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GROWTH PILLAR

EARN OUR LICENCE TO OPERATE

KPIs

- Mission 2025 sustainability commitments

Stakeholders

- Our communities
- Our consumers
- Partners in efficiencies
- NGOs
- Shareholders
- Governments
- The Coca-Cola Company

Risks

- Sustainability: Plastics and packaging waste
- Sustainability: Climate and carbon
- Sustainability: Water
- Geopolitical and Macroeconomic

Highlights in 2019

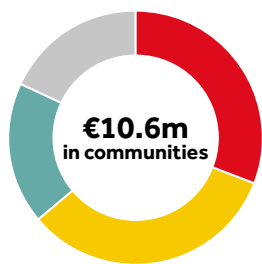
- Increased our community investment by 34% to €10.6 million
- Engaged with 576 partners for community projects
- Secured water supplies for one million people in Nigeria
- >118,053 #YouthEmpowered participants – almost twice as many as in the year before
- Collection of primary packaging fully on schedule, 48% (equivalent) recovered

Priorities in 2020

- Improving effectiveness and impact of #YouthEmpowered digital platform
- Agree next science-based carbon reduction targets aligned with the new methodology



Total community investment



- #Youth Empowered: **31%**
- Water Stewardship: **33%**
- World Without Waste: **18%**
- Local initiatives: **18%**

Environmental leadership

As we grow our business, we seek to ensure that this growth is sustainable over the long term and that ecosystems are sustained for future generations.

Long recognised as an environmental leader in the beverage industry. In 2019, we further improved our environmental impact, particularly regarding packaging. We introduced the first 100% recycled PET bottles for our water brands sold in Austria, Croatia, Ireland, Romania and Switzerland.

Working towards a World Without Waste

Together with The Coca-Cola Company, we have made good progress in making our packaging have more than one life.

We are working to achieve 100% recyclability in advance of the 2025 deadline; 99.9% of our primary packaging is already recyclable.

We are working to increase our use of recycled PET across all our packaging. Of the PET material that we used in packaging in 2019, 12% was from renewable or recycled materials. We are working to increase this percentage to 35% by 2025 and to 50% by 2030.

Innovative design is a key part of reducing packaging waste. By light-weighting our bottles, we reduced the total PET used across our portfolio by approximately 25%¹ vs a 2010 baseline. In 2019 we eliminated 6,000 tonnes of PET plastic compared to 2018. We also announced the introduction of KeelClip™, a paperboard packaging solution which replaces plastic packaging for multi-pack cans. This innovative, minimalist packaging will roll out in Austria, Ireland, Poland and Romania in 2020, and in our remaining EU markets by the end of 2021.

We believe every package has value and life beyond its initial use and should be collected and recycled into either a new package or another beneficial use. Therefore, we are striving to create a closed loop, so that old packaging can become new packaging. Nearly half, 48%, of the bottles and cans that we placed in the market in 2019 were either refilled or collected for recycling.

We are supporting the development of new infrastructure and improved collection systems across all our markets to ensure that we collect 75% of our primary packaging for recycling by 2025. As part of these efforts, we are exploring investment opportunities in PET recycling facilities in various markets.

We also partner with other organisations and use brand messaging to encourage consumers to reuse and recycle. Together with The Coca-Cola Company, and with the support of The Coca-Cola Foundation, we have engaged in seven zero waste partnerships during the year and promoted recycling through messaging on packaging and in stores in several market.

In partnership with the Italian plastic waste collection consortium (COREPLA), we developed and executed an educational project called Upcycle during 2019, at an annual public event called "Rimini Meeting". We provide information about packaging design and market-specific recycling processes. In addition to returning to the Rimini event in 2020, we are partnering with customers to bring Upcycle to Italian retail spaces. With national retailer Finiper, we will take Upcycle to two of Italy's largest shopping malls.



Educational project Upcycle at the "Rimini Meeting" event.

1. Considering neutral package mix evolution vs. 2010: packaging intensity reduction per litre of beverage produced is 4% in 2019 vs. 2010.

Earn our licence to operate continued

Further decreasing CO₂ emissions

As a business, we are aware that the effects of climate change are significant. Our risk management efforts to manage and mitigate the impacts of climate change include a focus on: increased cost of energy and raw materials; carbon taxation and regulation; water sustainability; and business disruption due to severe weather conditions.

Reducing emissions is a strategic priority, including ongoing investment along the value chain in energy efficiency and renewable and low carbon technologies.

Our Mission 2025 sustainability targets, which we report against on page 48-49, include goals for reducing energy consumption and associated emissions. Through a set of projects and innovative solutions implemented across our value chain, we saved 262,038 tonnes of CO₂ in 2019 compared to 2018 and increased the use of renewable electricity by 7.7% across our markets.

In Austria and Switzerland, we are using more power from the sun. We installed one of the largest photovoltaic systems in Austria on the roof of our production and logistics centre in Edelstal. This will save around 725 tonnes of CO₂ per year compared with conventional energy production, equivalent to the annual emissions of 400 mid-size cars.

The photovoltaic system on the roof of our Swiss mineral water warehouse was originally installed for the benefit of the community, supplying energy for 64 households. An extension of this project was added in September 2019 using bi-facial vertical solar panels, an innovation specifically developed for mountain areas to increase energy yield. This collected solar power is now also used in our plant, providing around 4% of the plant's annual energy consumption.

We tackle emission reductions throughout our value chain, including Company vehicles. Our 180 pool vehicles in Switzerland are powered by compressed natural gas, forming the country's largest biogas vehicle fleet. In comparison to similar vehicles using diesel, biogas-powered vehicles emit 15% less CO₂, resulting in annual savings of approx. 250 tonnes of CO₂.

By 2025, we will source 100% of our electricity needs from renewable and clean sources in the EU and Switzerland. In many of these markets, including Austria, Greece, the Czech Republic, Italy, Romania, Northern Ireland, Croatia and Hungary, we have already achieved this target, using only renewable and clean electricity in our plants.

In our Greek plants, we have reduced energy required for lighting by 75% by replacing conventional lighting with LED lights. For the impact we achieved through this project, we received recognition at the Energy Mastering Awards 2019.

Securing water availability

Safe, accessible water is essential to human health and ecosystems. Water is also the primary ingredient of many of our products, critical for our manufacturing processes and necessary to grow the agricultural ingredients for our products.

By the end of December 2019, 38 of our manufacturing sites were certified for their responsible use of water resources and excellence in water management according to the standards of either the European Water Stewardship or the Alliance for Water Stewardship. While all our European plants are now certified, we continue to move towards achieving certification for all our plants by the end of 2020. New acquisitions will be certified during the related post-merger integration.

We reduce water intensity in all our operations and focus particularly on our impact in water-risk areas. As part of our 2025 targets, we will reduce water use by 20% in plants located in water-risk areas. Together with other stakeholders in those watersheds, we also want to make sure that these communities retain access to safe, good-quality water.

Through assessments using globally recognised tools such as the WWF Water Risk Filter, we have identified 16 of our 56 bottling plant locations as areas with water risk. Half of these are in Nigeria, and the rest in Greece, Cyprus, Russia and Armenia.

In these catchment areas, we will:

- provide access to drinking water,
- purify waste water, and
- protect and restore watersheds.

We have reduced the water intensity at our plants in water-risk areas by 7% compared to the 2017 baseline. In 2019, we implemented 60 new water-saving projects, investing roughly €6 million and saving more than half a million cubic metres of water.



Community borehole in Kano, Nigeria.

First water stewardship initiative in Nigeria

To improve water security for communities around our production plant in Challawa, we made significant investments in water infrastructure in 2019. By drilling several new shallow wells, replacing ageing pipe, and supporting the refurbishment of the Kano State Water Board's water analysis laboratory, we are helping to ensure that one million people have greater access to water and water quality has been improved for approximately 10 million people. We further established a community water supply point at our plant, which has reduced the time needed by many families for water collection.

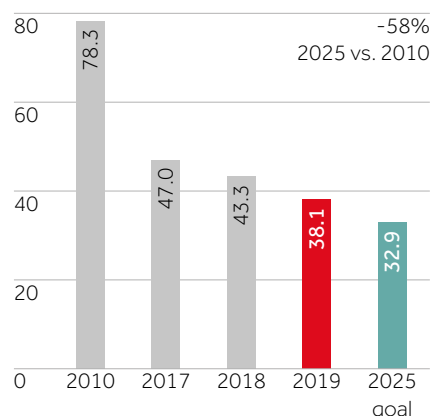
We continued to supply 8,000 litres of water per day by tube wells and solar powered boreholes to displaced people in a settlement close to Maiduguri in the north-east of Nigeria.

Our investments and process improvements are also having an impact in Greece and Cyprus.

We have begun using treated wastewater to clean the recycling area in our plant in Schimatari, Greece. Strict quality control ensures that we comply with all environmental requirements.

Our water initiatives in Cyprus were recognised in 2019 for their impact, benefiting more than 80,000 Cyprus residents, at the Responsible Business Awards. We launched Mission Water in 2013, with funding from The Coca-Cola Foundation, in cooperation with the international organisation Global Water Partnership Mediterranean (GWP-Med). Through Mission Water, 19 water projects were undertaken, saving more than 40,000 m³ of water annually.

CO₂ ratio (scopes 1 and 2) (gCO₂/litre of produced beverage)





UN Sustainable Development Goals

Our community initiatives contribute to the Sustainable Development Goals (SDGs). Our initiatives to empower youth and women contribute to the goals for quality education, decent work and economic growth, sustainable cities and communities, and partnerships. Our initiatives regarding water stewardship, CO₂ emissions reduction and waste reduction aid global progress towards the SDGs for clean water and sanitation, and climate action. Our initiatives in communities help advance the global objectives of good health and wellbeing, and sustainable cities and communities.

Beyond water-risk areas, we continue to invest to reduce water intensity. In the Czech Republic, a new system installed for pasteurisation has reduced water consumption by approximately 13,000 m³ per year. Energy and chemical use have also been reduced. In Poland, we installed an additional reverse osmosis treatment step at our plant in Radzymin. This allows us to recover 35 to 60% of nano-filtration wastewater, saving approximately 60,000 m³ of water annually.

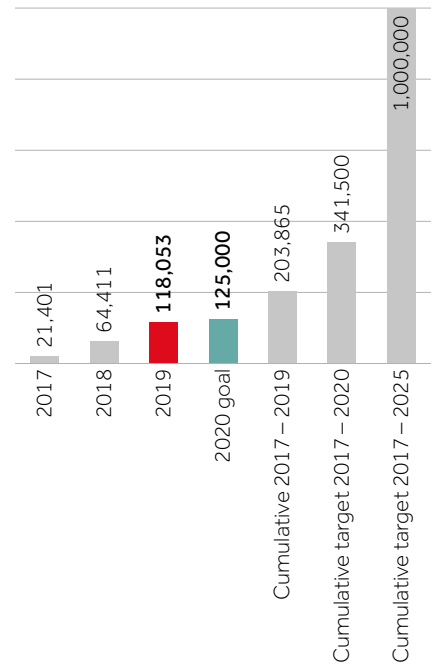
Engaging communities to empower youth

We know that our business can only be as healthy and strong as the communities in which we operate. We have therefore been tackling one of the most relevant societal issues in many of our markets, the employability of young people. Through our flagship programme #YouthEmpowered, we aim to provide training for one million young adults across our markets by 2025.

Because the challenges faced by young people vary as much as the markets in which we operate, we adapt the programme to local needs. We have engaged over 118,053 young people during 2019 and hope to further ramp up our outreach through a new, improved online platform. More than 750 of our employees have become mentors through the initiative, and we have partnered with almost 50 local non-governmental organisations. Last year, we made particular progress in Italy, Poland, Russia and Greece. The strengths of the Polish programme include a mobile-friendly tool that is well-linked to social media platforms. We plan to take the learnings from Poland's online success to additional markets in 2020.



Number of young people trained through #YouthEmpowered

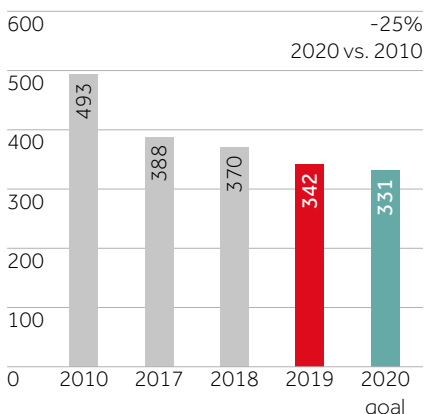


Beyond those markets, we have engaged in various additional initiatives. In Croatia, we are aligning the skills and knowledge of young people with the needs of employers in the tourism and hospitality sectors. Nearly two dozen young chefs applied for a culinary scholarship programme which we offered in 2019.

All candidates underwent a personality assessment, a skills test and an interview. The finalists were granted scholarships to top culinary schools. The winners commit to work in Croatia for at least two years after their training. We plan to finance 25 scholarships by 2024, supporting young culinary talent and the Croatian restaurant industry.

The #YouthEmpowered initiative in North Macedonia was recognised during the year by the country's ministry of economy and the national coordination body for corporate social responsibility. Our ongoing Skills for Success project provides free training for young adults in the country, including 1,700 trained in 2019. In recognition of our impact, the project received an award for best socially responsible practice in community investment.

CO₂ ratio (scopes 1, 2 and 3) (gCO₂/litre of produced beverage)



Water use ratio in plants (litre/litre of produced beverage)

