

2018-19



The Coca-Cola system in India¹ comprises of a wholly owned subsidiary of The Coca-Cola Company (TCCC) namely Coca-Cola India Private Limited (CCIPL) which manufactures and sells concentrates and beverage bases and powdered beverage mixes, a company-owned bottling entity, namely, Hindustan Coca-Cola Beverages Private Limited (HCCBPL), part of the Bottling Investments Group (BIG) of TCCC, and fifteen licensed franchise bottling partners of TCCC, who are authorized to prepare, package, sell and distribute beverages under certain specified trademarks of TCCC; supported by an extensive distribution system comprising of customers, distributors and retailers.

ABOUT THE REPORT

CCIPL has prepared the 'Sustainability Update 2018-19' in line with the Global Reporting Initiative (GRI) Standards. Quantitative data highlighted in the report covers the calendar year from January 1, 2018 to December 31, 2018 unless otherwise stated. However, for readers to have more up-to-date information, we have also provided information about decisions and key events that took place this year. This update focuses on sustainability initiatives of highest priority to us while a supplementary report available on our website provides additional information and data on our other material sustainability aspects in accordance with the GRI Standards. This report has also been externally assured by M/s DNV GL Business Assurance India Private Limited (DNV GL).

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¹ For the purpose of this report, "Coca-Cola System", "Coca-Cola System in India" and "Coca-Cola India" are used interchangeably to represent CCIPL (Coca-Cola India Private Limited), HCCBPL (Hindustan Coca-Cola Beverages Private Limited) and the franchise bottling partners unless otherwise specified. This does not signify any legal or structural arrangement. Depending on the context, "We" may refer to CCIPL and/or HCCBPL or Coca-Cola System. The Coca-Cola Foundation is TCCC's international philanthropic arm. It was established in 1984 in the U.S. as a registered 501(c)(3) charitable organization.

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SUSTAINABILITY HIGHLIGHTS 2018-19

World Without Waste

Launched in 2018, our global initiative to design more recyclable packaging, increase collection by partnering with communities and industry coalitions to better manage packaging waste

Plastic circular economy program in 14 cities



8,00,000+ villagers across **600+** villages

Fruit Circular Economy

Project Unnati is our initiative through which we support and encourage farmers to adopt sustainable and modern good agricultural practices (GAPs)



Transforming Value Chain

We work diligently with our retailers and food vendors to empower them with the right knowledge, tools and techniques necessary to make their business more sustainable

Benefited

7,466 street food vendors certified under Parivartan Food, Safety and Health Program in 2018

Program since inception

51.000+ women under Pragati Program since inception



in 2010 Benefited





Benefiting

Beverages for Life

In our efforts to be a total beverage company, we are offering new beverages with low sugar, enriched nutrition and hydration and localized products thereby catering to different choices of our consumers

Launched sugar-free variant of Thums Up Charged

Launched **A**duarius Glucocharge

Developing our 100% range of fruit juices with locally grown fruits

Operational Excellence

In order to attain sustained operational excellence, we are constantly working to reduce our environmental footprint and provide a safe, healthy and equitable workplace for our employees

Energy Conservation

9% reduction in Energy Use Ratio between 2015 and 2018

In 2018, **51%** of primary energy use was from biomass

Workplace Safety

65% reduction in Lost Time Incident Rate (LTIR) between 2015 and 2018

In 2019, we launched a new global digital well-being hub,

'BE WELL' It is a one stop shop for wellbeing

Human and Workplace Rights

100%

compliance to Human Rights Policy (Company facilities)

78% compliance to SGP (Authorized ingredient and packaging suppliers)

84% compliance to Supplier Guiding Principles (Franchise **Bottling Operations**)

85% overall Business Unit compliance to Human and Workplace policies



MESSAGE FROM THE LEADERSHIP

T. Krishnakumar

President and CEO, Coca-Cola India and South West Asia Business Unit, The Coca-Cola Company An inclusive focus on environmental, social, and governance issues is an integral part of how we in the Coca-Cola system, conduct business and interact with our environment and communities.

During the course of our journey, we have identified and launched significant global and local initiatives as a part of our endeavour to be a true enabling partner in the growth of all our stakeholders.

In pursuit of our goal to become **a total beverage company,** we constantly strive to offer a complete range of beverages to meet rapidly evolving consumer needs and preferences.

While offering our core portfolio in all geographies, we also focus on providing nutritious, refreshing, affordable products formulated and designed for local preferences and diverse consumers.

Our recent launches, Aquarius Glucocharge and Minute Maid Vitingo, offer consumers refreshing hydration with the benefit of essential micronutrients.

As our product portfolio continues to grow, so does our commitment towards sustainable sourcing.

The biggest challenge faced by the fruit processing industry in India is limited and inconsistent availability of fruits. Through our **Fruit Circular Economy** initiative, we seek to address this challenge and provide new growth opportunities for farmers and local suppliers across India. In 2018, we built upon our uniquely successful **Project Unnati** with the launch of 'Unnati – Apple', which aims at a five-fold increase in apple production in the region of Uttarakhand and Himachal Pradesh.

Launched in 2018, **World Without Waste** is our global initiative to design increasingly recyclable packaging, increase discarded package-collection by partnering with communities and industry coalitions to better manage packaging waste. Our operations in India are committed



to achieve our global goal of World Without Waste which also aligns with India's **Swachh Bharat Mission**, a nationwide movement by the Government of India to achieve clean India.

As water continues to be a critical resource for our business sustainability, we are continuously working towards water conservation as part of our Water Stewardship program. In 2018, we achieved an improvement of 30% in our **Water Usage Ratio** (WUR) through various initiatives undertaken by our bottling partners. Through our replenishment efforts, we have created water replenishment potential equivalent to **124.5% of water used by our operations.** As our insights into water risks and opportunities continue to deepen, we will step up our approach to best fit the needs of the times.

In addition to this through the **Coca-Cola India Foundation - Anandana,** we have created a water replenish potential of more than 13 billion liters of water, benefitting 8,00,000+ Indian villagers since 2008.

Our operations in **India and South West Asia** are aligned with our global vision to create economic value while protecting and preserving the environment sustainably and operating in a socially inclusive manner across our value chain. We are transforming our value-chain, by enhancing their skills through our various retailer capability programs such as **'Parivartan'** and **'Pragati'**.

I strongly believe that sustainable and inclusive growth is a journey we all have to undertake together and for the wellbeing and safety of this wonderful planet that we all share.

With this report, I place before you, the highlights of our sustainability journey from the year **2018-19**. I urge you to go through this report and share with us your views on how we can make our world more sustainable and inclusive. Please do also suggest best practices that can be adapted in your own areas of operations.

OUR BOTTLING PARTNER

HCCB is one of India's top FMCG companies. Our factories make 60+ products, which include some of India's finest and most loved beverages. We are a large ecosystem of partners, suppliers, transporters, farmers, employees and several others that come together to help manufacture and distribute our beverages. With the footprint we have and the number of lives we touch, sustainability is imperative and ingrained in our way of doing business. Our focus is on doing business the right way. So we continued to demonstrate that the beverages that our customers and consumers love can make life more enjoyable, without harming our planet and natural resources.

In 2018, we focused on the areas of water stewardship, waste management and women empowerment, while also responding to the community's needs in healthcare, education, agriculture and in times of crisis. We improved water efficiency in our operations consistently, by using best-in-class technology as well as reusing and recycling water. We continued to partner with local communities and water experts to successfully accomplish our goals in water management.

In the area of waste management, we intend to create a circular economy for plastic by closing the loop and connecting all participants in the plastic recycling value chain. In 2018, we collaborated with United Nations Development Program (UNDP) to establish plastic waste collection programs, which is gradually being rolled out in 50 cities.

Inside our factories, one of the areas of focus is to promote the use of clean and green energy in our manufacturing operations. We are already meeting 40% of our energy needs through new and renewable sources. Our goal is to take this up to 50% by 2020.

With our strategy aligned with the Global Goals (SDGs), we remain committed to bring in positive impactful changes in the ecosystem that we operate in - to try to leave things better than we first inherited. For us, that means using our size, scale and success to create shared opportunity through growth-creating real opportunity for our communities, our customers, our employees and our ecosystem.

Christina Ruggiero

CEO, Hindustan Coca-Cola **Beverages Private Limited**



WORLD WITHOUT WASTE

We at Coca-Cola want every packaging material to have more than one life, regardless of where it comes from. This is our vision for a World Without Waste.

Launched in 2018, World Without Waste is our global initiative to design more recyclable packaging, increase collection by partnering with communities and industry coalitions to better manage packaging waste.

Our operations in India are committed to achieve this global vision which also aligns with India's Swachh Bharat Mission (SBM), a nation-wide movement by the Government of India to achieve clean India.





Make our packaging 100% recyclable globally by 2025 - and use at least 50% recycled material in our packaging by 2030

DESIGN



for each one we sell by 2030

PARTNER



Bring people together to support a healthy, debris-free environment

7

DESIGN

We aspire to make our packaging entirely recyclable, while finding new ways to reduce the amount of plastic in our bottles.

Affordable Small Sparkling Package (ASSP):

Through design innovation we developed ASSP which is -



COLLECT

We work with a wide range of stakeholders to improve local waste recycling systems. We have already progressed in creating a closed loop system for waste, where cartons, cans, bottles are recycled and repurposed multiple times.

Select Impact Stories

Plastic Circular Eco Generating value ou			
Currently present in 14 cities with a plan to cover a total of 50 cities / towns by 2023	During 2018, since launch of program, 15,00 tons of waste was collected	Improvir lives of 0+ 35,000+ waste workers	
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	ebility Program b very, segregation	-	
Currently in fi cities (Mysore		acity of 15-20 of dry waste	Awa was

cities (Mysore,
Chennai, Ghaziaba
Noida and Delhi)

2

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per day at each location



recovery facility (MRF)

Collect and recycle 100% of PET packaging placed in the market

8



ola Beverages (HCCBPL)

improving the lives of wasteworkers

Extensive Advanced awareness technology programs on platform waste segregation to track & recycling progress

In partnership with **UNDP**, Indian Centre for Plastic in the Environment (ICPE) and Stree Mukti Sanghatana

oundation

ties for waste

areness creation for

ste workers, scrap dealers and local administration for better handling of waste

In partnership with waste management experts-Chintan and Saahas

Integrated Plastic Waste Management Project by Coca-Cola India Foundation

Establish material

In partnership with Hasirudala

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Extended Producer Responsibility strategy at Nagpur bottling unit

Build awareness amongst consumers and capacity to improve efficiencies of the collection ecosystem

Partnered with a **CPCB** authorized Producer Responsible Organization (PRO) to establish traceability and governance for plastic packaging collected and recycled

PARTNER

Tackling plastic waste challenges requires a multi-stakeholder approach involving others in the industry, the public sector and civil society. We are a part of several global and national partnerships like World Economic Forum's Global Plastic Action Partnership, Pet Packaging Association for Clean Environment (PACE), Action Alliance for Recycling of Paper Carton (AARC) that will facilitate our journey towards achieving our World Without Waste goals.

Select Impact Stories

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Promoting and facilitating source segregation in residential and commercial establishments



SUSTAINABLE GOALS

10 REDUCED Ø $\langle \equiv \rangle$ n:***T \mathbf{c}

FRUIT **CIRCULAR** ECONOMY

India is the second largest country in terms of arable land¹. It also ranks second in production of fruits and vegetables, having 15 agro-climatic zones, which can support most of the fruits. Despite this, the level of fruit processing in India is very low (around 2.2%)²as compared to countries like the US (65%), China (23%) & Philippines (78%).

The biggest challenge faced by the fruit processing



Source:

¹http://nhb.gov.in/statistics/Publication/Horticulture%20At%20a%20Glance%202017%20for%20net%20uplod%20(2).pdf ² https://www.researchgate.net/publication/267099088 Indian Food Processing Industry - A Snapshot



processing industry in India by creating demand through new specialty fruit based beverages, ultimately generating new opportunities for farmers, local suppliers and retailers. It spans across our juice supply chain, from grove to glass, and also contributes towards the National Vision to double farmers' income by 2022.

Investments of

USD 1.7 billion to India's agri-ecosystem along with partners and target to benefit **2,00,000+ fruit farmers** by 2022



Generating benefits across value chain

FARM Enhancing India's horticulture ecosystem

- Promote Ultra-High-Density Plantation technique
- New fruit varieties with higher productivity/disease resistance
- Farm extension services and technical knowledge transfer
- An efficient market linkage for local farmers
- Increased profits for farmers
- Good Agricultural Practices (GAPs)
- · Aligned with our Sustainable Agriculture Guiding Principles (SAGP)





• Reduce waste by optimizing the juice production window • Availability of quality ingredients

PROJECT UNNATI -THE GROWTH STORY

Launched in 2011, Project Unnati is our initiative to catalyze economic growth and create new opportunities for farmers and local suppliers in India. The project encourages sustainable, modern agricultural practices and help increase fruit yield, thereby increasing the income of farmers. It also creates a positive impact across many of our other sustainability focus areas, including women's empowerment, community well-being and water stewardship.



Unnati Mango, Orange and Apple, Litchi and Grapes _

Ultra-High-Density Drip Farmer Assured Plantation (UHDP) Irrigation Trials

Buyback



TABLE

New and innovative products for consumers

Widening portfolio of nutritious fruit based beverages -100% juices, smoothies, fruit-milk fusions, purees and nectars

Dedicated extension & training services

Demo Farms Modern Nurseries



SUSTAINABLE GOALS C CLEAN WATER C

WATER STEWARDSHIP

Inside every bottle of Coca-Cola is the story of a company that understands the priceless value of water, respects it as the most precious of shared global resources and works concertedly towards its conservation worldwide.

As one of the world's leading company in beverage industry, water quality and availability are vital to our business. Alongside, we also recognize its importance for our stakeholders and the natural ecosystem. This led to our pioneering goal, established a decade back, to replenish equivalent of water we use in our beverages. We not only exceeded this goal but set an exemplary sustainability model. As our understanding of water risks and opportunities continues to evolve, we are refining our approach to strengthen our water stewardship strategies and further align with the UN Sustainable Development Goals.

OUR WATER STEWARDSHIP APPROACH

REDUCE & RECYCLE

Improve water efficiency by **25%** in our manufacturing operations by 2020 against a 2010 baseline

Achieved

30% improvement in our Water Usage Ratio (WUR) against a 2010 baseline

¹Total water used by our operations

Our

2020 GOAL

PROGRESS

Extensive training modules on sustainable agricultural practices

ining ustainable ractices



Direct training to

3,500 farmers

in pilot phase



REPLENISH

Replenish **100%** of the water used in our finished beverages back to communities and nature

Created a replenish potential equivalent to **124.5%** water¹ used by our operations in 2018



2018

Water Usage Ratio (WUR)

Comprehensive Water Risk Mitigation Strategy



Source Vulnerability Assessment (SVA) of all bottling plants

Source Water Protection Plan (SWPP) to mitigate any vulnerabilities

COMMUNITY WATER INTERVENTIONS

REPLENISH

We have a role to play in helping the communities we operate. Our bottling partners have developed close to 300 water replenishment projects across the country. By 2018, these projects have created a replenish potential of 11.7 billion litres of water¹.

Our focus areas



¹Total water used in our operations



local NGO partners, experts and communities to design projects that address water needs and aims at improving local water conditions. It has executed projects that helped create capacities for surface water storage and rejuvenate the water table in water scarce areas.

Geographically, Anandana focuses on some of the most water-stressed regions of the country. In water scarce areas with rain-fed agriculture, these projects allow farmers to practice multiple cropping, improve yields and enhance their livelihood.

² The above WUR includes India and Southwest Asia

REDUCE

We continue to be compliant with local RECYCLE regulatory standards for treatment and disposal of wastewater from our operations.







recharging

Rainwater harvesting, check dams, pond desiltation

WASH (Water, sanitation and hygiene)

Access to safe water

States with our water intervention projects



17 PARTNERSHIPS FOR THE GOALS 8 $\mathbf{C}\mathbf{O}$

FOR LIFE

What we provide is choices, for different occasions and different priorities.

back-ward integration of our supply chain, thus empowering the marginalized farmers by enriching their farm economy (more details in fruit circular economy section).



We have adopted a multi-layered approach in our vision to be a total beverage company.



RESHAPING PORTFOLIO

Portion Control: Making smaller, more convenient packages for our offerings, starting at 150 ml enabling lower calorie intake per portion.

Reformulation:

Gradually reducing sugar across our portfolio.



EXPANDING PORTFOLIO

Offering new beverages with enhanced benefits of nutrition and hydration.

PRODUCT LOCALIZATION

Offering beverages which are made from local produce and aptly cater to the local tastes.

RESHAPING PORTFOLIO

We are reformulating our existing beverages to remove added sugar in our beverages across the portfolio yet preserving the desired taste. We are also launching no-sugar products for our brands.





We are expanding the availability of smaller serving sizes for all our offerings - Cans, Returnable Glass Bottles (RGBs) and PET bottles.

Today, about 44% of our sparkling soft drink brands come in

EXPANDING PORTFOLIO

Entering new beverage categories like: Enhanced hydration, nutritious dilutables, value added dairy and frozen desserts

Juices

We are adding fruit juices to our existing range of carbonated beverages.

We are committed to contribute towards the National Nutrition strategy of achieving a 'Kuposhan Mukt Bharat' through our expanding portfolio which addresses the gaps in nutrition.



Health and



sourced fruits

Contains real fruit pieces with higher juice content







Contains 10% fruit juice and is enriched with micronutrients of Iron, Zinc, Vitamin B2, Vitamin B12

Healthy choice containing fruits, milks & essential nutrients

convenient packages of 250 ml or less.





Ready to serve juice drink

with added electrolytes-

sodium, potassium, calcium

Enhanced Hydration

Purest (Vapour distilled) water re-mineralized with electrolytes

Nutritious Dilutables



Clinically proven Beverage premix, rich in iron and contains 6 other essential micronutrients

Dairy –



Ready-to-drink, value added dairy beverage options

PRODUCT LOCALIZATION

Each state in India has a different variety of fruits; we want to tap such opportunities and offer a localized taste to consumers in respective markets.



Colour and Fanta Portello, grape flavoured beverages

Conscious of the agrarian stress being the epicenter of socio-political landscape for more than a decade in India, we are playing our bit to enhance the farmland economics by consistently localizing our agri-based supply chain.



Developing our **100%** range of fruit juices with fruits grown in India to depict the taste of Indian santra, anar and apple.



Perfect Fruit – mashed fruits without the addition of any dairy item is derived from locally-sourced fruits.

Launch of AQUARIUS GLUCOCHARGE

an enhanced hydration drink



Aquarius Glucocharge is an affordable product priced at **Rs.10** and is tailor made for the Indian consumer and its tropical climate.

Available in three variants **lemon, orange and apple**, it has benefits in replacing the lost water and providing instant energy through glucose.

The product has added minerals of **sodium**, **potassium and calcium**.



TRANSFORMING VALUE CHAIN

We work with the vision of creating long-term value for all our stakeholders.

Our operations are aligned with our global vision to create economic value while protecting and preserving the environment and operating in a socially inclusive manner across our value chain.

Our distribution network delivering our products to the market, and supply chain comprising the farmers at the bottom of the chain providing us with our raw materials, are the two critical stakeholders for our value chain. We are working extensively with both ends through promoting sustainable agriculture on one hand while bringing about a positive change in our retail sector through our skill enhancement programs.



TRANSFORMING OUR DOWNSTREAM VALUE CHAIN

Aligned with the Government of India's vision of Skill India, we are working diligently with our retailers and food vendors to empower them with the right knowledge, tools and techniques necessary to make their business more sustainable.





5by20[™] is The Coca-Cola Company's global commitment to economically empower 5 million women by 2020 across our value chain and overcome the barriers they face to business success. We provide enabling activities to women through business skills training, financial services and/or assets, and peer-to peer mentoring networks.



Benefitted 22,000 + women in 2018 across our value chain

MANUFACTURING A NEW FUTURE

Our HCCBPL factory in Sanand, Gujarat, has over 40 per cent women among its employees. These young women perform commendable tasks from operating heavy machinery, like forklifts, to working in the labs. The factory started its operations in 2018 with state-of-the-art technologies and truly boasts of a gender-inclusive environment.







Building the retailing capabilities of women entrepreneurs by providing training, product knowledge and business start-up



Benefitted 51,000+ women since inception



Launch of PARIVARTAN FOOD, **SAFETY & HEALTH (FS&H)**



Customized training on personal hygiene & food safety, contamination prevention, water cleanliness/usage and solid waste management



In alignment with the 'Clean Street Food Program' of Food Safety and Standards Authority of India (FSSAI)



10,000+ street food vendors certified since inception



7,466 street food vendors certified in 2018

TOWARDS SUSTAINABLE AGRICULTURE

For TCCC (The Coca-Cola Company), 'sustainably sourced' means that ingredients sourced from our farm suppliers meet standards for human and workplace rights, environmental protection and responsible farming management set out in our Sustainable Agriculture Guiding Principles (SAGP). We have worked with our suppliers to help them demonstrate that they meet the SAGP criteria by using leading global sustainable agriculture standards for commodities and products they supply to our company.

Our Unnati initiative in India highlights our commitment towards promoting sustainable agricultural practices.







Meetha Sona Unnati

Coca-Cola India, in partnership with DCM Shriram Limited (DSCL-Sugar), Solidaridad and International Finance Corporation is promoting large scale sustainable agricultural practices in sugarcane production in the state of Uttar Pradesh.

Promoting

water efficient practices

Focus Area



Improvement in soil health

Leveraging Information Communication Technology (ICT)

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Promoting rural entrepreneurs' focus on small landlords and women farmers

Tracking Progress till 2018



1,25,000+ farmers benefitted



54,216 hectares



49,181



Increase in productivity: 22%















Coca-Cola India Pvt. Ltd.

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