-Cola Company under a franchise agreement.

**Bottle-to-bottle:** A recycling system for post-consumer PET bottles. Used bottles are collected, sorted, cleaned, ground and transformed into new material for manufacture into PET bottle performs.

**Bottling plant:** A beverage production facility, including associated warehouses, workshops, and other on-site buildings and installations.

**Caring for Climate:** This framework allows UN Global Compact participants to advance practical solutions to climate change and help shape public policy and public attitudes.

**CEO Water Mandate:** Launched by the UN Global Compact, this is a call to action and a strategic framework for companies to address water sustainability in their operations and supply chains.

**Chlorofluorocarbon (CFC):** A chemical compound used in cooling equipment, which damages the earth's ozone layer and contributes to global warming.

**Coca-Cola Hellenic:** Coca-Cola Hellenic Bottling Company S.A. and, as the context may require, its subsidiaries and joint ventures. Also, the "Company" or the "Group".

**Coca-Cola System:** The business system comprising The Coca-Cola Company and its bottling partners. In this report, the Coca-Cola System refers to joint initiatives of Coca-Cola Hellenic together with The Coca-Cola Company.

**Cold Drink Equipment (CDE):** Coolers, vending machines and fountains in the marketplace that cool beverages for immediate consumption.

**Combined Heat and Power (CHP) unit:** Also called tri-generation units, these can produce power, heat, cooling and  $CO_2$  in a combined process that is up to 40% more efficient than separate processes.

**Concentrate:** The base of a beverage, to which water and other ingredients are added to produce finished beverages. It may contain concentrated plant extracts, fruit juices, colourings and other components.

**Consumer:** Person who drinks Coca-Cola Hellenic's beverages.

**Customer:** Retail outlet, restaurant or any other business that sells or serves Coca-Cola Hellenic products to consumers.

CSR: Corporate Social Responsibility.

**Dow Jones Sustainability Index (DJSI):** First global indexes tracking the financial performance of the leading sustainabilitydriven companies worldwide.

**Energy use ratio:** The KPI used by Coca-Cola Hellenic to measure energy consumption in the bottling plants, expressed in megajoules of energy consumed per litre of produced beverage (MJ/lpb).

**EU Platform for Action on Diet, Physical Activity and Health:** A multi-stakeholder initiative to combat overweight and promote physical activity.

European Organisation for Packaging and the Environment (EUROPEN): An

industry and trade organisation open to companies with an economic interest in packaging and packaged products. It presents the opinion of its members on topics related to packaging and the environment.

**Fountain:** Equipment used in retail outlets to dispense beverages into cups or glasses for immediate consumption.

**GDA:** Guideline Daily Amount

**Global Reporting Initiative (GRI):** The GRI sustainability reporting guidelines are the most widely used framework for reporting sustainability performance.

#### Global Water Partnership (GWP):

The network founded by the World Bank, the United Nations Development Programme (UNDP), and the Swedish International Development Agency (SIDA) to foster integrated water resource management (IWRM).

#### Greenhouse Gas (GHG) Register:

This forum enables organisations to disclose, monitor and compare their greenhouse gas emissions using common methodology.

#### Hydrochlorofluorocarbon (HCFC):

Chemical compound used in cooling equipment, which damages the earth's ozone layer and contributes to global warming.

**Hydrofluorocarbon (HFC):** Chemical compound used in cooling equipment, which contributes to global warming.

**ICPDR:** The International Commission for the Protection of the Danube River is partner in the Company's Green Danube programme.

IGO: Intergovernmental Organisation

- ILO: International Labour Organisation
- **KPI:** Key Performance Indicator

**ISO:** International Organisation for Standardisation

**LBG (London Benchmarking Group) Model:** This tool is used by hundreds of leading businesses to measure corporate community involvement.

**Lightweighting:** Reducing the amount of raw materials used to produce lighter packaging.

#### Litres of produced beverages (lpb):

Unit of reference for environmental indicators.

**NGO:** Non-Governmental Organisation.

**Operations:** This term is used in this report to describe Coca-Cola Hellenic's bottling, distribution and sales activities.

**OHSAS:** Occupational Health and Safety Advisory Systems

#### **Packaging Waste Management**

**System:** A comprehensive programme to collect and sort post-consumer packaging, then to recycle or recover it.

#### PET (Polyethylene Teraphthalate):

A form of polyester used to make lightweight, shatter-resistant bottles for beverages, food and non-food. PET can be recycled into new containers, clothing, carpeting, automotive parts and industrial materials.

**Plant:** A bottling facility, also referred to as a bottling plant, where beverages are manufactured.

#### Packaging Recovery Organisation Europe (PRO EUROPE): is the umbrella

organisation for European packaging and packaging waste recovery and recycling schemes which mainly use the "Green Dot" trademark as a financing symbol.

**Ramsar Convention:** Intergovernmental treaty which provides the framework for national action and international co-operation for the conservation and wise use of wetlands and their resources.

#### Supplier Guiding Principles (SGPs):

Coca-Cola Hellenic's social and environmental requirements of suppliers.

#### The Coca-Cola Company:

The world's leading manufacturer, marketer, and distributor of non-alcoholic concentrates and syrups used to produce nearly 400 beverage types.

**UNDP:** The United Nations Development Programme is the UN's global

development network, the largest multilateral source of development assistance.

**UNECE:** The United Nations Economic Commission for Europe encourage economic co-operation among its member States.

**UNESCO:** The United Nations Educational, Scientific and Cultural Organisation promotes peace and security through international collaboration in education, science and culture.

**UNESDA:** The Union of European Beverages Associations is the European trade association representing the nonalcoholic beverages industry.

**UN Global Compact:** The world's largest corporate citizenship initiative provides a framework for businesses to align strategies with its ten principles promoting labour rights, human rights, environmental protection and anticorruption.

**UNICEF:** The United Nations Children's Fund provides long-term humanitarian and developmental assistance to children and mothers in developing countries.

**Waste ratio:** The KPI used by Coca-Cola Hellenic to measure waste generation in the bottling plants, expressed in grammes of waste generated per litre of produced beverage (g/lpb).

**Waste recycling:** The KPI used by Coca-Cola Hellenic to measure the percentage of production waste at bottling plants that is recycled or recovered.

Water scarcity: 500-1000m<sup>3</sup>/person/year

Water stress: 1000-1700m<sup>3</sup>/person/year

Water sufficient: 1700-4000m³/person/year

Water use ratio: The KPI used by Coca-Cola Hellenic to measure water use in the bottling plants, expressed in litres of water used per litre of produced beverage (l/lpb).

**WBCSD:** The World Business Council for Sustainable Development is a global association of some 200 companies addressing sustainable development issues.

**WEEE Directive:** The EU Directive on Waste of Electric and Electronic Equipment (WEEE) defines the responsibilities of companies for the disposal of waste electrical and electronic equipment.

**WWF:** World Wide Fund for Nature is the world's largest non-governmental organisation working on issues regarding the conservation, research and restoration of the environment.

## **GRI Index**

The index below lists the disclosures and performance indicators covered in this report. A comprehensive index can be found on the Coca-Cola Hellenic website.

Profile	Page	Profile	Page	Profile	Page
Strategy & Anal	ysis	4.14	8-9	Labour Practices &	Decent Work
1.1	1, AR 4-5	4.15	8-9	LA1	28
1.2	Inside front cover,	4.16	8-9	LA2	29
	6-7, 8, back cover	4.17	8-9	LA3	31
				LA4	31
Organisational I	Profile	Environmental		LA5	31
2.1	Front cover	EN1	40	LA6	29-30
2.2	3	EN2	40	LA7	29
2.3	3	EN3	40	LA8	30
0.4					

2.3	3
2.4	Inside back cover
2.5	2
2.6	AR 40
2.7	3
2.8	2
2.9	AR 4, 5, 7, 21
2.10	15, 19, 26-27, 31, 37

#### **Report Parameters**

3.1	Contents page
3.2	7
3.3	Contents page
3.4	Inside back cover
3.5	7, 9
3.6	Contents page
3.7	Contents page
3.8	Contents page
3.9	10, 11, 12, 17, 20, 22,
	24, 25, 29, 34, 41
3.10	N/A
3.11	17
3.12	44
3.13	5, 7

#### Governance, Commitments, Engagement

4.1	6; AR 34-36
4.2	AR34
4.3	AR 34, 36
4.4	31
4.5	7, AR 34
4.6	AR 34
4.7	AR 34
4.8	7, AR 1, AR 34
4.9	6
4.10	N/A
4.11	6, 24, 25, 26, 27
4.12	5
4.13	5, 6, 8, 10, 12, 13, 14, 16, 18,
	21, 24, 26, 30, 32, 34, 38-39

Environmen	Ital
EN1	40
EN2	40
EN3	40
EN4	40
EN5	40
EN6	40
EN7	16, 17, 18, 19
EN8	40
EN9	40
EN10	40
EN11	None
EN12	None
EN13	12, 13, 14, 15
EN14	None
EN15	None
EN16	41
EN17	41
EN18	41
EN19	41
EN20	41
EN21	41
EN22	22, 41
EN23	41
EN24	41
EN25	41
EN26	Inside back cover, 19
EN27	21
EN28	41
EN29	18-19, 41
EN30	Not publicly available

#### Human Rights

HR1	33
HR2	33
HR3	Not reported
HR4	None
HR5	None
HR6	None
HR7	None
HR8	N/A
HR9	N/A

Labour Practices & Decent	Work
LA1	28
LA2	29
LA3	31
LA4	31
LA5	31
LA6	29-30
LA7	29
LA8	30
LA9	29-30
LA10	28
LA11	28-29
LA12	28
LA13	28, 30
LA14	28

#### Society

SO1 Inside back cover	
S02 7	
S03 31	
SO4 N/A	
S05 10, 16, 38	
S06 None	
S07 N/A	
S08 26, 41	

#### **Product Responsibility**

PR1	24, 25, 26, 27		
PR2	26		
PR3	25		
PR4	N/A		
PR5	AR 15 / Website - Customers		
PR6	26		
PR7	26		
PR8	Customer privacy: Not reported		
PR9	26		

#### Economic

EC2 1	6
EC3 N/	A
EC4 N/	A
EC5 3	81
EC6 3	3
EC7 2	8
EC8 12, 14, 3	5
EC9 33, 3	84

• Text in italics refers to additional indicators

• AR: Annual Report

# **Targets and Progress**

Торіс	2008 Target	2008 Progress	Future Targets
Water Stewardship Water is a critical resource and vital to our communities	Operations: • Reduce water use by 4% • Build 4 wastewater treatment plants	<ul><li> Reduced by 4%</li><li> Built two wastewater treatment plants</li></ul>	<ul><li>Further reduce water use</li><li>100% of wastewater treated</li></ul>
	<u>Watersheds</u> : • Extend community watershed partnerships	• Extended watershed protection programmes and strengthened those relationships in existing partnerships	• Programmes in all countries
Energy & Climate Protection We need to reduce	Operations: • Reduce energy use by 2% • Build 15 more CHP units	<ul><li>Reduced by 2%</li><li>First construction plants underway</li></ul>	• Reduce CO <sub>2</sub> emissions by 20% by 2020
the carbon footprint of the energy	<u>Fleet</u> : • Extend Eco-Driving to all countries	• Eco-Driving in all countries	Introduce greener vehicles
used to run our business	<u>Cold Drink Equipment (CDE)</u> : • Develop more efficient refrigeration systems	• Launched two new energy-efficient coolers and an energy-saving device	• All new CDE to be up to 50% more energy-efficient
Packaging & Recycling Packaging is critica in delivering our beverages to consumers	Reduce and reuse: • Reduce the amount of material used in bottles	<ul> <li>Avoided 23,000 tonnes of PET packaging</li> <li>Increased use of recycled PET by 67 %</li> </ul>	<ul><li>Push for more lightweighting</li><li>Push for more recycling</li></ul>
Consumer Health	Overall: • Develop Health & Nutrition policy	• Implemented	
the beverages that people want and sell them in a responsible manner	Beverages: • Broaden beverage range • Reduce calorie content by 2% • ISO 22000 in 19 more plants; • ISO 9001 in 3 more plants	<ul> <li>200 new beverages</li> <li>Reduced by 2%</li> <li>12 more plants certified, 36 to date</li> <li>1 more plant certified, 70 to date</li> </ul>	<ul> <li>Continue to expand beverage range</li> <li>ISO 22000 in all plants</li> <li>ISO 9001 in all plants</li> </ul>
Employee Development We must protect and develop our employees	<u>Health &amp; Safety:</u> • Reduce/prevent fatalities • Occupational Health and Safety Advisory Services (OHSAS)18001 in 15 more plants	<ul> <li>Target not met. 25 fatalities</li> <li>21 more plants certified, 55 to date</li> </ul>	• OHSAS 18001 in all plants
Supplier Engagement The impacts of our supply chain	Supplier Guiding Principles: • Audit 10 more major suppliers	• 10 more suppliers audited, 23 to date	• Work with TCCC on joint European auditing
are far greater than those of our own operations	Green procurement policies	• In development	• Address global footprint with suppliers
Community Involvement Communities should benefit from	Community programmes: • Expand strategic partnerships	Contributed €11 million more than 1.5% of pre-tax profit	• Maintain 1.5% of pretax profit and assess achievement of investments
our business	Emergency relief: • Develop Groupwide plan	• On-going: provided almost 235,000 litres of drinking water	• Greater alignment with relief agencies
	Economic benefit: • Customer training programme	• 67 workshops with more than 1,200 participants	
Supporting the UN Global Compact Active participation allows	<u>Global platforms:</u> • Promote sustainability leadership	• Actively supported Caring for Climate and CEO Water Mandate	
us to adopt and share best practice in CSR programmes	Local networks: • Extend support of local networks	• Active member in 13 local networks	• Contribute support of local networks



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