

# Social Responsibility Report 2005



marketplace



workplace



environment



community

**Coca-Cola HBC**

# 2005 Highlights

## Business overall

2

- **Financial results:** 2005 sales volume increased 9% (12% including acquisitions), with 10% increase in net income – fifth consecutive year of growth
- **Product mix:** Non-carbonated beverages reached 28% of volume
- **External recognition:** Maintained FTSE4Good listing; First alcohol-free beverage company to be 'in accordance' reporter of the Global Reporting Initiative (GRI)

## Governance

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- **Ethics:** Rolled out revised Code of Business Conduct to employees in every country

## Marketplace

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- **Responsible marketing:** Actively participated in UNESDA industry initiatives; Finalised and implemented revised code of practice for sales and marketing in schools
- **Consumer Response Information System (CRIS):** Completed in the last group of countries, the Baltic republics
- **Customers:** New Group-wide Customer Satisfaction Survey introduced
- **Quality certification:** Achieved ISO 9001 certification in 58 out of 79 plants, representing nearly 85% of produced volume

## Workplace

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- **Occupational Health and Safety:** Achieved OHSAS 18001 certification in 9 plants; Safety committees set up in all plants
- **HIV/AIDS:** Extended HIV/AIDS programmes for employees in Nigeria; Began awareness and prevention strategies in other priority countries
- **Employee relations:** Developed new Coca-Cola HBC Employee Engagement Survey
- **Malaria:** Implemented Roll Back Malaria programme throughout all Nigerian plants
- **Training:** Provided 17 training hours on average per employee

## Environment

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- **Water:** Improved plant water efficiency by 4%
- **Energy:** Improved plant energy efficiency by 9%
- **Recycling:** Increased recycling of plant solid waste by 9%
- **Waste:** Failed to achieve target for solid waste reduction which increased by 5%
- **ISO 14001 certification:** Achieved in 54 of 79 plants, covering 79.1% of produced volume
- **Wastewater:** Installed three wastewater treatment units
- **Cold drink equipment:** Reduced remaining CFC-containing units from 9% to 5% of total

## Community

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- **Green Danube Partnership:** Launched multi-year Danube River conservation programme in five countries
- Launched pilot for Nigeria water conservation programme
- Continued to expand coverage of **sports, environment** and **youth** development programmes to reach almost all Coca-Cola HBC territories

## A Message from The Board

At Coca-Cola HBC, the year 2005 was one of continued business expansion, profitable volume growth and excellence in marketplace execution. We also continued to integrate our corporate responsibility commitments into our business strategy and practices, creating value not only for our shareholders but for all who come into contact with our business: suppliers, employees, customers, consumers, governments and communities.

By 2005, for example, our product range had expanded to 340 non-carbonated beverages, including juices and waters, that represented 28% of sales. This diversification is part of our response to the obesity epidemic, a significant challenge facing our industry and our societies. We support the EU Platform for Action on Diet, Physical Activity and Health and have worked to develop industry-wide commitments. In 2005, we took further steps to restrict sales of carbonated beverages in primary schools and support physical activity and nutrition education programmes.

In 2005, we also made significant progress on another key challenge – water availability. In addition to improving plant water use efficiency for the fourth consecutive year, we launched the Green Danube Partnership, a multi-country programme to protect the world's most international river basin. We will extend the programme in 2006 and launch a similar public-private partnership programme in aid of Russia's Volga river. During 2005, we also met and exceeded our improvement targets for energy and waste recycling, the company's two other environmental priorities. Due to extensive refurbishment and replacement of returnable glass bottle floats, we did not yet succeed in reducing solid waste generation in our plants.

We have set ourselves targets to achieve internationally recognised certification of our integrated quality, environment, health and safety management systems by

2007. By the end of 2005, we had gained ISO 14001 and ISO 9001 certification in over 68% of plants, representing more than three-quarters of our volume, and achieved OHSAS 18001 certification of nine plants in 2005. As we acquire new uncertified plants, progress has slowed somewhat and we have applied additional resources to counter this.

In 2005, we again maintained our listing on the FTSE4Good index. We also achieved recognition at a national level. Our Irish operations received the Best Practice Award at the 2005 Repak Recycling Awards and our internal communications and youth development programmes won top awards in Northern Ireland. Croatian and Italian operations were cited for leading workplace practices, while in Belarus we gained a gold medal for social responsibility. In Hungary, Coca-Cola was named the most trusted soft drink brand.

Since 2000, we have made strong progress in embedding corporate responsibility at Coca-Cola HBC, but still have a long way to go. The world is changing fast and we have much to learn. Given the differing development of operations across 26 countries, our progress varies but we strive to live up to the commitments we have made. We are a participant of the UN Global Compact and promote its 10 principles concerning human rights, labour standards, environmental stewardship and anti-corruption. And we are committed to reporting our progress, both failures and successes. Only by doing so can we improve our performance and maintain the trust of our stakeholders.

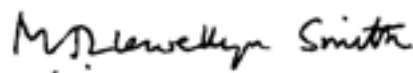
To ensure that we report in a manner that is transparent and comparable, we follow the Sustainability Reporting Guidelines of the Global Reporting Initiative (GRI). This report has been prepared in accordance with the 2002 GRI Guidelines. It represents a balanced and reasonable presentation of our organisation's economic, environmental and social performance.



George David  
Chairman



Doros Constantinou  
Managing Director



Sir Michael Llewellyn Smith  
Chairman  
Social Responsibility Committee

## Business Overview

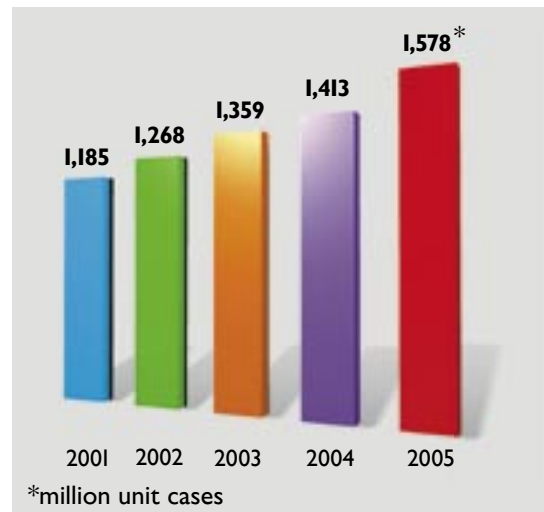
Coca-Cola Hellenic Bottling Company SA (also known as Coca-Cola HBC) is one of the world's largest producers of non-alcoholic beverages. The company is the second largest bottler of Coca-Cola products in terms of revenue and third in terms of volume.

Coca-Cola HBC has over 41,000 employees, owns 79 bottling plants and distributes beverages to a population of about 540 million people in 26 countries. Of these countries, 25 are in Europe, including 13 in the European Union. The only non-European operation is in Nigeria. As of the end of 2005, the company's bottling operations included 65 soft drinks plants, two juice plants and 12 mineral water plants.

In 2005, the company sold 1.578 million unit cases of non-alcoholic beverages. Coca-Cola HBC reported net sales revenue of €4.78 billion in 2005, and a net profit of €320 million<sup>1</sup>, achieving for the first time a Return on Invested Capital (ROIC) greater than the Weighted Average Cost of Capital (WACC).

### The Company

Coca-Cola HBC was created in 2000 from a merger between the Hellenic Bottling Company of Athens and Coca-Cola Beverages PLC of London. The company is headquartered in Athens and is listed on the Athens, New York, London and Sydney stock exchanges. The company's largest shareowners are the



Volume Evolution

Kar-Tess Group and The Coca-Cola Company, who own approximately 30% and 24% respectively.

Coca-Cola HBC is licensed to produce, distribute and sell a range of beverages of The Coca-Cola Company. The Coca-Cola Company owns the trademarks of these beverages, supplies the concentrate and is largely responsible for consumer marketing. The partnership between The Coca-Cola Company and its bottlers is informally referred to as the Coca-Cola System. Coca-Cola HBC also manufactures and distributes 10 own brands (including Amita, Avra, Deep RiverRock, Fruice and Römerquelle) and six brands licensed by other companies (such as Nestea).

2000

**Merger**  
Hellenic Bottling Company SA acquires Coca-Cola Beverages plc to form Coca-Cola HBC

**Territory acquisition**  
Coca-Cola HBC acquires full control of Russian Coca-Cola bottling operations

**Environmental Management**  
First Coca-Cola HBC country operation to be certified against ISO14001 – Coca-Cola HBC commits to achieving certification in all country operations

2001

2002

**Territory acquisition**  
Coca-Cola HBC acquires all bottling operations in the Baltic states of Estonia, Latvia and Lithuania

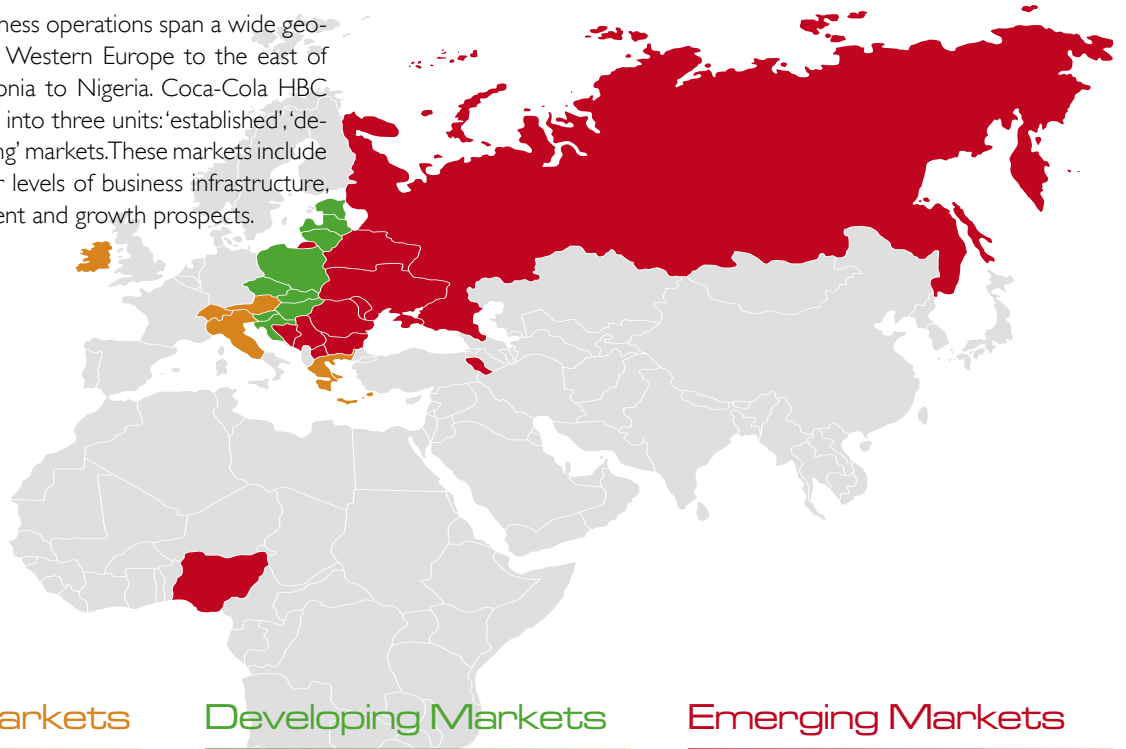
**Water acquisitions**  
Coca-Cola HBC acquires Valser Mineralquellen AG in Switzerland and Dorna Apemin SA in Romania

**SRI listing**  
Coca-Cola HBC maintains FTSE4Good listing

<sup>1</sup> Excludes the recognition of pre-acquisition tax losses, the amortisation of indefinitely-lived intangible assets, and includes the results of the acquired entities

## Company Operations

Coca-Cola HBC business operations span a wide geographical range from Western Europe to the east of Russia and from Estonia to Nigeria. Coca-Cola HBC organises its business into three units: 'established', 'developing' and 'emerging' markets. These markets include countries with similar levels of business infrastructure, economic development and growth prospects.



### Established Markets

- 6 countries;  
71 million people
- 21 plants; 18 warehouses;  
32 distribution centres
- 8,653 employees
- 36% of volume
- GDP per capita: US\$32,200

### Developing Markets

- 9 countries;  
77 million people
- 13 plants; 13 warehouses;  
51 distribution centres
- 7,390 employees
- 19% of volume
- GDP per capita: US\$9,100

### Emerging Markets

- 11 countries;  
392 million people
- 45 plants; 46 warehouses;  
188 distribution centres
- 25,058 employees
- 45% of volume
- GDP per capita: US\$2,900

2003

#### Water acquisitions

Coca-Cola HBC acquires the mineral water operations Multivita sp. z.o.o. in Poland and Römerquelle GmbH in Austria

#### Social Responsibility Management

Coca-Cola HBC forms Board-level committee and Executive-Level Council to manage CSR across the business

#### Safety Management

First country operations to be certified OHSAS 18001 – Company commits to full certification in all country operations

2004

#### Policies

Coca-Cola HBC ratifies policies for human rights, equality of opportunity, HIV/AIDS, health and safety, environment and quality

#### GRI reporting

First non-alcoholic beverage company to report in accordance with the Global Reporting Initiative

#### Water acquisitions

Coca-Cola HBC acquires the mineral water company Gotalka d.o.o in Croatia

#### Awards

Received Russia's highest environmental award for eco-efficiency

2005

#### Water acquisitions

Coca-Cola HBC acquires the mineral water companies Vlasinka d.o.o. in Serbia and Bankya Mineral Waters Bottling Company E.O.O.D. in Bulgaria

#### Fruit juice acquisition

Coca-Cola HBC acquires the fruit juice company Multon Z.A.O. Group in Russia

#### New water sustainability initiatives

Green Danube partnership and Nigeria pilot water programmes launched

#### UN Global Compact

Coca-Cola HBC signs to the UN Global Compact

## Products

Coca-Cola HBC produces an increasingly wide range of beverages. In addition to carbonated soft drinks, the range includes non-carbonated beverages such as juice and juice drinks; natural mineral, flavoured and

table waters; sports and energy drinks, and ready-to-drink teas and coffees. Diversification is a strategic priority for the company. Of the 483 beverage varieties offered in 2005, 340 were non-carbonated beverages, representing 28% of sales volume. For more details, see **Marketplace**.

## Carbonated Soft Drinks

- **Products:** Regular and sugar-free soft drinks
- **Brands include:** Coca-Cola, Coca-Cola light, Fanta, Sprite
- **Share of 2005 sales:** 72%



## Waters

- **Products:** Natural mineral water, table water, flavoured and near waters, still and sparkling
- **Brands include:** Avra, Bonaqua, Deep RiverRock, Valser, Römerquelle, Dorna, Eva, Naturaqua, Kropla Beskidu, Rosa, Bankya
- **Share of 2005 sales:** 17%



## Juices and Juice Drinks

- **Products:** 100% juices, juice drinks, nectars
- **Brands include:** Amita, Cappy, Dobry, Rich, Five Alive, Minute Maid, Fruite, Next, Nico, Su-Voce
- **Share of 2005 sales:** 8%



## Other Beverages

- **Products:** Teas, coffees, sports and energy drinks
- **Brands include:** PowerAde, Nestea, Burn, Nescafe Xpress
- **Share of 2005 sales:** 3%



## Further Information

- **Coca-Cola HBC financial performance in Annual Report at [www.coca-colahbc.com](http://www.coca-colahbc.com)**
- **Annual report on Form 20-F: [www.coca-colahbc.com](http://www.coca-colahbc.com) > Investor relations**
- **Full list of beverages that Coca-Cola HBC produces: [www.coca-colahbc.com/pdf/Brand\\_list\\_2005.pdf](http://www.coca-colahbc.com/pdf/Brand_list_2005.pdf)**
- **The Coca-Cola Company: [www2.coca-cola.com](http://www2.coca-cola.com)**



## The Value Chain

Coca-Cola HBC's value chain extends from the purchase of resources and materials to the production,

distribution and sale of a range of beverages. The company works upstream with suppliers on social and environmental impacts, and downstream on the collection and recovery of beverage packaging.



## Scope of Report

This report covers the calendar year 2005. Unless stated otherwise, it includes bottling, sales and distribution activities in the 26 countries in which Coca-Cola HBC operates, and describes the most significant business changes made during the year, such as plant acquisitions and closures.

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 inconsequential in terms of impact on turnover and volume.

The data and targets stated in this report have been independently audited and validated by Denkstatt Umweltberatung und management GmbH. A full auditors report is available on the Coca-Cola HBC website.

## Managing the Business Responsibly

**“Sustainable Development is development that meets the needs of the present without compromising the ability of future generations to meet their own needs.”**

*(Brundtland Commission, 1987)*

The long-term growth of Coca-Cola HBC and the sustainable development of the communities in which it operates are inextricably linked. The company must contribute to their socio-economic development and environmental conservation, helping to improve the local quality of life and minimising any negative impacts the business may

have. If the company fails to do so, it jeopardises the foundations of its future business: the natural resources it needs, the talented employees it must attract and retain, and the trust and goodwill it depends on among consumers, retailers, regulators and host communities.

## Integrating Responsibility

As a young company established only in 2000, Coca-Cola HBC has developed its approach to corporate social responsibility in line with its business. The company's mission, values and code of business conduct enshrine its commitment to operating ethically and responsibly. Clear accountability has been established at Board and Executive level through the Social Responsibility Committee and Council respectively.

Coca-Cola HBC has identified the most pressing issues facing its business and communities through gap analy-



### Marketplace

**To provide products and services that meet the beverage needs of consumers, thereby providing sound and rewarding business opportunities and benefits for customers, suppliers, distributors and local communities.**



### Environment

**To conduct business in ways that protect and preserve the environment, and to integrate principles of environmental stewardship and sustainable development into business decisions and processes.**



### Workplace

**To foster an open and inclusive environment, where a highly motivated, productive and committed workforce drives business success through superior execution.**



### Community

**To invest time, expertise and resources to provide economic opportunity, improve the quality of life and foster goodwill in communities through locally relevant initiatives.**



ses, audits, consumer and customer surveys, other stakeholder engagement and reviews of media coverage.

For the most significant social and environmental issues, such as water use, accident rates, packaging waste and responsible marketing, the Social Responsibility Council determines policies and key performance indicators (KPIs) and sets targets. The Council monitors progress and reports quarterly to the Social Responsibility Committee.

### Working with the Coca-Cola System

Coca-Cola HBC works closely with the Coca-Cola System to advance the system's thinking and practice related to corporate responsibility and sustainable development. For example, Coca-Cola HBC worked with The Coca-Cola Company and other leading international bottlers to develop [Citizenship@Coca-Cola](mailto:Citizenship@Coca-Cola) – the joint statement of commitment and operating principles. This framework outlines commitments in four key areas: the marketplace, workplace, environment and community (see opposite).

Coca-Cola HBC participates in Coca-Cola System round-tables, such as the Corporate Responsibility Core Team, Global Quality Standards Board and Coca-Cola Environmental Council. The company also includes representatives from The Coca-Cola Company on the Coca-Cola HBC Social Responsibility Council, and the two companies collaborate on joint initiatives, such as addressing obesity, environmental performance, HIV/AIDS and European Union affairs.

### Social Responsibility Codes and Policies

- Code of Business Conduct
- Code of Ethics
- Human Rights Policy
- Equality Policy
- Health and Safety Policy
- HIV/AIDS Policy
- Quality Policy
- Environment Policy
- Supplier Guiding Principles

Policies available on [www.coca-colahbc.com](http://www.coca-colahbc.com)



*Signing of the Green Danube Partnership. Sir Michael Llewellyn Smith, Chairman CSR Committee (right), Mr. Istvan Ori, State Secretary Environment Hungary and President of ICPDR (centre), Mr. Salvatore Gabola, representing The Coca-Cola Company (left)*

### Engaging with Stakeholders

Coca-Cola HBC business operations impact and are impacted by millions of people. These stakeholders range from local communities to consumers, from employees to retail customers. The company aims to build long-term relationships based on trust and common goals and to partner on issues of shared concern. The most significant stakeholder groups and ongoing forms of engagement are identified below.

In 2005, Coca-Cola HBC continued to deepen stakeholder engagement on key sustainability challenges. For example, to address water resource management, the company works with the International Commission for the Protection of the Danube River (ICPDR); the World Wide Fund for Nature (WWF) national offices and the Nigerian Conservation Foundation; as well as national environment ministries, local NGOs and communities. In addressing HIV/AIDS, the company works with the Global Business Coalition on HIV/AIDS and its partners on the ground, such as PSI in Nigeria and Transatlantic Partners Against Aids (TPAA) in eastern Europe.

The company belongs to over 200 organisations and partnerships. These include initiatives to address key social and environmental concerns such as the Centre for Democracy and Reconciliation in Southeast Europe and Europa Nostra as well as chambers of commerce and trade and industry associations such as UNESDA-CISDA, the Union of European Beverages Associations.

Coca-Cola HBC supports business alliances devoted to corporate responsibility and sustainable development and collaborates with suppliers and customers to address shared concerns. For example, the company works with packaging suppliers to address packaging waste management and create recycling solutions and is a founder member of recycling and recovery organisations in many countries.

The company also supports academic bodies that advance thinking on sustainable development. These include the Forum for Corporate Sustainability Management at the International Institute for Management Development, the Centre for Democracy and Reconciliation in Southeast Europe, and the sponsorship of students from the region at the Anatolia College in Thessaloniki. In addition, the company sponsors a chair in Hellenic Studies at the London School of Economics and the University of Edinburgh.

At Board Level, the Chairman of the Social Responsibility Committee is accountable for stakeholder

## Further Information

■ **Coca-Cola HBC CSR policies:**

[www.coca-colahbc.com](http://www.coca-colahbc.com) >

**community > policies**

■ **Citizenship@Coca-Cola:**

[www.coca-colahbc.com](http://www.coca-colahbc.com) >

**community > citizenship**

relationships, while the Social Responsibility Council and Country Managers are responsible for day-to-day interaction.

This report is part of stakeholder engagement and comments or feedback are welcomed.

Email: [social.responsibility@cchbc.com](mailto:social.responsibility@cchbc.com)

## Stakeholder Engagement

Stakeholders	Engagement
Consumers – 540 million people	Consumer hotlines; surveys; research; focus groups; plant tours; websites
Customers – 1.4 million businesses	Account management teams; newsletters; events; surveys
Employees – 41,000 staff	Engagement surveys; internal communications negotiations with representatives; grievance procedures
Communities – local, national and international communities	Plant visits; public policy debates; community meetings; partnerships; sponsorships; lectures at universities
Governments – local, national and European Union	Public policy debates; discussions; trade associations; industry groups; advisory councils; local chambers of commerce
Shareholders - institutional and individual investors	Annual shareholders' meeting; quarterly briefings and roadshows; webcasts with shareholder participation; dialogue with analysts
Suppliers of ingredients, packaging, equipment, services	Recycling organisations; packaging associations; joint projects
Civil society – Non-governmental organisations and other bodies	Memberships; engagement; partnerships
The Coca-Cola Company – partner, shareholder, supplier	Senior management meetings; Top-to-Top Council; Coca-Cola Environment Council; Global Quality Standards Board; Corporate Responsibility Core Team; joint projects; daily interaction

# Governance & Management

Coca-Cola HBC has a clear commitment to best practice in corporate governance. The company aims to maintain the highest standards of ethics and transparency throughout its business and to adhere to international best practices in corporate governance.

As an international company listed on the stock exchanges of Athens, London, New York and Sydney, the company regularly reviews its practices to ensure that the company is in compliance with relevant securities laws and corporate governance standards.

## Board of Directors

Coca-Cola HBC's Board of Directors oversees the company's business and financial performance on behalf of its shareholders.

In 2005, this Board consisted of 12 members of whom one, the Managing Director, is an executive of the company. Five Board members are non-executive independent directors. Under their shareholders' agreement, four members represent the Kar-Tess Group and two members represent The Coca-Cola Company. Directors nominated by these major shareholders may not take part in or vote at Board meetings in connection with matters in which the shareholder they represent has an interest.

Formal procedures are in place for appointments to the Board. Directors are selected based on skills and experience needed by the company and remuneration is determined by the need to attract high-calibre directors and by benchmarking against similarly sized international businesses.

## Board Committees

There are three Board-level committees: the Audit Committee, the Human Resources Committee and

## In Brief

- 11 out of 12 non-executive directors – including five independent directors
- Three Board Committees: Audit, Human Resources, Social Responsibility
- Social, environmental and ethical (SEE) risks addressed through holistic enterprise risk management approach
- CSR managed by cross-functional Group Social Responsibility Council
- Code of Business Conduct applicable to all employees
- Additional Code of Ethics for directors and senior management
- Confidential reporting and whistleblower protection

the Social Responsibility Committee. These committees are responsible for overseeing policy and systems and reviewing performance in their respective areas. All three are chaired by independent, non-executive directors.

## Executive Management

The Operating Committee is responsible for day-to-day operations of Coca-Cola HBC. This team comprises the Managing Director, Chief Financial Officer, Regional Directors of each of the company's operating regions, General Counsel, Human Resources Director and the Supply Chain Services Director.

The country is the basic unit for purposes of business performance and Coca-Cola HBC policy is to maintain

Committee	Membership	Responsibility	Supported by
Audit	3 members; all independent	Internal control and corporate governance systems	Internal Audit Department Disclosure Committee
Human Resources	3 members; independent chair	Human resources and compensation policy	Human Resources Department
Social Responsibility	3 members; independent chair	Social and environmental policy, systems and performance	Social Responsibility Council

## Coca-Cola HBC Code of Business Conduct

**The Coca-Cola HBC Code of Business Conduct sets out the ethical standards that the company expects every employee to uphold.**

**The Code includes a clear prohibition of bribery, corruption and donations to any political party. It also details how employees must behave in the following situations:**

- Conflicts of interest and protection of sensitive information
- Fair dealing – guidance on giving and receiving of gifts, entertainment or favours
- Working with governments and communities
- Financial integrity – including inside information and dealing in shares
- Protecting health, safety, security and the environment

Full code available on [www.coca-colahbc.com](http://www.coca-colahbc.com)

accountability at the country level. Head office functions focus on policy and Group-wide issues and provide support functions and expertise where it is not practical or economic to provide these at a country level.

### Conducting Business Ethically

At the core of the Coca-Cola HBC system of internal control is the company's Code of Business Conduct, which sets out ethical standards and values to which all employees and management must adhere. The Code details the company's requirements of employee conduct and clarifies expectations in the event of dilemmas or sensitive situations.

Employees are strongly encouraged to report any suspected violations to higher levels of the organisa-

tion. All suspected Code violations must be promptly and adequately investigated, resolved and reported to the Audit Committee of the Board. Any employee who fails to observe the code is subject to disciplinary action, and severe breaches may result in dismissal.

Coca-Cola HBC makes every reasonable effort to protect the confidentiality of those providing information. In no event will any action be taken against an employee for making a complaint or disclosing information in good faith.

The Code was last updated in 2004 and reissued throughout the company's operations in 2005. In addition to training and awareness activities in country by local Human Resources Managers, training has been incorporated into the validation sessions given by the Group Incident Management team and Social Responsibility Council. This three-day programme takes place in each country at least every third year. Since the re-issue of the Code, it has been conducted in Austria, Poland, Russia, Ukraine and Romania and with all country representatives of the Legal, Public Affairs and Human Resources functions.

Coca-Cola HBC also has a Code of Ethics for its directors and senior managers to promote honest and ethical conduct; full, accurate and timely disclosure; and compliance with applicable governmental rules and regulations. In addition, the company has a code of dealing in company securities, which applies to senior managers and employees.

### External Standards

Coca-Cola HBC is guided by a series of international codes and principles. The company recognises the principles enshrined in the UN Universal Declaration of Human Rights and is a participant in the UN Global Compact, promoting its ten principles that support human rights, labour rights, environmental protection and anti-corruption. In addition, the company has adopted internationally recognised standards for its management of quality, environment, health and safety and plans to achieve certification of ISO 14001, ISO 9001 and OHSAS 18001 for all bottling plants. Coca-Cola HBC is committed to reporting the impacts of its business in a transparent and comparable way and is an organisational stakeholder of the Global Reporting Initiative (GRI).

**Managing SEE Risks**

Coca-Cola HBC adopts a holistic approach to risk management. Executive management is responsible for the company’s enterprise risk management process, evaluating and mitigating risks and reporting regularly to the Board of Directors. Market and economic risk is managed by the Treasury Department and reported to the Audit Committee. Social, environmental and ethical (SEE) risk is managed by the Social Responsibility Council and reported to the Audit Committee and the Social Responsibility Committee.

All operations must designate a cross-functional management team that conducts regular assessments of SEE risks, developing and implementing appropriate management plans. Audit programmes ensure that risks are managed effectively and findings reported to the appropriate Board Committees.

**Managing Corporate Responsibility**

The Social Responsibility Committee oversees the company’s policies and progress as it pursues its social and environmental goals. It is supported by the Social Responsibility Council, a cross-functional team that includes functional leaders for Public Affairs,

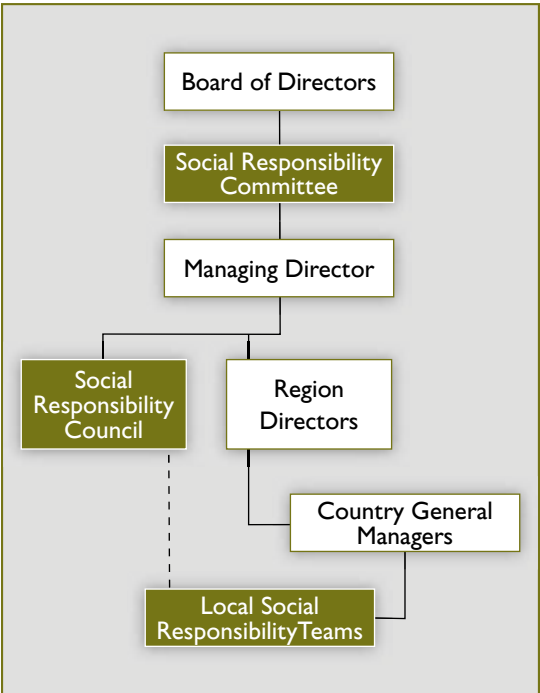


Members of an OHSAS audit team during a bottling plant audit exercise for auditor certification

Quality, Human Resources, Environment, Risk Management and Supply Chain. The Council also includes representation from The Coca-Cola Company.

The Council sets performance targets and indicators, and reviews progress across the Group. It also identifies key risks and opportunities for the business and determines action plans. The Council reports to the Social Responsibility Committee and Operating Committee on a quarterly basis.

To continuously improve its performance, Coca-Cola HBC seeks external verification of its management systems and data. Annual auditing of every bottling plant is conducted by LRQA and SGS as part of certification requirements for quality, environmental, health and safety performance. Internal cross-border audit systems are also in place. Social performance data is verified largely internally through self-assessment. Findings and resulting action plans are reported to the Social Responsibility Council and the Board Committee.



**Further Information**

- **Coca-Cola HBC financial performance in Annual Report at [www.coca-colahbc.com](http://www.coca-colahbc.com)**
- **Annual report on Form 20-F: [www.coca-colahbc.com](http://www.coca-colahbc.com) > Investor relations**





The world's freshwater resources are declining in terms of quantity and quality. By 2025, an estimated two out of three people will live in water-stressed regions<sup>2</sup>.

Nigeria, the only African country in which Coca-Cola HBC operates, is one of these regions. Only 60% of households have access to clean drinking water sources<sup>3</sup>, posing a threat to human health and socio-economic development. In Europe, where most of the company's operations are located, freshwater resources are generally adequate but pollution and excessive water withdrawal are taking their toll. Water availability and quality vary, with some areas experiencing water stress and a loss of biodiversity.

Coca-Cola HBC is particularly aware of the need to help address the multi-dimensional challenges posed by water. Water is the most important ingredient of Coca-Cola HBC's products and is also essential to its manufacturing processes. Poor water resource management could potentially threaten the company's physical and social licence to operate. The programmes mentioned here are discussed in greater detail in the chapters indicated.

2. UNEP  
3. UNICEF, SOWC report



## Minimising Water Use

Coca-Cola HBC aims to make its use of water as efficient as possible. Together with The Coca-Cola Company, Coca-Cola HBC has conducted comprehensive risk analyses of water resources around its bottling plants and is implementing water savings programmes. These programmes have improved the company's water efficiency by 12% in the past three years (see **Environment**).

## Conserving Watersheds

Coca-Cola HBC supports initiatives to conserve watersheds and educate communities about their importance. The company is partnering with various international and local organisations, from the Green Danube partnership in central and eastern European countries to the Hadejia-Nguru Wetlands Conservation in Nigeria and the upcoming Living Volga programme in Russia (see **Community**).



**Purifying Water to the Highest Standards**

The water used in Coca-Cola HBC bottling facilities, whether provided by municipalities or pumped from wells, is purified to strict standards to ensure highest microbiological quality (see **Marketplace**). The source of mineral waters is kept protected from potential contaminants.

**Providing Safe Drinking Water**

Where local communities lack adequate access to clean water, such as Nigeria, and parts of eastern Europe, Coca-Cola HBC provides free drinking water to residents. Coca-Cola HBC has also started to mobilise consumers to fund water access in other developing countries. Deep RiverRock water in Ireland became a UNICEF corporate champion in 2005, raising funds from sales and supporting water education in schools (see **Community**).



**Growing the Water Brands**

Given increased health and wellness concerns, consumers increasingly desire bottled drinking water. To meet this demand, Coca-Cola HBC has invested in developing a range of waters, and as of the end of 2005, offered 25 brands of water. This includes natural mineral waters, table waters and flavoured waters (see **Marketplace**).

**Donating Water During Disasters**

Safe drinking water is often the most immediate need during disasters. In 2005, Coca-Cola HBC provided tens of thousands of litres of drinking water to flooded communities in central and eastern Europe (see **Community**).

**Discharging Wastewater Responsibly**

Coca-Cola HBC aims to discharge only treated wastewater into the natural environment. As of 2005, 90% of the wastewater volume is treated and more wastewater treatment units will be built to achieve full compliance with the company's standard by 2008 (see **Environment**). In Nigeria, the company provides communities with treated wastewater for crop irrigation, fish-farming, cattle rearing and building construction (see **Community**).





**To maintain trust and achieve business success, Coca-Cola HBC must produce safe, high-quality beverages and market them responsibly to consumers. The company strives to meet customer and consumer requirements. It must build mutually beneficial relationships with its customers and suppliers and compete fairly in the marketplace.**

## 2005 Results

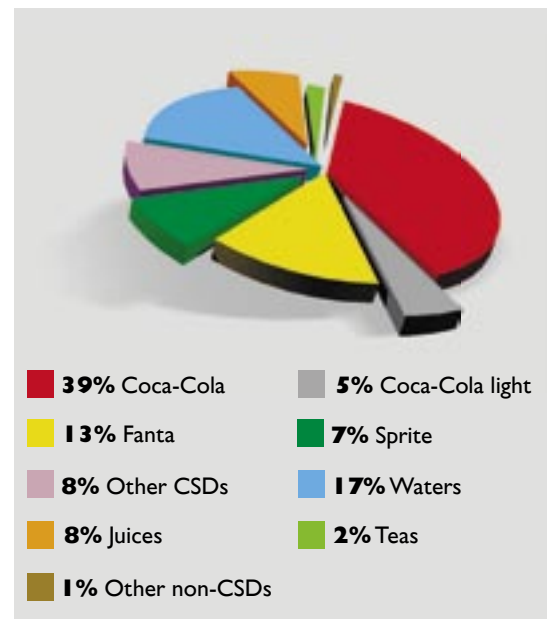
- **Quality:** 58 of 79 plants (covering 84.9% of volume) now ISO 9001 certified
- **Quality:** Electronic bottle inspection fitted on all refillable lines
- **Quality:** Advanced food safety risk management & HACCP review training
- **Consumers:** Consumer Response Information Service completed in the Baltic states
- **Customers:** New Group-wide satisfaction survey launched

## In Brief

- 483 beverage varieties of which 340 are non-CSDs
- Code of practice for sales and marketing in schools
- Actively support EU platform for Action on Diet, Physical Activity and Health
- ISO 9001 adopted: full certification by 2007

## Offering a Broad Beverage Choice

To meet changing consumer needs, Coca-Cola HBC today manufactures and sells more than 483 different beverage varieties, 340 of which are non-carbonated beverages. Diversification has been a strategic priority since 2001 when carbonated soft drinks (CSDs) represented 90% of sales volume compared with 72% at the end of 2005. By 2010, Coca-Cola HBC expects non-carbonated beverages to represent almost half of the company's volume.



**2005 product split**

## Coca-Cola HBC Beverages and their Ingredients



**Waters** range from still or carbonated mineral waters to flavoured table waters. They provide hydration and contain useful minerals such as calcium, iron, magnesium or potassium in varying concentrations depending on the source. Flavoured waters contain plant or fruit extracts and between 0 and 5 grams of sugar per 100 ml (between 0 and 20 kcal).



**Carbonated soft drinks** represent the largest fraction of the product range (72% by volume). Consumed for refreshment, fun and pleasure, they are made of carbonated water, sweeteners, flavourings and other ingredients. They contain between 9 and 12 grams of sugar per 100 ml (36-48 kcal), and are often available in light or diet versions with less than 1 g of sugar per 100 ml (less than 3 kcal).



Ready-to-drink **teas** contain plant and fruit extracts to provide a sense of relaxation and feeling good, in addition to natural substances beneficial to health. They typically contain up to 8 grams of sugar per 100 ml (32 kcal) and are also available in light versions, with no or few calories.



**Sport drinks** provide active replenishment to the body when performing physical activities, at optimal mineral, salt and sugar concentrations for quick assimilation. They typically contain 8 grams of sugar per 100 ml (32 kcal) and are not carbonated.



Ready-to-drink **coffee drinks** contain brewed coffee to which sugar, milk and flavourings are added depending on the product. They contain 7 to 8 grams of sugar per 100 ml (26 to 47 kcal).



**Energy drinks** contain sugar and stimulating substances such as caffeine to provide a boost to body and mind. They may contain up to 12 grams of sugar per 100 ml (50 kcal).

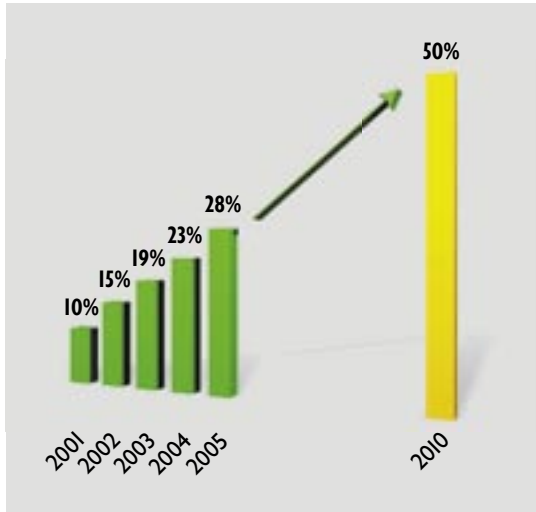


**Fruit juices, fruit drinks and nectars** contain up to 100% fruit juice and are offered in a wide combination of fruit mixes and concentrations. They are consumed for energy, health and nutrition and contain between 4 and 12 g of sugar per 100 ml (20-50 kcal). In addition to water and sugar, they provide essential vitamins and other nutrients. Some beverages are supplemented with additional vitamins, minerals or fibre.

Water and juice have been particular areas of focus. The company now offers 25 water brands in its 26 countries of operation. A similar strategy is being adopted to develop the juice range with brands such as Amita, Cappy, Minute Maid, Five Alive, Fruice, Frulite, Next, Fresh, Rich, Dobry and Nico.

Coca-Cola HBC offers a range of low or no-calorie beverages. These include light or diet CSDs which grew 10% in 2005 such as Coke light (known as diet

Coke in some countries), Sprite zero and Fanta light. The category includes reduced calorie juice beverages and fruit-flavoured mineral waters. The company has also introduced beverages with added nutritional value, such as fruit juices enhanced with vitamins, minerals or fibre. New categories are also being explored. For example, Amita Smoothies were launched in Greece in 2005, while the company's expansion into Cyprus in early 2006 includes entrance into production of dairy beverages.



Percentage of non-CSD sales in Coca-Cola HBC

## Tackling Obesity

Obesity and overweight are on the rise in Europe, where one in five children is now considered overweight<sup>4</sup>. Obesity is a risk factor in many chronic diseases and is a major public healthcare cost. Yet there are no simple solutions to this complex condition with many causes. Addressing the issue effectively requires unprecedented collaboration between governments, educators, scientists, sports bodies and the food industry. It requires instilling behavioural changes including moderation in diet and regular physical activity.

Coca-Cola HBC supports multi-stakeholder initiatives that address this issue, including:

- The EU Platform for Action on Diet, Physical Activity and Health, a group of associations, consumer groups, health NGOs and political leaders under the European Commission
- Commitments by the Confederation of the Food and Drink Industries of the EU (CIAA) to support the EU Platform
- Additional industry-specific commitments by the Union of European Beverages Association (UNESDA) to support the EU Platform.

In company operations, Coca-Cola HBC addresses all areas identified by the EU Platform, namely: consumer information; labelling; education; physical activity promotion; marketing and advertising; composition of foods, availability of healthy food options and portion sizes.

4. International Obesity Task Force

5. These industry commitments supersede the previous Coca-Cola HBC code referenced in the 2004 report.

## Marketing Responsibly

Coca-Cola HBC respects the rights of parents, teachers and caregivers to choose beverages they consider appropriate for children under their care. The company is also aware of its own responsibilities towards young people.

As a result, the company took an active role in the development of an industry Code of Practice for Responsible Commercial Communications and Sales Practices for non-alcoholic beverages through UNESDA. Coca-Cola HBC was also prominent in developing industry commitments to the EU Platform for Action on Diet, Physical Activity and Health which gained a positive response from the EU Commissioner for Health and Consumer Affairs. Mr. Markos Kyprianou said, 'I have particularly noted the commitment by UNESDA on marketing, advertising and commercial communication and promotions. This, not only as it aims at protecting children under 12 years but also because... it is accompanied by proposals for a range of key performance indicators.' In addition, Robert Madelin, Director General of Sanco, European Commission said, 'UNESDA's commitments are at the extreme end of best practice.'

These commitments now form the basis of the Coca-Cola HBC approach to sales and marketing, and the company will adopt the forthcoming performance indicators and mechanisms to monitor and measure compliance.

## UNESDA Commitments

Coca-Cola HBC upholds the UNESDA Commitments<sup>5</sup> to the EU Platform for Action on Diet, Physical Activity and Health. With respect to marketing responsibly, the company will:

- Not place any marketing communication in print or broadcast media or on websites aimed at children
- Avoid direct appeal to children to persuade caregivers to buy products or do anything that goes against caregiver wishes
- Not engage in direct commercial activity in primary schools, unless requested by school authorities
- Ensure that in secondary schools, with the agreement of educators and parents, a range of beverages (waters, juices, other beverages in regular, low and no-calorie versions) is available in sizes that allow portion control



- Respect the commercial-free nature of schools, providing unbranded vending machines with messages promoting balanced diets and active lifestyles
- Make third-party distributors aware of these commitments.

### Providing Nutritional Information

The Coca-Cola System strives to allow consumers to make informed decisions about consumption of its products. As a franchised bottler, Coca-Cola HBC implements labelling policies determined by The Coca-Cola Company in accordance with EU and local regulations and in support of the EU Platform. As part of CIAA commitments to the EU Platform, the Coca-Cola System in Europe has committed to:

- Provide front-panel calorie information that is visible and meaningful (as determined by European Food Information Council (EUFIC) research)
- Detail calorie information per serving size where possible
- Test and introduce information based on Guidelines Daily Amounts (GDA) in coordination with peer companies, authorities and other stakeholders
- Include enhanced product ingredient information on corporate websites

In addition, Coca-Cola HBC operations publish nutritional information in leaflets and on websites, and all Consumer Response Information Services (CRIS) are equipped to answer consumer enquiries.

### Supporting Physical Activity

Coca-Cola HBC and the Coca-Cola System have long supported sport and physical activities wherever they operate. As levels of physical activity among young people decline, contributing to the growing obesity epidemic, the Coca-Cola System places an increasing emphasis on promoting active lifestyles.

Coca-Cola HBC supports a wide range of such activities. The company partners with government agencies, national and international sporting bodies to conduct grassroots football, Olympic-themed sports events and marathons – to name but a few – and to scale them up to be often the largest such initiatives in their host countries (see **Community**). In 2005, over one million people are estimated to have taken part in Coca-Cola HBC - sponsored sports activities.

Coca-Cola HBC is expanding such programmes to be more inclusive, regardless of participants' athletic ability. Nutrition education components are being included and new partnerships and programmes have been developed in such countries as Italy, Ireland, Poland, Hungary and Austria (see **Community**). Healthy active lifestyle programmes are also being implemented in company workplaces to educate and involve employees.

### Competing Fairly and Openly

The beverage market is highly competitive and, in each country, Coca-Cola HBC competes with a multitude of international and domestic beverage producers.

Coca-Cola HBC seeks to compete fairly and openly and to avoid arbitrary preferential treatment to any customer. In addition to implementing the EU Undertaking (see next page), during 2005, the company co-operated with competition authorities in a number of countries to investigate and resolve local issues.

*Sports sponsorships include everything from the Olympic Games, World Cup Football and local marathons*





## Implementing Commitments to the European Commission

**The European Commission announced in June 2005 that it had adopted a Commitment Decision concerning the commercial practices of the Coca-Cola System in the European Economic Area. The decision was based on an Undertaking that The Coca-Cola Company, Coca-Cola HBC and other European bottlers had filed with the Commission in 2004.**

**The Undertaking applies across 27 countries in Europe in those channels of distribution where the carbonated soft drinks of The Coca-Cola Company account for over 40% of national sales and twice the nearest competitor's**

**share. The commitments relate to exclusivity, percentage-based purchasing commitments, transparency, target rebates, tying, assortment or range commitments and agreements concerning products of other suppliers. The Undertaking and list of countries and channels to which it applies are available online.**

**The Commitment Decision is welcomed by Coca-Cola HBC. It brings the six-year investigation to an end and provides clarity to the application of European competition rules to the company's commercial practices in the European Economic Area.**

### Responding to Consumers

Understanding the needs and views of consumers drives the Coca-Cola business. As a result, the Coca-Cola System invests heavily in consumer research and engagement. Although The Coca-Cola Company is largely responsible for consumer engagement, Coca-Cola HBC manages the Consumer Response Information Service (CRIS) in certain countries. Through telephone hotlines and websites, consumers can ask questions or seek information about company products or activities, and feedback is incorporated into management information systems. In 2005, centres were established in the Baltic republics.

Coca-Cola HBC respects the privacy of its consumers and does not sell or trade information it receives. The company does not contact consumers without their permission to do so, and consumers can opt out of further communications.

### Adding Value for Customers

Coca-Cola HBC serves nearly 1.4 million customers across 26 countries. These businesses range from small, independent retailers to large international chains. The company aims to be its customers' preferred business

partner; building long-term relationships that create value for both parties.

To that end, dedicated teams engage with customers regularly to identify and address their needs. The Group Commercial Director is responsible for customer relationships. At country level, larger customers are served by dedicated key account managers while a field sales management team supports small retailers. Beverages often represent a significant proportion of income for smaller businesses, especially in rural areas. The company's salesforce regularly visit these customers, providing support to help them grow their businesses.

The retail environment is changing markedly. For example, while supermarkets and discount stores continued to expand and consolidate in 2005, the cost of raw materials increased. Coca-Cola HBC responds to these challenges by working with customers to develop sales strategies tailored to the channel – offering the right brand, package and price, in the right channel for the right occasion. This market-driven approach helps create value for consumers and an optimal profit mix for customers. While the company continues to support existing customers, it must also expand availability in the growing discount channel, working with retailers to minimise costs along the value chain. And in 2005, the company launched a new



approach to determine the best route to market for any given country. Solutions vary from country to country, but tend to involve moving from wholesale to direct store delivery. In 2005, the programme was piloted in three Italian cities, generating strong sales, and will be further piloted in Austria and Greece in 2006 before wider rollout.

During 2005 Coca-Cola HBC introduced a number of customer-specific integrated programmes around better, faster execution, including:

- In Italy, Coca-Cola HBC piloted an approach with COOP to develop joint business planning, supported by Efficient Consumer Response, an industry organisation that promotes collaboration between manufacturers and retailers
- In Switzerland, the company introduced new trading terms and conditions addressing customer requests for more clear, simple, fair and business-supported trade agreements.

In addition to day-to-day interaction, Coca-Cola HBC also uses formal surveys to determine the needs and opinions of its customers. In 2005, a new Group-wide customer satisfaction survey was conducted by an independent agency. The initiative was undertaken in 16 countries in 2005 and will be repeated in 15 countries in 2006. Initial results showed that customers indicat-

ing satisfaction ranged from 49% to 69% in the 16 markets surveyed, and that Coca-Cola HBC was the most preferred partner in 10 out of those 16 countries.

To continue improving its ability to serve customers efficiently, Coca-Cola HBC is developing customised internal systems for sharing best marketing practice. The company is also expanding its salesforce and raising marketplace execution standards. For example, in 2005, 12 centres of excellence were established as bases for learning and training. Equally, training programmes are being created for customers to help them build capabilities in managing their businesses. These programmes will be piloted in 2006.

### Working with Suppliers

Suppliers to Coca-Cola HBC range from large international companies to the several thousand local companies that provide ingredients, packaging, equipment and services. In 2005, over €3,000 million flowed to suppliers. Following the company's expansion into Eastern Europe, a number of its international suppliers have done so too, establishing local production in these countries and allowing Coca-Cola HBC to source in-country. For example, the company's Asian resin supplier has invested approximately €70 million in a PET

## Partnering with Customers to Keep Irish Roads Safe

**In the six weeks preceding Christmas 2005, the peak period for drink driving accidents, the company's Irish operations conducted a campaign to encourage and reward drivers who abstained from alcohol. Each designated driver was offered up to three free non-alcoholic beverages at participating bars and restaurants.**

**Coca-Cola Bottlers Ireland (CCBI) worked in partnership with licensed trade associations, including the Licensed Vintners Association, Vintners Federation of Ireland, Irish Hotel Federation and the Restaurants Association of Ireland, to promote**

**participating premises and provide complimentary non-alcoholic beverages.**

**CCBI also partnered with Mature Enjoyment of Alcohol in Society to complement their driver designation campaign.**

**Participation by licensed premises in 2005 increased by 40% compared to the 2004 pilot, and traffic to the CCBI website increased by over 70%, nearly all of which was to the list of participating premises. This campaign will become part of longer-term business planning in 2006 and extended to include public holiday weekends, another period of high accident rates.**



plant in Poland, the largest investment from Asia in the country, while a key cold drink equipment manufacturer operates production plants in Romania, Poland and Russia from which Coca-Cola HBC sources coolers and vending machines.

Coca-Cola HBC procurement specialists strive to build fair and mutually beneficial relationships with suppliers to deliver the best value in terms of quality, cost, service and innovation. Coca-Cola HBC does not have a single standard to cover all supplier contracts and payments across its diverse operations, but operates with a number of standard Group-wide framework contracts with key suppliers. Wherever it does business, the company strives to abide by the payment terms agreed with suppliers and is introducing a new programme to assess and improve efficiency of accounts payable and receivable.

Relationships with suppliers are managed both at country and Group level, with multi-functional teams working with suppliers to ensure quality and enhance efficiency. Ultimate accountability for supplier relationship management rests with the Group's Chief Procurement Officer. With certain key commodities, Coca-Cola HBC works together with The Coca-Cola Company.

All suppliers of ingredients and primary packaging materials (packaging in contact with beverages or items that bear the trademark) are approved by The Coca-Cola Company. This approval process, in which Coca-Cola HBC takes part, involves verification of processes, quality and capability.

As marketplace competition intensifies among retail customers and the cost of raw materials continues to rise, Coca-Cola HBC works with its suppliers to help improve their processes and deliver innovation and efficiencies. For example, Coca-Cola HBC has worked with packaging suppliers to use less PET resin and glass in lighter-weight bottle designs (see **Environment**) and to use one-piece closures that use less material and are easier to recycle.

In addition to expectations of quality and efficiency, Coca-Cola HBC also expects its suppliers to follow strict standards for business ethics, human rights and labour practices, as well as sound environmental management. The **Supplier Guiding Principles** (see box) make these expectations explicit. These principles are closely aligned with those of The Coca-Cola Company and are included in all contracts.

Independent auditing of suppliers for compliance with these principles is undertaken by independent 3rd-party firms on behalf of The Coca-Cola Company, and suppliers should be verified at least once every two years.

Coca-Cola HBC still has a long way to go to ensure that its supply chain meets these standards but is committed to working with The Coca-Cola Company on enhancing audit processes and reporting mechanisms.

## Quality Throughout the Value Chain

Beverages produced by Coca-Cola HBC must be safe and of the highest quality to maintain the trust of consumers, retail customers and governments. To do so, the company implements stringent quality standards and systems. This is underpinned by the company's Quality Policy that requires that all governmental requirements and standards for quality and food safety are to be met or exceeded.

## Supplier Guiding Principles

**All suppliers to Coca-Cola HBC and The Coca-Cola Company must, at a minimum:**

- Comply with all local laws, rules and regulations with respect to the manufacture and distribution of products and services supplied
- Not use child, forced or compulsory labour; nor physically abuse labour
- Respect employees' rights to choose whether to be represented by third parties and to bargain collectively in accordance with local law
- Comply with local working hours and overtime regulations; local health and safety regulations; and all applicable environmental laws
- Demonstrate compliance to these requirements at the request of and to the satisfaction of Coca-Cola HBC and The Coca-Cola Company

*Principles available in full at [www.coca-colahbc.com](http://www.coca-colahbc.com)*



Quality is part of the company's integrated management systems, which are certified against international standards ISO 9001 (quality), ISO 14001 (environment), OHSAS 18001 (safety) and The Coca-Cola Quality System (TCCQS). Now in its third evolution, TCCQS is an integrated approach to managing quality, the environment and health and safety. SGS and LRQA benchmarked TCCQS - Evolution 3 against the ISO 9001, ISO 14001 and OHSAS 18001 standards and found it to meet the requirements of all three.

As of the end of 2005, 58 of 79 plants Coca-Cola HBC-owned plants were ISO 9001 certified, short of the target of 68. Newly acquired operations are to be certified within approximately two years after acquisition, depending on their level of development.

Coca-Cola HBC ensures that its systems comply with global requirements governing food safety, including the Global Food Safety Initiative (GFSI) and the Hazard Analysis and Critical Control Point (HACCP) system. Once the ISO 22000 food safety standard is finalised in 2006, Coca-Cola HBC will integrate this standard into its management system. Target countries have been selected to pilot this process in 2006, with a view to extending Group-wide in 2007.

Coca-Cola HBC closely monitors quality standards throughout its value chain:

- Raw materials are sourced only from approved suppliers
- All incoming ingredients and packaging must first be tested before use
- Each plant maintains a quality control laboratory to test raw materials and finished products
- Finished products are tested before release into the marketplace
- Regular internal and external audits assess the company's performance. In 2005, all plants were audited externally or internally

## 2006 Goals

- Certify Cold Drink Operations in 9 countries to ISO 9001 standard
- Certify 13 Market and Distribution Centres to ISO 9001 standard
- Implement Risk Management and Report System training for all countries
- Complete implementation of electronic eye bottle inspectors in Nigeria

- Beverages are tested in the marketplace as part of trade sampling and analysis in all distribution channels.

Coca-Cola HBC collaborates extensively with The Coca-Cola Company through participation in the Global Quality Standards Board, which consists of Senior Quality Managers from The Coca-Cola Company and its six major bottling partners. Together, the Board develops and agrees the quality management standards and measures for The Coca-Cola Quality System.

Responsibility for product quality and the integrated management system lies with the Group Director of Quality. At operational level, responsibility lies with the country director of operations.

Regular training of company teams and of suppliers is undertaken. In 2005, Coca-Cola HBC conducted training in HACCP and quality risk management, as well as project management. In addition, advanced microbiological training started during 2005 and will be implemented within all operations in 2006.

## Further Information

- **EU Undertaking:**  
[www.coca-colahbc.com](http://www.coca-colahbc.com) > Investor relations
- **EU Platform for Action on Diet, Physical Activity and Health:**  
[ec.europa.eu>public health>nutrition](http://ec.europa.eu/public_health/nutrition)
- **UNESDA-CISDA (Union of European Beverages Associations):**  
[www.unesda-cisda.org](http://www.unesda-cisda.org)
- **CIAA (Confederation of the Food and Drink Industries of the EU):**  
[www.ciaa.be](http://www.ciaa.be)



To achieve its business strategy, Coca-Cola HBC needs to attract, motivate and retain talented employees. In return, the company must engage its employees, train and reward them appropriately, while providing a safe, healthy and inclusive workplace, free of discrimination.

## 2005 Results

- **Health and safety:** 9 sites certified OHSAS 18001, 14 sites pre-certified
- **HIV/AIDS programme** in all Nigerian plants
- **Roll Back Malaria programme** in all Nigerian plants
- **Training:** over 17 hours per employee in 2005
- **Engagement:** Developed and carried out new Group-wide survey

## In Brief

- Over 41,000 employees<sup>6</sup>
- Workplace policies ratified: Human Rights, Equality, Health and Safety, HIV/AIDS
- OHSAS 18001 adopted; full certification targeted by 2007
- Joint health and safety committees established at every site
- 63% of workforce covered by collective agreements, including 34% belonging to unions

Coca-Cola HBC employs over 41,000<sup>7</sup> people, of which over 32,000 people are employed in emerging and developing economies. The somewhat seasonal nature of the company's business results in the recruitment of temporary employees, representing about 10% of the total workforce. Strategic sales promotions, the introduction of new products and shifts in consumer behaviour in recent years have helped to make the business less seasonal.

The 2005 total workforce represents a net increase of 1,109 positions compared to 2004. This includes 1,838 new positions, as well as 729 redundancies that were the result of restructuring to enhance organisational efficiency. The company provided appropriate support to employees affected by restructuring.

Employee turnover in 2005 was 16%. This tends to be lower in established markets and higher in developing and emerging economies, reflecting the demand for expertise and experience in these growing economies.

## Workforce Breakdown

Permanent employees	36,991
Temporary employees	4,109
<b>Total no. of employees</b>	<b>41,101</b>

6. Full-time equivalents

7. This figure includes 1,522 Multon employees, i.e. 50% of the total, since the business is a joint venture.

## Coca-Cola HBC Italia – a Great Place to Work

The 2005 survey of Best Companies to Work For ranked Coca-Cola HBC's Italian operations as one of the top five employers in Italy and one of the 100 Best Workplaces in Europe. Conducted by the Great Place to Work Institute as part of its global surveys, the ranking is determined primarily on the basis of employees' responses to the Great Place to Work® Trust Index®.

### A Fair and Inclusive Workplace

In 2005, Coca-Cola HBC continued to implement its **Human Rights** and **Equality of Opportunity Policies**, both introduced in 2004. These policies require that all operations create and sustain an open and inclusive workplace to ensure that employees are developed, challenged, respected and rewarded within a positive and inclusive work environment. At the Group level, the Group Director for Human Re-

sources is responsible for ensuring Coca-Cola HBC's compliance with these workplace policies. At the local level, the Country General Manager is accountable for ensuring compliance.

In 2005, training for the implementation of these policies was undertaken for all human resources and employee relations managers and integrated into management training programmes. All employees have recourse to formal, non-retaliatory grievance procedures for reporting any breaches of these policies.

Coca-Cola HBC is committed to investigating any allegations of human rights abuses made against the company. For example, following allegations in 2001 of anti-union activity at the Coca-Cola plant in Moscow, the company investigated allegations, entered into discussions with the Moscow Plant Union and concluded a Collective Labour Agreement. In early 2006, the Russian Trade Union Trade Association presented an award to the union representative, Victor Grachev, for best practice in co-operation between a trade union and company.

Coca-Cola HBC monitors how well it lives up to its commitments through self-assessment and external audits. In 2005, the company started a programme of third-party audits together with The Coca-Cola Company to audit compliance of its operations with relevant ILO codes and internal workplace policies. Audits were

## Fair Workplace Policies

### Human Rights

- The company upholds the UN Universal Declaration of Human Rights
- Employees will be provided with a safe and positive working environment
- The company recognises employees' rights to join, or not to join, a trade union and to consult with the company on issues of joint interest
- No company operation may employ forced, compulsory or child labour
- No person below the local legal working age or age of 15 may be employed

### Equality of Opportunity

- Discrimination is prohibited on the grounds of race, religion, colour, ethnic or national origin, age, disability, sexual orientation, political opinion, gender or marital status
- In all aspects of employment, recruitment, compensation and benefits, training, promotion, transfer and termination, individuals will be justly treated
- No employee will be subject to physical, sexual, racial, psychological, verbal, or any other form of harassment or abuse
- Coca-Cola HBC operations must comply with all applicable equality legislation

Full policies are available on [www.coca-colahbc.com](http://www.coca-colahbc.com)



undertaken in nine plants and results demonstrated overall compliance although a few minor points were noted and subsequently addressed. Further audits are planned for 2006.

Annual Group-wide self-assessment found all operations to be in compliance with local equality legislation and there was no litigation brought against Coca-Cola HBC workplace practices in 2005. The Coca-Cola HBC Employee Relations Survey revealed that the company's workplace policies had been adopted in 63% of Group operations by the end of 2005, missing the target of 100% adoption. This was due to unforeseen difficulties in transposing company policies where there was an overlap or duplication with local legislation or existing human resource policies. Full adoption is now targeted for the end of 2006.

## Diversity in the Workforce

Diversity in the company workforce is reflected right up to the most senior management. The Board and Operating Committee comprise seven different nationalities, and the Athens head office alone employs over 20 different nationalities. Female representation is not yet as strong. Women are better represented in the company's managerial ranks (23%) than in the workforce overall (17%), due principally to the physical nature of manufacturing and distribution. Female representation is slightly up compared to 2004 – with a 2% increase in both female managers and in the workforce overall. In the company's head offices, women ac-

count for 24% of management, and 43% of the central office employees.

## Employee and Industrial Relations

Coca-Cola HBC respects employees' right to freedom of association and consults with employees, whether they choose to join trade unions or not, about major business developments and issues of shared concern. In the event of redundancies, the company works with employees and their representatives to minimise job losses and develop appropriate compensation, training and other support to seek alternative employment.

For example, prior to the 2005 downsizing of Salzburg operations to a sales centre that involved closing production and warehousing, the company developed a social plan together with local labour and government agencies. As a result of consultation with the Austrian Works Council, unions, regional government, officials responsible for social affairs and chambers of labour, the 85 affected employees were able to choose whether to accept another job in Coca-Cola HBC operations, accept a severance package or enter a retraining programme of up to four years.

In 2005, 34% of Coca-Cola HBC employees were members of independent trade unions, and 63% of employees were covered by collective agreements. The Coca-Cola HBC European Works Council comprises employee and management representatives from operations in 13 European countries.

## Human Resources Management Award in Croatia

**Coca-Cola HBC operations in Croatia were recognised as a leading**



**practitioner in human resources management in 2005, one of only 11 Croatian organisations to be cited in the first year of the Employer Partner programme. Organised by leading human resources agencies MojPosao and Selectio, the programme aims to promote quality management in human resources in business and other organisations by showcasing and rewarding best practice.**



## A Safe and Healthy Workplace

Protecting the health and safety of employees is critical to being a good employer. In the conduct of its operations, Coca-Cola HBC aims to have zero fatalities and an accident rate that is as low as reasonably possible (ALARP). The company's **Occupational Health and Safety (OH&S) Policy** commits to protect the health and safety of employees and others affected by the company's operations. This is adapted at country level to include additional local requirements. Responsibility for the OH&S programme lies with the Group Director of Quality, while at country level, the General Managers are responsible for implementation. Results are reported to the Board Audit and Social Responsibility Committees.

The **Coca-Cola HBC OHSAS 18001 programme and system** was launched in 2004 and targets full certification of all sites by end 2007. It has been independently validated to ensure compliance with the OHSAS 18001 standard and European Union Occupational Health & Safety Framework Directives. The system also conforms to the International Labour Organisation (ILO) Guidelines on Occupational Health & Safety Management Systems. The system forms part of the company's integrated management and auditing systems.

In 2005, each Coca-Cola HBC site established an OHSAS 18001 implementation committee led by the senior manager and endorsed by the Country General Manager. A gap analysis against the standard and internal system compliance was conducted at every site, with results validated at regional level and corrective action plans now in place. Following externally validated OHSAS 18001 auditor training in 2004, internal auditors conducted 46 cross-border audits in 2005. The company also worked extensively with external certification bodies to build understanding of each other's processes and expectations.

As a result, nine company sites achieved OHSAS 18001 certification in 2005 and pre-certification audits were



Advanced Driver Safety training in Switzerland

conducted at a further 14 sites. In 2006 eighteen certification audits are scheduled. To further enhance performance, a dedicated programme manager was appointed early 2006 to coordinate the programme at Group level. In addition, management-workforce safety committees now exist in all facilities.

The company's occupational health and safety management system tracks four key performance indicators: the number of fatalities, the accident frequency rate (AFR)<sup>8</sup>, accident incidence rate (AIR)<sup>9</sup> and sickness absence rate (SAR)<sup>10</sup>. In 2005, there was an 11% increase in minor lost-time accidents, a 10% decrease in more serious lost time accidents and a 7% reduction in sickness absences compared to 2004. At this stage, however, these changes are largely attributed to the relative immaturity of the OH&S system, varying levels of OHSAS 18001 implementation across the Group and improvements to the reporting system. During 2005, reporting was enhanced to allow for monthly monitoring of incidents and trends. OH&S reporting will also be integrated into the company's SAP management systems in 2006, and accident route cause analysis systems will be piloted in certain countries.

Coca-Cola HBC was deeply saddened by the 18 fatalities in its business in 2005 – 16 employees and two contractors. The fatalities were largely due to road accidents. Nine people died while travelling to and from work in private vehicles or by public transport, seven died during work-related deliveries and two fatalities were due to industrial accidents on company sites. Ten of the 18 fatal accidents happened in Nigeria, with the remainder occurring in Russia, the Ukraine and the Czech Republic.

Fatalities in Coca-Cola HBC operations are never acceptable, and each is investigated to ensure that lessons are learned and necessary remedial action is taken. For example, in 2006 the company will consult with peer industries operating in similar territories to benchmark road safety performance and determine best practice.

## Health and Safety in 2005

Key performance indicator	2004	2005
Accident frequency rate	12.56	13.89
Accident incidence rate	25.40	22.97
Total absence rate	2.36%	2.19%

8. AFR - the accumulation of accidents resulting in more than one day but less than three days absence

9. AIR - the accumulation of accidents resulting in more than three days absence inclusive of AFR accidents

10. SAR - absenteeism regardless of cause



## HIV/AIDS and Infectious Diseases

Coca-Cola HBC seeks to reduce the impact of HIV/AIDS and other life-threatening diseases on employees, their families and communities and on the company itself. Where appropriate, the company provides education, counselling and testing. The guiding principles of the company's policy (available online) are confidentiality, non-discrimination and reasonable accommodation. In addition, in countries with high HIV/AIDS incidence rates where treatment is not readily available, the company works with governments, help organisations and The Coca-Cola Company to provide anti-retroviral drugs.

To date, the company has prioritised its efforts in Nigeria (see case study) given its significantly higher HIV/AIDS incidence rates compared to other countries where Coca-Cola HBC operates<sup>11</sup>. The company also conducts malaria prevention programmes in Nigeria to help tackle a disease that is easily preventable and curable, yet remains a major public health concern.

Elsewhere, Coca-Cola HBC has embarked on employee awareness programmes in conjunction with NGOs and experts. In Russia, for example, initial HIV/AIDS training and education sessions were conducted in 2005 with the company's medical insurance provider. In early 2006, Human Resources Managers from business units in the Ukraine, Russia, Armenia and Belarus undertook training by the NGO Transatlantic Partners Against Aids (TPAA). Ukrainian operations are working with TPAA on an employee awareness programme in 2006.

## Creating a Culture of Excellence

To help employees develop the skills and experience they need, Coca-Cola HBC continues to invest in training and development. The company aims to develop all employees to the best of their abilities. In 2005, the company provided 643,267 hours of formal training – on average 17 hours of training per employee.

All employees from team leader upwards have an annual skills assessment and development plan. Functional curricula enhance specialist skills, while the core development curriculum ensures that the company develops leadership skills across all levels of supervision and management. The company also conducts training in its corporate responsibility policies, processes and expectations to build competence and accountability throughout its business.

Coca-Cola HBC is currently finalising a training programme that promotes excellence at every level of the organisation. 'A Passion to Lead' is a comprehensive leadership development programme to develop a consistent quality of leadership among all First Level Managers. The modular programme will be rolled out using a train-the-trainer approach in 2006.

## Developing Employee Engagement

Coca-Cola HBC strives to maintain two-way dialogue with employees, communicating its business strategy and listening to employee opinions and concerns. The Group annual engagement survey is a key tool in determining employee opinions. In 2005, the company upgraded the survey to provide more quantifiable and actionable data. The new survey was conducted in all 26 countries and achieved a participation rate of 79%, the highest to date. Results, currently being collated, will form the basis for employee engagement plans and will be included in the next Social Responsibility Report.

In 2005, the annual Employee Relations Survey confirmed that all country operations continue to offer a range of communication channels for employees, including team briefings, open-door policies, employee forums, confidential opinion surveys and newsletters. The company's inhouse magazine for Northern Ireland was named 'Best newsletter 2004-2005' and the team responsible as 'In-house public relations team of the year 2005/6' by the Chartered Institute of Public Relations at the Northern Ireland PRide Awards in 2005.

## Rewarding Performance

To attract and retain the talent needed to grow its business, Coca-Cola HBC rewards its employees in a way that is equitable and competitive. The company's **Total Compensation Programme** ensures that remuneration is determined consistently and fairly across all company operations and is competitive when benchmarked against other high-performing international companies.

Financial and non-financial performance may be rewarded by a proportion of compensation commensurate to performance. Non-financial performance indicators include people development, quality and environmental performance. Part of remuneration for senior management is linked to the performance of the business through incentives and stock option plans.

In 2005, the company's total payroll including benefits was €830.2 million.

11. UNAIDS: Latest HIV/AIDS incidence rates among adults aged 15-49 were 5.4% in Nigeria

## Combating HIV/AIDS and Malaria in Nigeria

Coca-Cola HBC operations in Nigeria participate in the Coca-Cola System's HIV/AIDS healthcare programme in Africa. The most extensive private sector HIV/AIDS programme on the continent, it offers awareness, prevention and treatment programmes, including anti-retroviral drugs, to all employees, spouses and children.

Trained peer educators conduct ongoing education sessions at all Nigerian Bottling Company (NBC) plants. In 2005, all 7,589 employees received a handbook about the disease and the company's HIV/AIDS policy, and over 800,000 condoms were provided free of charge. By the end of the year, over 30% of staff had used the voluntary counselling and testing facilities at plant clinics and provider hospitals. Stigmatisation continues to discourage higher take-up rates and in 2005 a weeklong festival 'HIV/AIDS... I Choose Life' challenged taboos through plays, music and talks by health professionals. In 2006, NBC will extend awareness activities to 3,000 members of its value chain,

including casual employees, product dealers, suppliers and contractors. The company also extended its Roll Back Malaria programme to all Nigerian offices and plants in 2005. Employees were trained to prevent and control the disease and received insecticide-treated nets for use at home. Over 7,000 nets were provided in 2005, and almost the same number again will be distributed in 2006. The aim is to reduce the incidence of malaria among employees by 30% by 2007, and by December 2005 there had already been a 24% reduction compared to the same period in 2004.



### Further Information

- Workplace policies: [www.coca-colahbc.com](http://www.coca-colahbc.com) > community > policies
- The Coca-Cola Africa Foundation for HIV/AIDS: [www2.coca-cola.com](http://www2.coca-cola.com) > citizenship > Foundations > Africa

### 2006 Goals

- Process Coca-Cola HBC Employee Engagement Survey and implement appropriate actions
- Roll out new Leadership Development Programme across Coca-Cola HBC territories
- Ensure full implementation of core Coca-Cola HBC workplace policies across territory
- Continue rollout of HIV/AIDS awareness and prevention in the workplace
- Reduce incidence of malaria in Nigerian operations by 30% by 2007



**Coca-Cola HBC is committed to conducting its business in ways that protect and preserve the environment, and to integrating principles of environmental stewardship and sustainable development into its business decisions and processes. These commitments are enshrined in the Coca-Cola HBC Environmental Policy which is adapted by country operations to take into account additional local requirements.**

## 2005 Results

- ISO 14001 achieved in 54 of 79 operations, covering 79.1% of produced volume
- First Combined Heat and Power generating plant installed
- Water efficiency improved 4%
- Energy efficiency improved 9%
- Waste recycling improved 9%
- Failed to achieve target for solid waste reduction which increased by 5%
- Two wastewater treatment units constructed in Nigeria, one in Europe

## In Brief

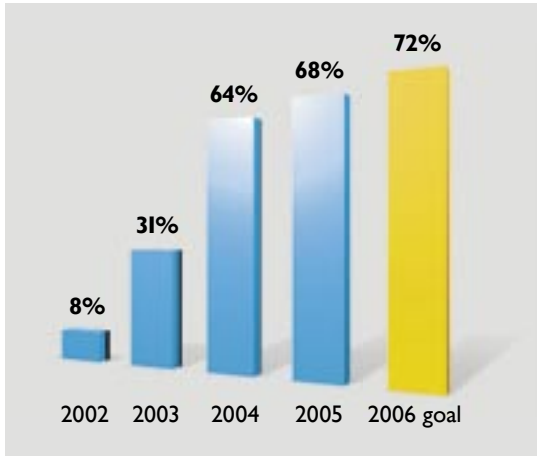
- Environmental Policy
- ISO 14001 adopted: full certification by 2008
- CFC-containing cold drink equipment to be phased out by 2007.

## Environmental Governance

Coca-Cola HBC has undertaken to develop and implement an internationally recognised environmental management system throughout its operations, and to include in its business planning environmental considerations that include design, production and packaging of products, as well as their transportation and ultimate disposal.

At Group level, responsibility for environmental performance lies with the Social Responsibility Committee of the Board and is managed by the Social Responsibility Council. Locally, Country General Managers are accountable for environmental performance, supported by designated environmental coordinators at country level and in every bottling plant. These coordinators receive regular training in the Coca-Cola HBC environmental management system and the company's key environmental issues. During 2005, extensive training of internal auditors was also conducted to develop their ability to audit to the requirements of international standards adopted by the company.

Coca-Cola HBC collaborates extensively with The Coca-Cola Company at the local level, and at a global level through participation in the Coca-Cola Environment Council. This council consists of Senior Environmental Managers from The Coca-Cola Company and its six major bottling partners. Together, the council develops and agrees the environmental components of The Coca-Cola Quality System, as well as developing new standards and measures. The Coca-Cola Company publishes a separate global environmental report describing policies, standards and performance data for the Coca-Cola System as a whole.



Percentage of plants certified ISO 14001

### Environmental Management System

Coca-Cola HBC has adopted the international environmental management system ISO 14001. By the end of 2005, the company had achieved certification at 54 of 79 bottling operations, representing 79.1% of produced volume.

In Nigeria, four plants are targeted to achieve certification by the end of 2006, with the remaining plants to be certified after completion of wastewater treatment units by the end of 2008. Work is underway on implementing the standard in the recently acquired European mineral water operations.

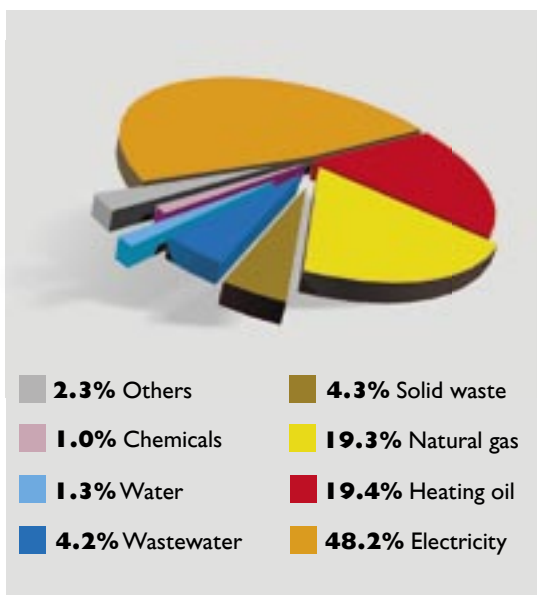
As a franchised bottler, Coca-Cola HBC also follows the environmental component of The Coca-Cola Quality System Evolution 3 (TCCQS E3 – see **Marketplace**), which is aligned to ISO 14001. It includes environmental standards for the following topics: water; wastewater; energy; ozone; hazardous materials; fleet; reporting; auditing and environmental due diligence.

Each year, every Coca-Cola HBC bottling facility is independently audited against both ISO 14001 and TCCQS standards. The company also conducts its own local auditing and cross-border audits. Audit findings and corrective action plans are reported to local management teams and the Social Responsibility Council.

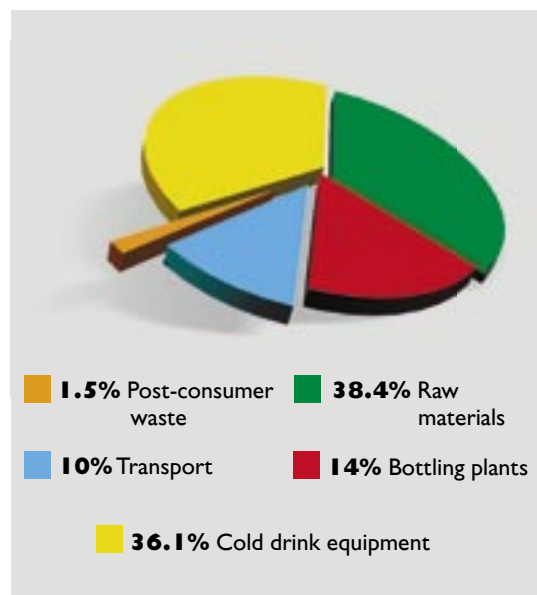
### Managing Environmental Impacts

Coca-Cola HBC has identified the most significant environmental impacts of its business operations through a process of stakeholder dialogue, certification requirements and audits. The top three environmental priorities have been determined as:

- **Water** – improving the efficiency with which the company uses water and ensuring that wastewater is treated before its release to natural bodies of water
- **Energy and emissions** – improving the efficiency of the company's energy consumption and minimizing atmospheric emissions



Ecological impacts of the bottling plants



Overall ecological impacts of the business





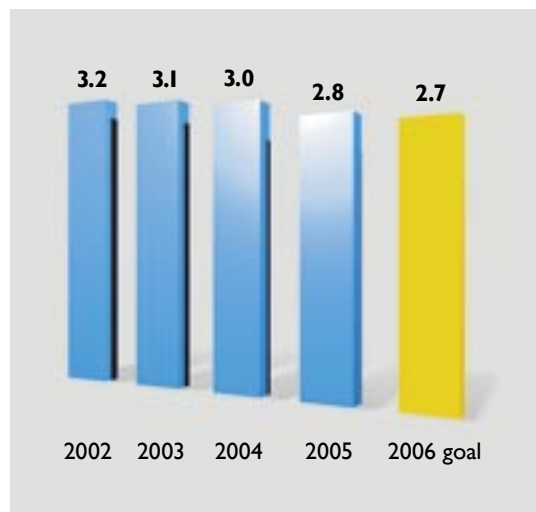
■ **Solid waste and recycling** – minimising the solid waste that the company generates and maximising the amount recycled or recovered.

Since 2002, Coca-Cola HBC has tracked its absolute and relative consumption of water and energy, as well as the solid waste it generates and recycles. The Social Responsibility Council sets Group-level targets for these key issues and tracks progress on a quarterly basis. The company's year-on-year performance on these issues is reported in subsequent sections. In brief, water and energy efficiency has consistently improved since 2002 – 11% and 15% respectively. Despite efforts, waste generation is still on the increase, partly due to the renovation of production facilities and replacement of refillable bottles. Fortunately, most of this increased waste can be recycled and the company's recycling rate has improved 23% since 2002.

In addition, each production facility reports annually on a multitude of data including raw materials, fleet and transportation, cold drink equipment and legal compliance. A summary of aggregated data is available in the online 2005 Environmental Data Table.

Coca-Cola HBC conducts annual ecological analyses of its value chain at the Group level, determining its global environmental impacts (see charts on preceding page). Bottling plants account for 14% of the company's total environmental load, while 36% is attributable to

*Rigorous environmental reporting starts with collecting precise data at the source; here a water meter measuring raw water consumption*



**Water use in bottling plants (l/lpb)**

the electricity used by cold drink equipment. A further 38% of the load occurs in the production of ingredients and packaging, while transport accounts for 10%<sup>12</sup>. These findings underline the importance of working with suppliers on such programmes as lightweighting packaging and increasing recycled material in its content and developing climate-friendly refrigeration.

## Water

Water is not only the primary ingredient of the company's products, but is also used in manufacturing processes, such as cleaning, cooling and disinfecting.

Water for Coca-Cola HBC operations comes from either municipal sources (47% of volume) or wells (53%). In 2005, Coca-Cola HBC operations used 24,600 million litres of water. On average, bottling plants used 2.84 litres of water to produce one litre of produced beverage (l/lpb), a 3.6% improvement in water use efficiency compared to 2004. This greater efficiency is due to water conservation and re-use programmes in all established territories and most developing territories. In 2006, the target is to reduce the average water use ratio by 2% compared to 2005.

## Treating Wastewater

All operations must meet The Coca-Cola Company Standard on Wastewater Quality. This requires wastewater to be neutralised and treated on-site, or discharged into public or private sewage systems for treatment before it reaches natural bodies of water. By the end of

<sup>12</sup>The increase from 5.4% reported in 2004 is due to improved reporting of vehicle and fuel usage



2005, 79% of all plants met this standard, of which about two-thirds had constructed their own wastewater treatment units. In 2005, the company commissioned one treatment plant in Serbia and two in Nigeria – not three as originally targeted. Two more will be commissioned every year until 2008 when Coca-Cola HBC targets 100% compliance with its standard.

In 2005, Coca-Cola HBC bottling plants discharged 14,200 million litres of wastewater, or 1.94 litres of wastewater per litre of produced beverage. This represents a 5.4% improvement compared to 2004. The target for 2006 is to further reduce wastewater volume by 3%. The main substances emitted with wastewater are residues from cleaning and disinfecting and, to a lesser extent, beverage residues and sanitary wastewater. Similar to household effluents, they are generally biodegradable when treated.

### Energy

Coca-Cola HBC is a developing business in expanding markets and its energy requirements continue to grow. The company is nevertheless aware of the urgent threat of climate change and is working to improve its energy efficiency and minimise atmospheric emissions.

The Coca-Cola HBC business uses energy in three main areas:

- Bottling plants
- Transport and distribution
- Cold drink equipment

#### Energy Efficiency in Bottling Plants

Manufacturing processes, such as washing, pasteurising, sterilising and operating production lines require energy, as do the heating, lighting and ventilation needed by plant facilities.

Of the energy used by Coca-Cola HBC in 2005, 37% was electricity, 35% natural gas, 16% light fuel oil, 6% heavy fuel oil and 6% was from other sources such as propane and steam. Alternative renewable energy sources are used where available and economically viable and in 2005 they accounted for 7% of electricity used.

In 2005, Coca-Cola HBC used 6,080 million megajoules (MJ) to power its plants. The company improved its energy efficiency by 9%, using 0.69 megajoules per liter of produced beverage (MJ/lpb) compared to 0.78 MJ/lpb in 2004. Energy-saving projects are being im-

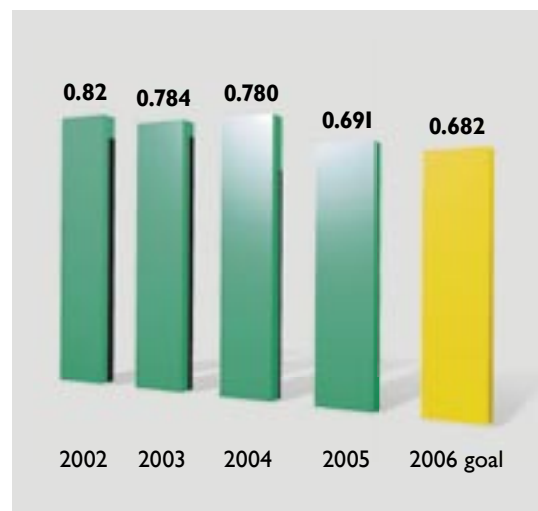


Wastewater treatment technical specialist at Maiduguri plant in Nigeria

plemented in an increasing number of plants and the company's Vienna plant is piloting a new energy savers toolkit developed with The Coca-Cola Company. A 2% improvement in plant energy efficiency is planned in 2006.

#### Fuel Usage in Transport and Distribution

In 2005, the 13,700 Coca-Cola HBC vehicles used to transport people and products consumed petrol and diesel that accounted for an estimated 2,710 million MJ. Although third-party carriers deliver approximately half of Coca-Cola HBC products, they simultaneously transport other goods. Consequently, fuel usage attributable to the company is difficult to calculate and not yet included in reporting.



Energy use in bottling plants (MJ/lpb)



## New Tri-generation Power Plant in Hungary



**In 2005, the Dunaharaszti plant in Hungary installed a Combined Heat and Power generating system, improving the plant's energy efficiency by about 40%. This tri-generation system simultaneously provides heating, electric power and cooling through**

**linked processes using a single source of natural gas. This is projected to reduce CO<sub>2</sub> emissions by over 2,000 tonnes and energy costs by €400,000 each year. Coca-Cola HBC is now investigating the feasibility of replication in other operations.**

To reduce environmental impacts of its transportation, Coca-Cola HBC follows The Coca-Cola Company Standard on Fleet Management where practical. Operations are increasingly implementing fuel-saving projects and activities, due in part to rising energy prices, and to environmental benefits. Vehicle emissions are reported below.

### **Energy Use in Cold Drink Equipment**

Coca-Cola HBC is a major user of refrigeration equipment. Over 976,000 refrigerators<sup>13</sup>, 79,000 vending machines and 64,000 fountains are located on customer premises to sell chilled beverages to consumers. The environmental impacts of this equipment are due mostly to their energy consumption and less to their emissions of greenhouse gases (see Atmospheric Emissions). In 2005, the total electricity used by this equipment was estimated to be 11,400 million MJ.

Since this equipment is operated by customers – not by Coca-Cola HBC – this calculation is based on technical specifications from manufacturers.

The Coca-Cola Company has committed that by 2010 new coolers and vending machines will be 40-50% more energy efficient than 2000 models. In 2005, Coca-Cola HBC continued technical field tests of the EMS-55 energy-saving technology to evaluate the serviceability and energy-saving potential of these units in real-life situations. Commercial tests will continue in selected markets in 2006 to better understand the operation impact, cost and market reaction. Providing results are positive, the company intends to start implementation of the energy-saving device or an equivalent alternative in the next two years, in countries and locations where it is most beneficial.

13. Equivalent to the 1.3 million cooler doors cited in the 2005 annual financial report.

In addition, Coca-Cola HBC supports the eKOfreshment programme of the Coca-Cola System to develop climate-friendly refrigeration (see below).

## Atmospheric Emissions

Greenhouse gases, such as carbon dioxide (CO<sub>2</sub>), and refrigerants, such as chlorofluorocarbons (CFCs) and hydrofluorocarbons (HFCs), contribute to global warming and climate change. In addition, atmospheric emissions such as particulate matter or acid rain can affect human health and the natural environment.

Bottling operations and cold drink equipment emit three types of emissions to the atmosphere:

- Air emissions from the burning of fossil fuels
- Loss of ozone-depleting substances from some cold drink equipment
- Emissions of greenhouse gases from energy use and cold drink equipment.

Coca-Cola HBC strives to minimise atmospheric emissions as outlined below. Emissions data can be found in the 2005 Environmental Data Table on the website. There are no significant emissions of toxic substances from the company's operations.

### Air Emissions from Fossil Fuels

In 2005, the air emissions resulting directly and indirectly from energy use by the company's bottling plants and transport vehicles (distribution fleet, vans and cars) were:

- Carbon dioxide (CO<sub>2</sub>): 877,000 tonnes
- Nitrogen oxides (NO<sub>x</sub>): 3,900 tonnes
- Sulphur dioxide (SO<sub>2</sub>): 3,040 tonnes

### Ozone Depleting Substances

Under the Montreal Protocol, new cold drink equipment containing ozone-depleting chlorofluorocarbons (CFCs) such as R12 are prohibited. Coca-Cola HBC, like the rest of the Coca-Cola System, has not purchased CFC-containing units since 1994 and has conducted a capture and recovery programme for all refrigerants since then. By the end of 2005, only 5% (60,000) of Coca-Cola HBC cooling units contained CFCs, down from 9% in 2004. The phase-out is due to be completed by the end of 2007.

### Reducing Greenhouse Gas Emissions

In 2005, Coca-Cola HBC gas emissions with a global warming potential were equivalent to less than

966,000 tonnes of CO<sub>2</sub> or 111 grammes per litre of produced beverage. This includes emissions from fossil fuels in plants and fleet, CO<sub>2</sub> used in carbonation<sup>14</sup> and coolants from cold drink equipment. Coolants are estimated at 0.4 tonnes of CFCs (R12) and 8.9 tonnes of HCFCs (R134a), equal to approximately 20,000 tonnes of CO<sub>2</sub>.

After hydrofluorocarbons (HFCs) were identified as greenhouse gases under the Kyoto Protocol, Coca-Cola HBC and the Coca-Cola System committed not to purchase HFC-containing equipment where cost-efficient alternatives were commercially available. Coca-Cola HBC actively participates in **eKOfreshment**, the US\$30 million research and development programme by The Coca-Cola Company, suppliers and technology providers to develop commercially viable, HFC-free refrigeration. Several options emerged and, following extensive tests, CO<sub>2</sub>-based technology was selected as a suitable energy-efficient, reliable and safe option with no ozone-depleting potential and minimal greenhouse impact. Results of pre-commercial field trials in 2005 are promising, but supplier capacity and demand for the technology remain challenges.

Additionally, Coca-Cola HBC has progressed on its commitment to end the use of HFCs in insulation foam. By the end of 2005, 100% of new equipment models had converted to HFC-free blowing agents.

*Cooling equipment runs normally without polluting emissions, but the electricity needed to run it is often produced from fossil fuels, which generates greenhouse and other gases*



14. The non-recycled fraction of the 92,000 tonnes used





Emissions from the burning of fossil fuels in plants and vehicle fleet contribute to global warming. Trucks, like this one in Austria undergo an annual environmental emissions check

### Waste and Recycling

As landfill comes under increased criticism, it is imperative that industry minimises the amount of solid waste it generates. In addition, as natural resources become scarce, it makes more sense to close the recycling loop, reusing,

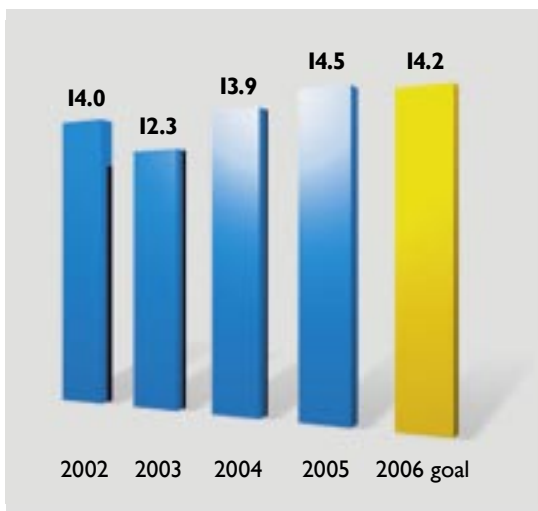
recycling and recovering to conserve the raw materials and energy otherwise required to make new products.

Solid waste is generated both during Coca-Cola HBC manufacturing processes and as packaging waste after the company's beverages have been consumed. In its operations, Coca-Cola HBC aims to reduce the solid waste it produces and to recycle or recover as much as possible. In the marketplace, the company partners with peer industries, government agencies and civil society to address the issue of post-consumer packaging waste.

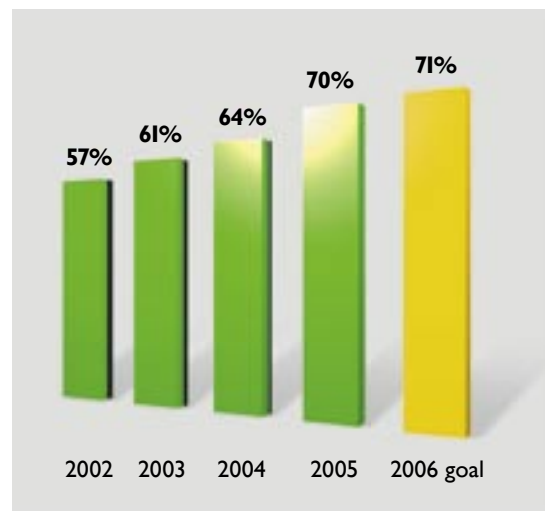
### Minimising Raw Materials Used

Coca-Cola HBC uses approximately 1.36 million tonnes of raw materials each year. These include ingredients, such as sugar and other sweeteners, concentrates, fruit juices, CO<sub>2</sub>; packaging materials, such as glass, aluminium, PET; and auxiliary materials, such as chemicals used for cleaning of installations and washing of bottles. A breakdown of types and amounts of raw materials used is available in the Environmental Data Table (online).

Because most environmental impacts of raw materials occur before they reach Coca-Cola HBC operations, the company increasingly works with suppliers to minimise these impacts, for example by light-weighting packages. Such activities led to incremental PET resin savings of approximately 800 tonnes in 2005 compared to 2004; savings that will continue in subsequent years. Coca-Cola HBC has also worked with suppliers to use less glass. In 2005, for example, a new glass bottle was developed that uses 30% less



Waste generated in bottling plants (g/lpb)



Percentage of waste recycled in bottling plants (%)

material, is more cost-efficient and more solid than its predecessor. Coca-Cola HBC introduced Ultra Glass in the Ukraine, Greece and Romania during 2005 and plans to introduce it into Bulgaria, Croatia and Bosnia in 2006.

The company also works to include recycled content in packaging. For example, Switzerland, Austria and Hungary operations use preforms for PET bottles that contain up to 30% recycled content, and other countries are studying this technology.

### Reducing Plant Waste

Coca-Cola HBC has committed to reduce, recover, recycle and reuse on-site waste wherever practicable, and to dispose of unrecoverable waste safely and with minimum impact to the natural environment.

In 2005, the total amount of solid waste generated in the company's plants was 125,000 tonnes. On average, for every litre of produced beverage, 14.5 grammes of waste were generated, a 4% increase over the previous year as opposed to the targeted 5% decrease. Most of this increase was due to ongoing plant refurbishments and a renewal of the refillable glass bottles float and was partly offset by the recycling and recovery rate which rose to 70% compared to 64% in 2004. The goal for 2006 is to reduce overall waste production by 5% compared to 2005 and to recycle 71% of all waste generated.

### Recycling Post-consumer Waste

Increasing consumer and retailer demand for convenience means that non-refillable packaging now accounts for 82% of Coca-Cola HBC's packaging mix. Although the company works with suppliers and The Coca-Cola Company to reduce the amount of packaging used, there will inevitably be waste after consumers have consumed beverages.

Over 90% of the packaging Coca-Cola HBC places in the marketplace is PET plastic, aluminium, glass and corrugated materials - all recyclable materials. Coca-Cola HBC therefore partners with peer companies to set up organisations that collect, recover and recycle used beverage containers. In 2005 the company contributed over €21,3 million to such organisations. In most countries in which the company operates, the European Union Packaging Directive 94/62 has been incorporated into national packaging legislation, and recycling and recovery organisations work on behalf of Coca-Cola HBC and peer companies to ensure the

## Recycling Award in Ireland

**Coca-Cola HBC operations in Ireland won the 'Repak Best Practice Award (Large Firms)' at the 2005 Repak Recycling Awards ceremony. The annual awards were presented by the Irish Minister of the Environment to local authorities, companies and individuals for outstanding efforts in environmental protection.**

**Coca-Cola Bottlers Ireland (CCBI) has steadily increased its waste recycling over the past three years, achieving a recycling rate of 95% in 2005. This was due not only to concerted efforts in manufacturing and distribution but involved all office staff in the streaming and recycling of internally generated waste.**

**Additionally, the company identified materials that can be re-used thus reducing items sent for recycling. In total, Coca-Cola Bottlers Ireland diverted 164.6 tonnes of waste from landfill in 2005, an overall waste reduction of 10% compared to the previous year.**







Consumer level collection of plastic, glass and metal with Ecopack Bulgaria

industry's compliance. In Nigeria, the company worked with The Coca-Cola Company and the West African PET Recyclers to establish two new PET collection centres in 2005. These centres recycle 50 tonnes of PET each month and will double their capacity in 2006.

Coca-Cola HBC also supports initiatives to close the recycling loop, developing new technologies and markets for recycled materials. For example, together with other beverage producers, Coca-Cola HBC is establishing a new entity in Austria, PET-to-PET Recycling Austria GmbH, to construct a recycling plant. The facility will enable the re-use of recycled PET flakes into new beverage bottles. It is expected to be operational by the end of 2007 and to have an initial capacity to handle 18,000 tonnes.

Yet these collection, recycling and recovery systems cannot be effective without consumer participation, and littering can be a problem even where recycling infrastructure exists. Coca-Cola HBC therefore supports anti-littering campaigns in every country, placing the Tidy Man and Recycle symbols on products and sponsoring environmental education and community clean-up activities (see **Community**).

## Biodiversity

Based on information available, Coca-Cola HBC believes that no IUCN (World Conservation Union) Red List species, Ramsar habitats, IUCN protected areas, World Heritage Sites or biosphere reserves are directly affected by its operations.

In addition, in 2005 all Coca-Cola plant locations worldwide were mapped against the WWF Global 200 priority eco-regions for global conservation. The study, commissioned by The Coca-Cola Company, found that 12 Coca-Cola HBC plants are located in 'critical or endangered areas' - eight in the Mediterranean basin of Croatia, Greece and central Italy and four in coastal Nigeria. Three small plants, of which two are mineral water plants, are in 'vulnerable areas' in European mountains. However, these plants are generally located in existing industrial or mixed vicinities with no major impact on biodiversity.

Coca-Cola HBC owns approximately 550 hectares of land used for its bottling and warehousing facilities, of which about 55% are built on hard surfaces impermeable to rain (mainly buildings, parking lots and access roads). The company recognises that impermeable sur-

faces do not allow rainwater to penetrate the ground and replenish aquifers, but does not yet have an alternative means of operation.

From consultation with stakeholders, meaningful and relevant indicators of biodiversity impact do not yet seem to be available. The GRI is evaluating how best to report on this topic and Coca-Cola HBC will follow its guidance in future reports. In 2006, Coca-Cola HBC will investigate the Key Steps for Corporate Action on biodiversity developed by the Worldwatch Institute, World Conservation Union and the World Business Council for Sustainable Development.

Coca-Cola HBC also extends support to biodiversity conservation projects, such as the Hadejia-Nguru Wetlands in Nigeria with the Nigerian Conservation Foundation and the Russia National Parks programme with WWF.



*Dorna mineral water bottling plant located in the foothills of the Carpathians at Vatra Dornei, Romania*

## Further Information

- Environment policy: [www.coca-colahbc.com](http://www.coca-colahbc.com) > community > policies
- 2005 Environmental Data Table: [www.coca-colahbc.com](http://www.coca-colahbc.com) > community > environment
- Citizenship@Coca-Cola : [www.coca-colahbc.com](http://www.coca-colahbc.com) > community > citizenship
- TCCC environment report: [www2.coca-cola.com](http://www2.coca-cola.com) > citizenship > Environment
- eKofreshment programme: [www2.coca-cola.com](http://www2.coca-cola.com) > citizenship > Environment > Energy & Climate protection
- Key Steps for Corporate Action on Biodiversity : [www.wbcsd.org](http://www.wbcsd.org) > Ecosystems > Biodiversity

## 2006 Goals

- Reduce water use ratio (l/lpb) in bottling plants by 2%
- Reduce energy consumption ratio (MJ/lpb) in bottling plants by 2%
- Reduce solid waste ratio (grams/lpb) in plants by 2%
- Increase waste recycling in plants by 2%
- Two new wastewater treatment plants in Nigeria, one in Europe
- ISO 14001 certification of all operations by the end of 2008
- Continue to integrate environmental considerations into supplier evaluations; extend collaboration with suppliers on environmental issues



**Coca-Cola HBC aims to enhance the quality of life in the communities and countries in which it operates. The company strives to minimise potential negative impacts its business may have and contribute to the socio-economic development and environmental protection of its host communities.**

## 2005 Results

- Launched Green Danube Partnership in five countries
- Piloted water conservation programme in Nigeria
- Increased support to sports, physical and nutrition education programmes

## In Brief

- **Income taxes of more than €105 million paid in 2005**
- **€830 million paid to employees**
- **Over €4.5 million invested in community programmes**
- **Community investment programmes in each country**
- **Engagement in every community**
- **Over €3,000 million paid to suppliers**

Coca-Cola HBC works towards these goals in three key ways: by generating economic value for the communities and countries it serves; by engaging with host local communities and by conducting community investment programmes.

## Economic Impact: Creating Value

Through conducting its business, Coca-Cola HBC creates wealth for its employees, suppliers, retail customers, governments and communities, as well as for the company's shareholders. The company generates employment, supports businesses upstream and downstream and pays taxes.

Coca-Cola HBC and its partner, The Coca-Cola Company, are often among the most prominent foreign direct investors in the countries where they operate. For example, in 2005 the company's local operations were named as a Leader of the Ukrainian Economy by the National Business Ratings and Ukrainian Chamber of Commerce based on productivity, employee remuneration, volume and profitability.

In 2005, Coca-Cola HBC paid income taxes expenses of over €105 million<sup>15</sup>. No government subsidies were received during the year. In 2005, the company paid approximately €830 million in employee salaries and benefits. In addition to creating jobs directly, many more jobs are supported indirectly, with each person directly employed by the system, supporting on average ten more jobs among suppliers and customers. In 2005, Coca-Cola HBC paid over €3,000 million to

<sup>15</sup>This figure does not include additional tax charges arising from employee income, sales, customs duties, municipal charges, rates and levies

## OECD International Investor of the Year Award in Serbia

**The Organisation for Economic Cooperation and Development (OECD) together with the Serbian Investment and Export Promotion Agency (SIEPA) named Coca-Cola HBC as International Investor of the Year 2005 in Serbia. Since the company arrived in Serbia in 1997, it has invested a total of €130 million and created around 1,000 jobs. The annual awards by the OECD South East Europe Regional Roundtable for Investment Promotion honour successful examples of foreign direct investment in South East Europe, which during 2004-2005 exceeded €8 billion, the highest levels recorded to date. For example, when Coca-Cola HBC acquired local mineral water brand Rosa in 2005, the Serbian president Boris Tadic commented that this would help develop the southern region, the location of production facilities and a strategically important area for the stability of the country.**

suppliers of ingredients, packaging and services. Including payments for property, plants and equipment, this figure rises to €3,500 million for the year:

Coca-Cola HBC operations also bring indirect benefits. They can introduce new technology and international standards in production, management and consumer marketing, stimulating innovation by local suppliers, as well as encouraging further foreign investment.

### Community Engagement

Coca-Cola HBC strives to understand the needs and concerns of its local communities through regular dia-



*Boris Tadic, President of Serbia (left with bottle) with Coca-Cola HBC General Manager during a tour of the Rosa mineral water plant*

logue. The company also hosts open days at facilities and conduct tailored tours for community groups, regulators and NGOs. The company belongs to local business alliances and engages regularly with local community organisations, government agencies and NGOs.

### Community Investment Programmes

In addition to the economic benefits its day-to-day business activities bring, Coca-Cola HBC supports local communities through community investment programmes. Key social or environmental needs are identified through consultation, and the company partners with government agencies, NGOs and other experts to conduct programmes. These programmes help to address on areas in which the company has the greatest expertise and can contribute the most:

- Environmental protection, with a focus on water
- Sport and physical activity
- Youth development.

The company also responds to pressing local needs in host communities, such as supporting HIV/AIDS awareness campaigns or providing emergency relief where required.

In 2005, Coca-Cola HBC invested over €4.5 million in such programmes. This includes only community investment and charitable donations – not commercial initiatives in the community. It includes cash and in-kind donations but does not account for staff time.

Coca-Cola HBC actively promotes and facilitates employee involvement in these programmes through voluntarism, employee fundraising and payroll-giving - still relatively new practices in many countries. In Serbia, the company established a Volunteer Club in





*Coca-Cola HBC volunteers clean-up the riverbanks and plant trees across a number of cities in Russia*



*Water Forever promotes awareness and education by organising ecological summer camps in Slovenia*

2005 and approximately 10% of employees are now regular members. In Russia, Green Teams of 2,500 employees conduct annual environmental clean-ups while in Greece, the Alyssos volunteer team organises such activities as tree-planting and technology donations.

Employee fundraising is also encouraged. In Northern Ireland, for example, employees chose the Northern Ireland Cancer Fund for Children to be the focus of fundraising efforts. Employees helped raise €170,000 to build a retreat for teenage cancer patients, the most successful corporate fundraising for the charity to date. In Romania, following the success of a payroll giving pilot in Bucharest, the programme was extended nationwide in 2005 - only the second such programme in the country.

*One of many donations around the Coca-Cola HBC Group, the Northern Ireland team presents a cheque to the Northern Ireland Cancer Fund for Children*



## Environment and Water

Not only does Coca-Cola HBC strive to improve its own environmental performance, but the company also supports broader environmental conservation and education initiatives in host communities. Coca-Cola HBC has long sponsored environmental education, anti-littering and clean-up campaigns across the countries in which it operates.

Increasingly, Coca-Cola HBC is focusing its support on water conservation. In 2005, pilots were launched for innovative and large-scale programmes in countries along the Danube and in Nigeria (see case studies). Both programmes involve multi-stakeholder partnerships to protect watersheds and educate and mobilise local communities.

Other local water-related programmes range from Live Water, a watershed education programme with the Green Cross in Belarus, to Water Forever, an ecological summer camp in Slovenia. In addition, where the company's wastewater treatment plants are the first such facilities in host countries, they are opened to plant tours and education programmes, as in Serbia and the Ukraine. Also in 2005, Coca-Cola HBC donated over 8 kilometres of water supply pipeline to its host community of Kostinbrod to celebrate the 40th anniversary of Coca-Cola operations in Bulgaria. A joint project with local authorities, the programme helps provide local residents with regular supplies filtered by the plant's water treatment station.

In addition, the company supports youth-focused environmental programmes in partnership with local authorities and NGOs. These include:

- **Recycling-based activities** – competitions and



## Protecting the River Danube



The River Danube is of vital economic importance to the countries along its route. In recent years, human activity and pollution have threatened the future of the river and its fragile eco-systems. In June 2005, Coca-Cola HBC and The Coca-Cola Company signed an agreement with the International Commission for the Protection of the Danube River (ICPDR), representing the European Union and central and eastern European states bordering the river.

The agreement to promote awareness and support conservation was described as 'a significant step toward meeting the obligations of the Danube River Protection Convention,' by the Permanent State Secretary, Ministry of Environment and Water, Hungary, and President of ICPDR, Mr. Istvan Ori. Local partnerships were then set up with government agencies, NGOs and educational institutions in Serbia, Hungary, Romania, Bulgaria and Slovakia. The first initiatives focused on

awareness-raising and reinvigorating celebration of Danube Day on June 29. Theatre performances, exhibitions, boat trips, talks, children's events and educational materials were used to build awareness of the river, its importance and the problems it faces. Subsequent activities included an international children's art competition and the 50th anniversary of the Tour International Danubien boat expedition.

In 2006, the programme will be extended to the Ukraine, Austria and Moldova. An educational toolkit for teachers and schools will be launched, and, by establishing the Business Friends of the Danube, peer companies will be invited to join the programme. Freshwater conservation programmes will also be undertaken – for example, an agreement will be signed with Hungary's Danube-Drava National Park to help develop eco-tourism infrastructure, while revitalising oxbows and preserving the unique flora and fauna.



## Optimising Water Use in Nigeria

In 2005, Coca-Cola HBC began a water optimisation programme with the Nigerian Conservation Foundation (NCF), The Coca-Cola Company and local communities. The programme is designed not only to improve plant water efficiency and wastewater treatment, but also to protect local watersheds and benefit local communities. In the arid North and other areas where local communities have limited access to freshwater, Coca-Cola HBC plans to provide potable water and treated wastewater for irrigation, fish-farming or cattle-watering. During 2005, a further two wastewater treatment plants were constructed, bringing the total to four to date. A feasibility study was conducted by the NCF into using the treated wastewater to run community-owned fish farms. As a result, a Memorandum of Understanding has been drafted with the NCF, who will assist local associations to build and run such projects; land has already been earmarked for this purpose.

In Maiduguri the clean plant effluent is already feeding an existing pond which the bottling plant helps to develop into a multi-functional community area including fishing, watering herds, basic commercial activities and even a recreational area. In these and other communities with unreliable clean water supply, free access to potable water has been increased, with six borehole pumps in villages and drinking water taps at bottling plants. In 2005, approximately 10,000 liters of potable water each day were provided to local communities near the two pilot project plants of Maiduguri and Benin alone. Other plants have also installed taps. In 2006, a Water Savers training programme will be conducted in all Nigerian plants and another two wastewater treatment plants will be constructed. Discussions on how to use treated wastewater in those local communities have already commenced. Community access to potable water will also be increased.





*To promote and create awareness of recycling, the Coca-Cola Form and Fusion Design Awards use waste and recycled materials in an exciting and creative way*

activities using waste and recycled materials, such as the Coca-Cola Form and Fusion Design Awards in Ireland or the Coca-Cola Cooling Recycling Design Workshops in Serbia

- **School programmes** – classroom resources and activities, such as the Coca-Cola HBC sponsorship of the European Green Schools programme in Ireland, or the environmental education resource website for Polish schools with local NGO OurWorld
- **Youth environment competitions** – annual competitions on environmental themes, such as the Nigerian Conservation Foundation art and essay competition supported by local company operations for over 10 years
- **Outdoor youth activities** – activities and facilities ranging from park ranger projects in Austria and ecological summer camps in Russia to environmental trails in Croatia and an environment park in Greece.

*Serbian basketball legend Aleksandar Djordjevic (left) and local Special Olympics athlete Goran Stjepanovic (right) jointly carry aloft the 'Flame of Hope' torch at the Special Olympics European Basketball Tournament in Belgrade, September 2005*



The company also supports clean-up activities wherever it operates. For example, company operations have provided longstanding support to the National Spring Clean, Ireland's most recognised anti-litter initiative. In 2005, 295,000 participants collected over 2,353 tonnes of litter, of which over one third was recycled.

In 2006, Coca-Cola HBC will launch LivingVolga, a sister scheme to the Danube programme that includes a riverbank clean-up programme. The Danube programme itself will be extended to a further three countries. In addition, other new programmes for 2006 include clean-up operations along the sea-front in Estonia and of the River Vltava in the Czech Republic.

### Sport & Physical Activity

Coca-Cola HBC believes it is vital to encourage physical activity in families, schools and communities. The company supports a wide range of sport and physical activities, from football to cycling, hiking and marathons. This is underpinned by the commitment of the entire Coca-Cola System to support sport around the world, from grassroots activity to sponsorship of such world-class events as the FIFA World Cup, the Olympic Games and the Special Olympics.

Coca-Cola HBC partners with sports bodies and government agencies to develop and scale up activities to include the greatest number of participants possible. For example, the company supports youth football training and tournaments in 24 countries. These tournaments are often the largest school sports events in host countries. As a sponsor of national Olympic committees and the Special Olympics, Coca-Cola HBC also supports Olympic-themed activities, encouraging participation and promoting youth talent. Support is also extended to indigenous sports, such as the gaelic football tournament Feile Peil na nOg and sports festival Feile na nGael in Ireland that attract 60,000 youth participants annually.

In light of dropping physical activity levels and the obesity epidemic, Coca-Cola HBC is placing a new emphasis on programmes to promote healthy active lifestyles. The company is broadening activities to reach even the least athletic youth, working with industry, government and sports bodies to conduct physical activity and nutrition education programmes.

In Hungary, for example, the Coca-Cola System launched 'Move! Wake Your Body Up' in 2005 with a series of sports and activity programmes. Active par-





## The Coca-Cola Sports Initiative in Austria

Since 2000, the Coca-Cola Sports Initiative has supported a wide range of sports and physical activities reaching an annual 50,000 young Austrians. These include the annual Coca-Cola Junior Marathon, the biggest school sports event with 4,000 participants, and the Coca-Cola Cup football tournament, which reaches around 3,000 young people. Other activities include Coca-Cola Junior Marathons in major Austrian cities, school runs and Coca-Cola Guglmania, a series of athletics events with around 1,700 youth participants each year. Searching for future Olympic winners is the goal of the Coca-Cola Talent activity at the Olympic training center in Obertauern.

Partners include the Ministry of Education, the Secretary for Sport, the Austrian Olympic Committee, the Austrian Football Association and the Austrian Athletics Association among others. In 2005, these activities were extended to reach less active youth and to encourage broader industry participation. As a result, Students in Motion, a new physical activity and nutrition programme will be launched in 2006 with industry partners, including Kraft, Unilever, Masterfoods and Nestle. This in-schools programme will be run under the auspices of the Ministry of Education and Forum for Nutrition Today.

Participants could collect stickers and redeem them for sports equipment, no product purchase required. The programme is supported by the Hungarian Olympic Committee, government and civic organisations, sports manufacturers and fitness celebrities. In its first season, over 300,000 people participated, and the programme

was ranked among the top three CSR programmes in Hungary by leading trade magazine *Progressive*. The programme will be extended in 2006, doubling the number of participants and becoming part of the Hungarian Platform for Nutrition, Lifestyle and Physical Activity, a multi-stakeholder initiative based on the EU Platform.

*The 'Wake Your Body' campaign supported also by the Hungarian Olympic Committee includes a series of sports and activity programmes on Margit Island in Budapest*





A student works with the Food Pyramid as part of the nutritional education campaign, *Stay Fit*, in Poland

Other new programmes include:

- **Schools in Motion**, Italy – a partnership with the Ministry of Education and Olympic bodies to promote sport and healthy lifestyles that reached 130,000 students from 1,200 schools in 2005
- **Stay Fit, Poland** – a programme with the food industry and nutrition bodies. A pilot programme is underway in 20 schools and a website with lesson plans is available to schools nationwide.

In addition, the company supports annual workshops in Romania with the Foundation for Healthy Food, healthy active lifestyle summer camps in Greece and organisations such as the Nutrition and Health Foundation in Ireland, a multi-stakeholder partnership that has launched a school education programme, a consumer nutrition labelling programme and website.

In 2005, over one million young people participated in Coca-Cola HBC-supported sports activities. Other new programmes in 2005 include football activities in Estonia and Slovakia and a football sponsorship with the Irish Football Association, the Valais Ski and Sport Programme in Switzerland and summer camps in the Ukraine. Plans for 2006 include the new pan-industry programme in Austria (see case study); Heart on the Move, a community hiking initiative in the Czech Republic; and support to the 2006 Special Olympics Ireland.

## Youth Development

Coca-Cola HBC supports youth development throughout its territories, helping to create opportunities for young people and equip them with skills and self-esteem. In particular, the company provides support to disadvantaged youth. For example, the company has programmes for orphaned youth in more than half of the countries in which it operates. In addition, the company's programmes support disabled youth in Greece, Italy, Romania, Serbia

and Poland, and youth in economically deprived areas in Ireland, Latvia, Poland and Slovenia.

Programmes vary from country to country to meet local needs. They include renovating educational institutions and providing books, providing scholarships to disadvantaged students, teaching work and life skills, as well as encouraging reading and the arts. New projects in 2005 included piloting Books of My Childhood in Bulgaria, a partnership with the Red Cross to encourage reading that included a nationwide book donation campaign, reading tour and educational activities. In Romania, the company worked with Junior Achievement Romania to launch Pay It Forward, whereby Coca-Cola HBC managers visited schools to teach business skills. In Croatia, the company partnered with the Ministry of Education to pilot a programme to instil cultural and national identity, balanced with a respect for diversity. And in Serbia, a scholarship and internship programme was developed in 2005 to help combat the 'brain drain' as talented youth go overseas for study and employment.

## HIV/AIDS

Coca-Cola HBC supports community outreach programmes to prevent HIV/AIDS in countries where this has been recognised as a major concern. In Nigeria, for example, the company's operations has supported local awareness and prevention campaigns and in 2006, will conduct an outreach programme for the company's value chain. In the Ukraine, the company continued to support the Race for Life, organised by

*Coca-Cola HBC continues awareness campaigns for HIV/AIDS prevention in Nigeria*







## Belarus Gold for Social Responsibility

**In 2005, Coca-Cola HBC operations in Belarus received a gold medal at the Belarus Brand of the Year competition for its Social Responsibility performance. Run by Satio, the Centre of System Business Technologies, the annual awards are held in conjunction with the Ministry of Economy (see picture).**



UN agencies, the Ministry of Health, Ministry of Youth and Sport and the All-Ukrainian Network of People Living with HIV in the Ukraine. The company also participated in the Ukrainian Parliamentary Summit on HIV/AIDS and Business Round Tables on HIV/AIDS in the Ukraine and Russia organised by the Transatlantic Partners Against AIDS (TPAA). In addition, HIV/AIDS information and condom distribution have been included in pilot marketing programmes for the energy drink Burn.

### Emergency Relief

Coca-Cola HBC supports its host communities in times of need. During disasters, the company provides safe bottled drinking water and other support, as appropriate. In 2005, severe flooding affected countries

in central and eastern Europe. Company operations in affected countries provided safe drinking water:

Similarly, safe drinking water was provided to communities near the Russian city of Khabarovsk, after a Chinese chemical explosion contaminated the Amur river; and residents in southern Serbia, after fuel oil leaked into the Vlasina river.

### Partnering for Progress

As a member of almost 200 organisations at local, national and international levels, Coca-Cola HBC contributes its skills and resources to issues related to sustainable development. These include partnerships between public and private sectors to address such common concerns as democracy and reconciliation in South-east Europe, obesity, HIV/AIDS, recycling, health and education. In addition, the company supports initiatives that help develop corporate social responsibility in the countries where it operates. During 2005, for example, Coca-Cola HBC participated in the development of a UNDP tool-kit for integrating corporate responsibility into Croatian business, a UN-organised Round Table on the Social Responsibility of Business in the Ukraine and a partnership between FYROM authorities, the UNDP and the private sector to generate economic opportunities for unemployed youth.

## Further Information

- Annual report: [www.coca-colahbc.com](http://www.coca-colahbc.com)  
> Annual Report
- ICPDR: [www.icpdr.org](http://www.icpdr.org)
- TCCC community programmes:  
[www2.coca-cola.com](http://www2.coca-cola.com)>citizenship

## 2006 Goals

- Extend Danube programme to 8 countries; launch Russia sister scheme
- Continue to develop and implement new local healthy active lifestyle programmes

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AR: Annual Report 2005, BC: Back cover, FC: Front cover, NA: Not applicable, WS: Website

# Glossary of Terms

List of terms having a specific meaning related to the Coca-Cola HBC business as described in this report.

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

**Carbonated soft drinks (CSDs):** Effervescent non-alcoholic beverages such as Coca-Cola, Fanta and Sprite.

**Consumer:** person who drinks Coca-Cola HBC beverages.

**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 HBC together with The Coca-Cola Company.

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

**Concentrate:** Base of a beverage, to which water and other ingredients are added to produce beverages. It may contain concentrated plant extracts, fruit juices, colourings and other components and are mainly supplied by The Coca-Cola Company.

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

**Distribution:** Getting the product to the marketplace; includes sales, delivery, merchandising and local account management.

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

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

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

**Litres of produced beverages (lpb):** Unit of reference for environmental indicators.

**LRQA:** Lloyd's Register Quality Assurance.

**Non-CSDs:** Non-carbonated, non-alcoholic beverages including – but not limited to – waters and flavored waters, juice and juice drinks, sports and energy drinks, teas and coffee.

**Plant:** Also referred to as bottling plant, this refers to a bottling facility of Coca-Cola HBC, where beverages are manufactured.

**SGS:** Société Générale de Surveillance.

**The Coca-Cola Company (TCCC):** The world's leading manufacturer, marketer, and distributor of non-alcoholic concentrates and syrups used to produce nearly 400 beverage types. ([www2.coca-cola.com](http://www2.coca-cola.com)).

**The Coca-Cola Quality System (TCCQS):** The global quality management system of TCCC, aligned to the ISO 9001 (Quality), ISO 14001 (Environment) and OHSAS 18001 (Health and Safety) standards and endorsed by key bottlers.

**Unit case:** Approximately 5.678 litres or 24 servings of 8 U.S ounces, the size of the original Coca-Cola bottle.

**Vending machine:** A machine from which a consumer receives a bottle, can or cup of beverage after inserting money.

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

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

## Citizenship@Coca-Cola



### Marketplace

**To provide products and services that meet the beverage needs of consumers, thereby providing sound and rewarding business opportunities and benefits for customers, suppliers, distributors and local communities.**



### Workplace

**To foster an open and inclusive environment, where a highly motivated, productive and committed workforce drives business success through superior execution.**



### Environment


**To conduct business in ways that protect and preserve the environment, and to integrate principles of environmental stewardship and sustainable development into business decisions and processes.**



### Community

**To invest time, expertise and resources to provide economic opportunity, improve the quality of life and foster goodwill in communities through locally relevant initiatives.**

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