

Coca-Cola Bottling Company Corporate Governance

CASE STUDY

ABOUT COCA-COLA BOTTLING COMPANY

Coca-Cola Bottling Company (CCB) is the primary Canadian bottler responsible for the manufacturing, sales and distribution of most Coca-Cola brands in Canada.

The company operates in all ten provinces and employs 6,000 people in over 50 facilities. CCB is an indirect, wholly-owned subsidiary of Coca-Cola Enterprises (CCE), the world's largest Coca-Cola bottler serving 419 million people across seven countries in North America and Western Europe. CCE directly employs 72,000 people, and annually sells nearly two billion cases of product worth \$21.8B USD.



Coca-Cola Bottling Company facility, located in Brampton

LOCATION

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CORPORATE GOVERNANCE – CORPORATE SUSTAINABILITY

Coca-Cola Bottling Company (CCE - Canada) means business when it comes to Corporate Responsibility and Sustainability (CRS). With clarity of purpose CCB is moving to embrace aggressive, measurable CRS goals with metrics and targets. It is calling its CRS strategy “Commitment 2020” and it is moving full steam ahead, leaving in its dust conventional thinking about the separation of the economy and the environment. CCB’s approach unapologetically recognizes the vital interconnection between sustainable communities and sustainable business. It demonstrates the value of closed-loops and systems thinking in its operations. And it is steadfast in its commitment to ensuring everyone walks the talk everyday.

This includes the 800 plant operators, sales and equipment service representatives, truck drivers, warehouse employees, management and staff at CCB in Brampton within the Pearson Eco-business Zone. This 630,000 square foot facility houses production, central Ontario management team, and central warehouse for Ontario. It has three PET lines, including a Dasani line; one bag-

in-box line producing syrup for national accounts; one pre-mix line for the restaurant business, and one canning line. The facility, one of seven production operations in Canada, is one of CCE's largest single facilities in North America.

SUSTAINABILITY GOALS, TARGETS AND DRIVERS

“Good governance and ethical business practices are more important now than ever. We are also continuing to embed CRS into our everyday decision-making processes. From Board discussions to leadership decisions, CRS is becoming an integral part of how we operate.”

Coca-Cola Enterprises, 2008 Corporate Responsibility and Sustainability (CRS) Report

Dedicated to meeting “Commitment 2020”, CCE has integrated this strategy into the Corporate Governance and Global Operating Framework of the company. Social and environmental risks are now one of seven business risk categories and are formally embedded into the company's enterprise risk management process. This in turn guides CCE's business processes, including annual planning, three-year business planning, and internal audit planning. As a result, CRS decisions are becoming an integral part of the business decision making, commercialization and capital management processes, the three-year business planning process, and customer and supplier relationships.

In Canada, “Commitment 2020” goals are part of the daily activities and targets for CCB.

Coca-Cola Bottling Company Corporate Responsibility and Sustainability Goals

1. Energy Conservation/Climate Change

Reduce the overall carbon footprint of our business operations by 15 per cent by 2020, as compared to our 2007 baseline.

2. Water Stewardship

Establish a water-sustainable operation in which we minimize our water use and have a water-neutral impact on the local communities in which we operate, by safely returning the amount of water equivalent to what we use in our beverages and their production to these local communities and their environment.

3. Sustainable Packaging /Recycling

Reduce the impact of our packaging; maximize our use of renewable, reusable, and recyclable resources; and recover the equivalent of 100 percent of our packaging.

4. Product Portfolio/Balanced Active Lifestyles

Provide refreshing beverages for every lifestyle and occasion, while helping consumers make informed beverage choices.

5. Diverse and Inclusive Culture

Create a culture where diversity is valued, every employee is a respected member of the team, and our workforce is a reflection of the communities in which we operate.

IMPLEMENTATION AND RESULTS IN CANADA

Much progress has been made against these five Corporate Responsibility and Sustainability priorities. Eco-efficiency strategies reduce the company's water, energy and CO2 footprint. Innovative eco-effectiveness strategies reduce material in packaging and close the recycling loop on packaging, vending and cooling equipment. Corporate goals and targets have cascaded down to the regional and local plant levels.

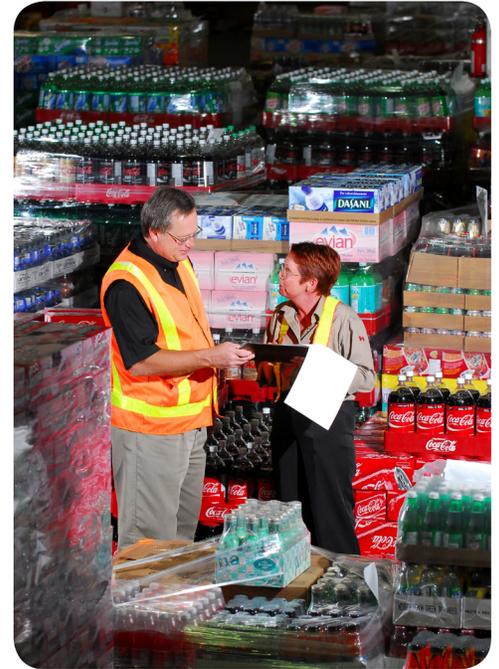
1. Water Stewardship

CCB has adopted a strategy of "water neutrality" and aims to safely return to nature and communities the amount of water equivalent to that used in the production of its beverages.

Actions in Water Stewardship

A 25 per cent reduction in water use, accompanied by an efficiency ratio of 1.62 was achieved between 2005 and 2008. Plant teams focused on: 1) reducing the water use ratio; and 2) recycling the water used in operations (wastewater treatment).

To help reach its water stewardship goals, the company developed and used a Water Conservation Toolkit to identify actions that would conserve water. In Brampton, it implemented recycle and reclaim water loops through the plant's membrane water treatment system, and installed a new osmotic water recovery system designed to reclaim nearly 11 million litres of water for production. In other facilities, water based container rinsers were replaced with ionized air rinsers and the lubrication systems on all production lines were retrofitted to discontinue water use, saving approximately 28 million litres of water annually.



2. Sustainable Packaging/Recycling

Maximizing renewable, reusable and recyclable resources and recycling the equivalent of 100 per cent of all its packaging is CCB's ultimate sustainability goal for packaging. Specific targets are: 1) avoid the use of 100,000 metric tons of packaging materials between 2007 and 2010, 2) recycle or recover more than 90 per cent of waste materials at production facilities by 2010 (Target 100 program) and 3) increase recycled content in PET bottles to an average of 10 per cent by 2012.

Actions in Sustainable Packaging/Recycling

Plant project teams achieved a 90 per cent recycling rate in Brampton's Target 100 Program in 2009. They also implemented a Centralized Recycling Initiative that captures broken, damaged or expired product packaging from satellite facilities in Ontario to be baled and sold to an industrial recycler. Packaging material reductions have also been achieved. Dasani PET bottle weight was reduced by 30 per cent, saving 493 metric tons of PET. Plastic twist-off closures were designed 24 per cent lighter, saving 235 metric tons of resin. Also, lighter fibreboard was developed for Minute

Maid products saving 124 metric tons of fiberboard annually. The company also launched the PlantBottle, a 100 per cent recyclable packaging made with up to 30 per cent plant-based waste materials.

CCB operates a Remanufacturing Centre in Chatham, Ontario for vending machines, glass door merchandisers and modular refrigeration systems. In 2008, over 47,000 kilograms of plastic, 1.4 million kilograms of tin, 6,550 kilograms of copper and 7,117 kilograms of aluminum were captured and recycled. In addition, over 24,000 fluorescent lamps were diverted from landfill. This unique projects emphasize CCB's strategy to close manufacturing loops.

3. Energy Conservation and Climate Change Mitigation

In 2008, CCE calculated its global carbon footprint in its international operations. Results revealed that the majority of greenhouse gases came from sales and marketing equipment (71 per cent), fleet (9.3 per cent), purchased electricity (9.3 per cent), facilities (3.6 per cent), third-party distribution (3.6 per cent), other (three per cent) and business travel (0.2 per cent). Consequently, the company's priority is to reduce carbon emissions in sales and marketing equipment, manufacturing, fleet, and facilities. Central targets include the reduction of the overall carbon footprint of the business operations by 15 per cent by 2020 (2007 baseline) and expansion of hybrid electric technology in the fleet.

Actions in Energy Conservation and Climate Change Mitigation

CCB Brampton, along with 18 other CCB facilities, converted to an energy efficient lighting system that uses 50 per cent less energy and provides 50 per cent more light. These new fixtures also operate on motion sensors for even greater savings. In

the distribution channels, the company has installed 2000 EMS-55 energy management devices in vending machines. These devices activate lights and adjust cooling based on use, leading to improved energy efficiency by up to 35 per cent. In addition, the company installed 1,400 climate-friendly EkoFresh coolers at the 2010 Olympic Games which reduced greenhouse gas emissions by approximately 5,600 metric tons, the equivalent of taking about 1,200 cars off the road for an entire year. Finally, 37 heavy-duty hybrid delivery trucks and tractors were introduced to the Canadian fleet in 2008 and 2009. These vehicles improve fuel consumption and reduce emissions by about one third and create less noise and emissions when stopped in traffic.



LESSONS LEARNED AND TOOLS

“Our CRS efforts are capturing operational efficiencies, driving innovation and effectiveness, and eliminating waste, while simultaneously protecting the environment” says Kevin Warren, President, Coca-Cola Bottling Company. While CCB's CRS journey is far from over, the company is beginning to reap some benefits. The company's CRS program is saving the company money, maintaining profitability during economic downturns and protecting jobs and the environment. Tools used to accomplish the current results:

CASE STUDY

- Embedding sustainability strategies within corporate governance and operations frameworks.
- Carbon footprint analysis of operations in each country.
- Water and Energy Efficiency Benchmarking Toolkits.
- Proprietary packaging database to identify opportunities for future packaging material reductions and to benchmark performance against the global Coca-Cola system.
- The Coca-Cola Management System aligned to ISO 14001, ISO 9001, ISO 22000 and ISO 18001.
- Investment in green innovations - recycling technologies, renewable packaging materials, vending and cooling equipment controls and design, hybrid trucks.

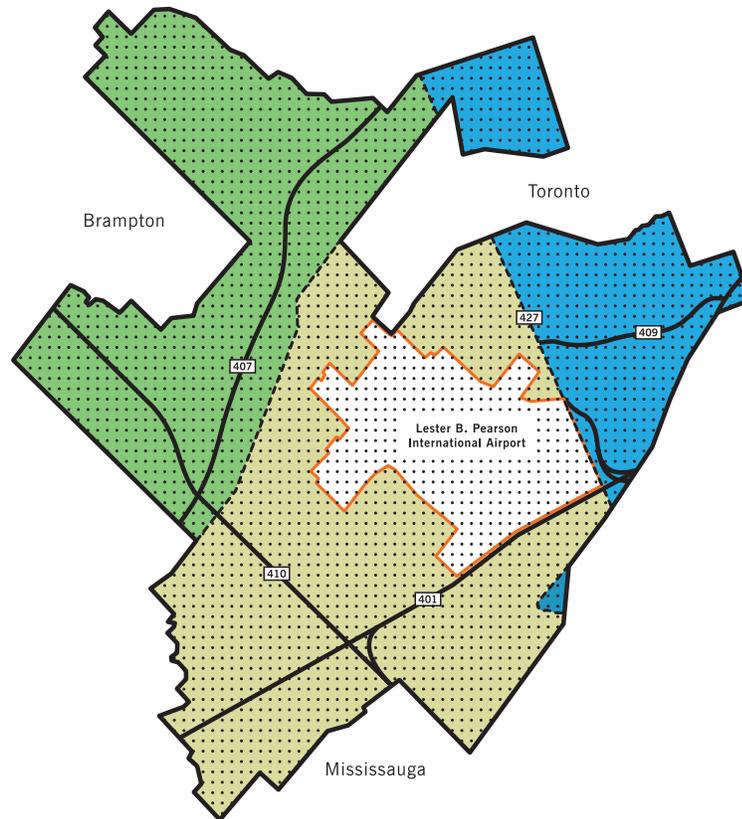
CCB has proven that there are advantages to thinking outside the box. By respecting the finite nature of the earth's water and resources the company is implementing innovative business practices and contributing to the sustainability of communities while meeting the expectations of its stakeholders.

WHAT IS PARTNERS IN PROJECT GREEN?

Opportunities to gain a competitive advantage through sustainable business practices are more attainable than you think. Partners in Project Green is a growing community of businesses working together to green their bottom line by creating an internationally-recognized eco-business zone around Toronto Pearson.

Through new forms of business-to-business collaboration, Partners in Project Green delivers programming that helps businesses reduce energy and resource costs, uncover new business opportunities, and address everyday operational challenges in a green and cost-effective manner.

PEARSON ECO-BUSINESS ZONE



www.partnersinprojectgreen.com