



The Coca-Cola Company

Case Study 2

Growing business while reducing GHG emissions

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COMPANY OVERVIEW

The Coca-Cola Company is the world's leading non-alcoholic beverage company. While it is best-known for its signature drink Coca-Cola, it has a beverage portfolio of nearly 500 brands and more than 3,000 beverage products. The Company brings quality sparkling and still beverages to consumers around the world at a rate of nearly 1.6 billion servings per day. The Coca-Cola Company is based in Atlanta, Georgia, employs 90,500 people worldwide, and has operations in over 200 countries.

In Canada, The Coca-Cola Company is represented by Coca-Cola Ltd. (CCL), and markets top beverage brands such as Coca-Cola, Diet Coke as well as Minute Maid, Five Alive, FUZE, Fruitopia, Nestea, Dasani and PowerAde. CCL has approximately 300 employees in 7 offices, including one production facility for Minute Maid beverages.

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



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operates in all ten provinces and employs 6,000 people in 60 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 7 countries in North America and Western Europe. CCE employs 72,000 people, and annually sells nearly 2 billion cases of product worth \$21.8B USD.

The two companies, CCL and CCB, form the Coca-Cola System (or the System) in Canada. While the two entities operate separately, they share a common commitment to sustainable business practices in Canada.

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THE PURSUIT OF ENVIRONMENTAL EXCELLENCE

The pursuit of environmental excellence is a priority for the Coca-Cola System in Canada. The System believes that environmental sustainability is an important global issue and recognizes that climate change may have long-term direct and indirect implications for the business and its supply chain.

The Coca-Cola System in Canada is committed to Corporate Responsibility and Sustainability (CRS), and aims to be a CRS leader within the global Coca-Cola System. The System's three key environmental pillars – Sustainable Packaging/Recycling, Water Stewardship and Energy Conservation/Climate Change – were identified as areas where the organization could have the greatest impact.

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SUSTAINABLE PACKAGING/RECYCLING

The Coca-Cola System in Canada is working to reduce the impact of its packaging while maximizing the use of renewable, reusable and recyclable resources, with the goal of recovering the equivalent of 100 per cent of its packaging. To achieve this goal, CCB will undertake initiatives such as increasing the recycled content in PET (polyethylene terephthalate) bottles to an average of 10 per cent where commercially viable, and recovering or recycling over 90 per cent of materials at production facilities.



WATER STEWARDSHIP

The Coca-Cola System in Canada is working to establish a water-sustainable operation that uses 1.3 litres of water for every litre of product produced. The System's initiatives include protecting watersheds in areas of operation and reducing plant water usage by 10 per cent by 2010.



ENERGY AND CLIMATE PROTECTION

The Coca-Cola System in Canada is working to decrease greenhouse gas (GHG) emissions in its sales, manufacturing, fleet, facilities and marketing operations. In 2008, CCB calculated its GHG footprint and set emission reduction targets. Becoming part of the World Wildlife Fund (WWF) Climate Savers program will assist the System in achieving its reduction targets.

DEVELOPING A COMPREHENSIVE CLIMATE CHANGE STRATEGY

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In Canada, the System's overall climate protection strategy is focused on four key areas: sales and marketing equipment (vending machines, coolers, etc.), facilities, fleet, and public awareness and action.

CCB is undertaking environmental initiatives in areas where it is certain a significant difference will result. Current environmental initiatives include improving the energy-efficiency of its manufacturing operations, deploying Canada's largest fleet of heavy-duty hybrid electric delivery trucks and introducing HFC-free and more energy-efficient sales and marketing equipment. Coca-Cola Bottling Company is driving the majority of the initiatives as most of the activities contained within them reside within CCB's control.

The System's energy conservation and climate change goals include: emission reduction targets of the overall GHG footprint of its business operations of 15 per cent by 2020, as compared to the 2007 baseline; ensuring all new sales and marketing equipment is on average 20 per cent more energy efficient by 2010; and expanding hybrid electric technology in the fleet.



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COCA-COLA AND THE CLIMATE SAVERS PROGRAM

WWF has a global partnership with The Coca-Cola Company with its targets also extending to the Canadian system. The Coca-Cola Company joined WWF's Climate Savers program in order to guide the Company's climate change strategy and improve its credibility. In Canada, the Coca-Cola System's Climate Savers efforts are focused on manufacturing facilities and bottling plants, where the principal climate protection activity is energy efficiency. CCE has committed to reducing its GHG emissions by 15 per cent by the year 2020 as compared to its 2007 baseline. Taking into account business growth forecasts, this would be the equivalent of having to achieve a 40 per cent emissions reduction in 2020.

“We are proud to bring our global partnership with WWF to life in Canada and we hope to make a positive difference by reducing our footprint, investing in conservation, and dedicating our marketing resources toward fighting climate change to protect the polar bear.”¹

– Nikos Koumettis, President, Coca-Cola in Canada.

1: http://wwf.ca/about_us/business/footprint/#CocaCola

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COCA-COLA'S GHG FOOTPRINT AND GREATEST GHG REDUCTION OPPORTUNITIES

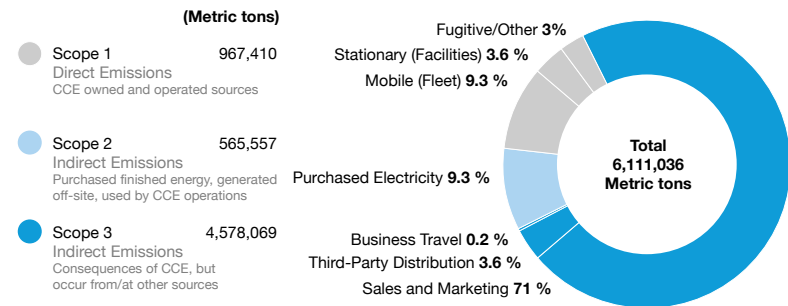
In 2008, Coca-Cola Enterprises measured its global and country-level GHG footprint. CCE's GHG footprint was calculated using the World Resources Institute and World Business Council for Sustainable Development's Greenhouse Gas (GHG) Protocol, the leading global standard for GHG accounting. By country, the Canadian bottler's (CCB) footprint is third largest within CCE's international operations; however it is relatively small compared to the US footprint.

CCB's GHG footprint will not be published until later this year but it is expected to closely reflect that of CCE's. Thus, for the purpose of this report, CCE's GHG footprint analysis will be used to illustrate CCB's GHG emissions per activity and identify GHG reduction opportunities.

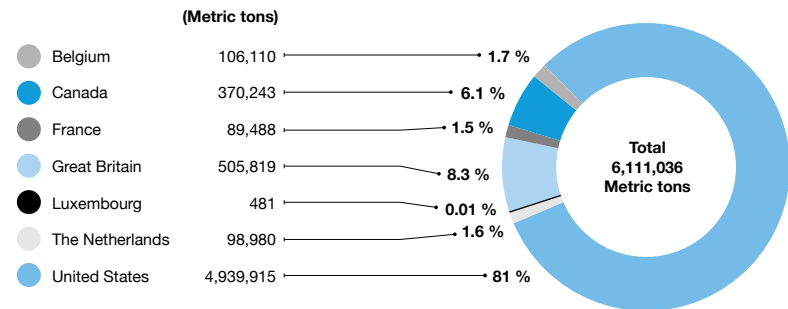
The analysis reveals that CCE's largest GHG footprint is in Scope 3, followed by Scope 1 and then Scope 2. Scope 1 emissions are direct emissions from its owned and operated sources, such as fuel burned during day-to-day operations. Scope 2 emissions are indirect emissions resulting from electricity purchased and used in its business. Scope 3 emissions are indirect emissions that occur at or from other sources that are generated as a consequence of business and thus are much more complex to address than Scope 1 and 2 emissions. Although they are optional to measure and report, CCE chose to include and report Scope 3 emissions from its third-party distribution, sales and marketing equipment and business travel.

Carbon Footprint of Operations Emissions by Scope and Source

(2008 data, using Greenhouse Gas Protocol)



Carbon Footprint by Country



Source: http://www.cokecce.com/crs-reports/2009/e_index.html

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KEY GHG REDUCTION INITIATIVES

The Coca-Cola System in Canada is addressing Scope 1 and 2 emissions by focusing on improving the energy-efficiency of its manufacturing operations and deploying Canada's largest fleet of heavy-duty hybrid electric delivery trucks. Within Scope 3, the System is introducing more energy-efficient and HFC-free sales and marketing equipment.

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INITIATIVE 1: ENERGY CONSERVATION TOOLKIT

BACKGROUND

Coca-Cola Bottling Company's nine production facilities use power to transport ingredients, run heating and cooling systems, operate production lines, and package finished goods.

PROCESS

In 2007, CCB introduced an Energy Conservation Toolkit to assist production facilities with benchmarking their performance and identifying opportunities to improve energy efficiency within delivery systems, equipment and production.

OUTCOME

Electrical usage ratio refers to the amount of electricity consumed to manufacture product. In 2006, CCB's production facilities produced 35.5 litres of product per kWh of energy, compared to 30.7 litres in 2007 – a 13 per cent improvement.

INITIATIVE 2: ENERGY-EFFICIENT LIGHTING

BACKGROUND

Energy-efficient lighting can greatly reduce energy use and thus GHG emissions. According to Coca-Cola Enterprises (CCE), the most significant reduction in energy consumption comes from its project to install industrial and high-bay fluorescent lighting throughout North American facilities.

PROCESS

In 2009, CCB converted 19 of its facilities to energy-efficient T8 Ultra High Bay lighting. The company also looked at opportunities for improved lighting placement and installed a lighting sensor system to ensure optimal energy efficiency.

OUTCOME

The upgraded lighting system uses 50 per cent less energy and provides 50 per cent more light, resulting in an annual energy savings of \$760,000.

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TRANSPORTATION AND FLEET INITIATIVES

A critical part of the company's commitment to achieve a 15 per cent reduction in its GHG footprint by 2020 is expanding its hybrid truck fleet.

INITIATIVE 1: HYBRID VEHICLES

BACKGROUND

Coca-Cola Bottling Company (CCB) has approximately 3,800 pieces of transportation equipment in its fleet, including delivery trucks, forklifts, pallet jacks, cars and tractor-trailers. CCB is in the process of evaluating energy conservation for all these vehicles while also looking for ways to further incorporate hybrid technology into its fleet. Coca-Cola Ltd. (CCL) has 85 pieces of transportation equipment in its fleet – three trucks, 51 company vehicles and 31 forklifts and pallet trucks.

After an intensive, three-year research and design program with Eaton Corporation, Coca-Cola Enterprises (CCE) introduced the first heavy-duty hybrid electric delivery truck into its fleet in 2006. Shortly thereafter, the trucks were also introduced in the Canadian fleet.

PROCESS

In 2008, CCB introduced 22 heavy-duty hybrid electric vehicles to its fleet. At the time, these were the largest heavy-duty hybrid delivery trucks in Canada. In September 2009, CCB announced the addition of 15 even larger hybrid trucks. These new delivery trucks join CCB's existing fleet of 20 hybrid side-bay vehicles, 2 hybrid straight trucks and 42 hybrid sales cars.

OUTCOME

These hybrid vehicles improve fuel consumption and reduce emissions by approximately 30 per cent. In addition, they create less noise and emissions when stopped in traffic.



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OTHER FLEET INITIATIVES

CCB has also introduced a policy to reduce unnecessary vehicle idling, aiming to conserve energy, reduce GHG emissions, and improve air quality and respiratory health. In 2008, it updated the policy to include light vehicles and autos. The company also asks its drivers to follow measures to improve fuel efficiency.

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“The introduction of these hybrid electric trucks is the kind of corporate commitment to addressing climate change that I applaud. Businesses and residents in Toronto have shown repeatedly that they are committed to cutting greenhouse gases in whatever ways they can and this is further evidence of that.” – David Miller, Mayor, Toronto, Ontario

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SALES AND MARKETING EQUIPMENT INITIATIVES

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The vendors, coolers and fountain machines that help serve chilled beverages to consumers are operated by CCB's customers at their place of business and represent CCB's greatest source of GHG emissions. Since the equipment resides with and is controlled by its customers, the company is continuously working with customers to identify energy saving opportunities and increase the energy efficiency of its equipment.²

According to CCE, "new equipment is now 50 per cent more efficient than coolers and vending machines purchased in 2000. We [CCE] have determined that through our projected purchases of new equipment and adjustments made to the current fleet of equipment in the marketplace, we will reduce the energy consumption of our sales and marketing equipment estate by around 40 per cent."³

CCB's goal is to ensure that new equipment is 20 per cent more energy efficient by 2010.

INITIATIVE 1: ENERGY MANAGEMENT SYSTEM (EMS-55)

BACKGROUND

To increase the energy efficiency of its vending equipment, CCE developed a smart temperature control unit, the EMS-55.

PROCESS

The EMS-55 unit is a major part of CCB's commitment to reducing the climate impacts of its vending equipment. These proprietary devices activate lights and adjust cooling power based on usage signals. The EMS-55 units improve energy efficiency by up to 35 per cent.

OUTCOME

As of October 2009, more than 2,000 of these devices have been installed in CCB's equipment. All new CCB coolers that hold more than 250 litres of product will have EMS-55 units installed.



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2 & 3: http://www.cokecce.com/crs-reports/2009/e_index.html

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SALES AND MARKETING EQUIPMENT INITIATIVES

INITIATIVE 2: HFC-FREE REFRIGERATION

BACKGROUND

Still widely used in commercial and domestic refrigeration, hydrofluorocarbons (HFCs) have significant global warming impact. CCB has already eliminated HFCs from the insulation in its equipment, which resulted in 75 per cent fewer direct greenhouse gas emissions, and is working to completely eliminate HFCs from all its equipment. All new refrigeration equipment will be HFC-free.

PROCESS

Coca-Cola Enterprises has invested heavily in research and development to discover technology to help reduce direct GHG emissions from refrigerants. CCB is piloting alternative refrigerant gases, such as carbon dioxide, a natural refrigerant that is HFC-free, which has less direct climate impact and improves energy efficiency under typical operating conditions. While the economic viability of such technology still poses a challenge, the System placed 1,400 HFC-free eKOfresh coolers at the Vancouver 2010 Olympic Winter Games.



OUTCOME

This new equipment generates 75 per cent fewer direct GHG emissions compared to traditional sales equipment. The 1,400 eKOfresh coolers will reduce GHG emissions by approximately 5,600 tonnes, comparable to taking about 1,200 cars off the road for an entire year.



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PUBLIC AWARENESS AND ACTION INITIATIVES

In addition to minimizing the impacts of their own operations, CCL and CCB also work with partners, employees and local communities to support environmental conservation.

INITIATIVE 1: GREEN STEWARD

In order to engage its employees in environmental conservation, CCB launched the Green Steward Initiative in 2007. Employees were asked to implement initiatives that would improve recycling, water conservation, or energy efficiency within their facilities. The winning entries ranged from installing a plastic baler to recover and recycle the stretch film used to wrap product pallets for delivery, to establishing recycling zones throughout facilities; contributions were then made to local conservation groups chosen by the winners. The program was so successful that in 2008, participation increased by 80 per cent.

INITIATIVE 4: REFRIGERANTS, NATURALLY!

On a global level, The Coca-Cola Company also advocates for more environmentally responsible industry standards. The Coca-Cola Company is a co-founder of the Refrigerants, Naturally! initiative, an alliance within the food and beverage industry formed to address global climate change through promotion of HFC-free alternative refrigeration technologies that protect the Earth's climate and ozone layer.

INITIATIVE 5: UN GLOBAL COMPACT'S "CARING FOR CLIMATE"

The Coca-Cola Company also serves as a global climate change advocate through UN Global Compact's "Caring for Climate: The Business Leadership Platform." The Platform is a global call to businesses and governments to speed up action on climate change. As a result, the company has committed to increase energy efficiency and reduce emissions from its operations. The company has also committed to engage its global supply chain to work toward the common objective of advancing practical climate change solutions.

INITIATIVE 2: EARTH HOUR

To help raise awareness of climate change, CCL supports WWF's Earth Hour. CCL turned off its major billboard signs and reached out to over 800,000 iCoke members, encouraging them to sign up and participate in Earth Hour. Both CCL and CCB encouraged employees to join the effort at work as well as at home.

INITIATIVE 3: CRS IN ACTION WEEK

CRS in Action Week engaged every CCB employee in celebrating its CRS efforts. The company developed daily communications to help share its CRS achievements and local facilities organized community outreach events and invited guest speakers from local environmental groups to help educate and inform.

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Benefits of partnering with WWF

WWF's Climate Savers program added credibility to existing efforts of the Coca-Cola System in Canada and helped to streamline its climate change strategy.

WWF's Climate Savers program helped the Coca-Cola System position itself competitively within the new, carbon-conscious market place.

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KEY COMPETITIVE ADVANTAGES

- **Capturing operational efficiencies**
- **Driving effectiveness and innovation**
- **Eliminating waste**
- **Driving employee engagement**
- **Exceeding customer expectations**
- **Meeting growing consumer trends**
- **Enhancing image and reputation**
- **Developing effective stakeholder and issues management**



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KEY LEARNINGS, CHALLENGES AND OUTCOMES

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IMPLEMENTING SUCCESSFUL SUSTAINABILITY STRATEGIES

For Coca-Cola in Canada to achieve its Climate Savers targets, the company set clear long-term goals, with attainable interim measures, and integrated these measures into its short- and long-term operational frameworks and plans. In addition, a strong commitment from the company's senior management to the Climate Savers program has been essential. The System also made every effort to integrate CRS into its operations, including having a CRS Champion at every major facility.

TECHNOLOGY CHALLENGES ON COCA-COLA'S SUSTAINABILITY JOURNEY

The two greatest challenges the System faces in implementing its Climate Savers targets go hand-in-hand. Many of the technologies required come with an incremental cost, and some of the needed technologies don't yet exist, which means investments must be made to develop them.



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GLOBAL GHG REDUCTION OUTCOMES FOR COCA-COLA

In 2009, the global bottling company, CCE, was recognized for its CRS achievements by Newsweek magazine in its first-ever environmental rankings of the 500 largest U.S. companies based on environmental performance, policies and reputation. Coca-Cola Enterprises ranked number 1 in the Food and Beverage Sector and number 36 in the overall list.

Globally, The Coca-Cola Company's emissions increased by 1 per cent in 2007 compared to 2006 (4.86 million tonnes), while the system's unit case volume grew 6 per cent from 2006 to 2007. The system expects to hold its 2015 emissions from manufacturing globally at or below the corresponding emissions from the base year of 2004 (4.7 million tonnes). Similarly to a number of Climate Savers companies, The Coca-Cola Company recognizes that success in reaching its Climate Savers goals while still growing the business is a matter of first slowing, then stopping, then reversing the trajectory of its emissions.

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CONCLUSION AND OUTLOOK

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The Coca-Cola Company, including its international representatives and bottlers, has worked diligently to “green” its business operations and, through its environmental programs, has become an industry leader. Its partnership with WWF Climate Savers allowed The Coca-Cola Company to strengthen its climate change strategy, stretch its targets and leverage its strong brand to become a global leader and advocate for environmental conservation efforts. Through The Coca-Cola Company’s global environmental programs and initiatives, and the efforts of its local entities, including CCL and CCB, The Company demonstrated that it has the capability to make a lasting impact on its employees, customers, consumers, suppliers and the communities in which it operates.

Looking into the future The Coca-Cola System in Canada will continue to work to meet its current GHG reduction goals. As new technologies emerge, new environmental initiatives and ambitious goals will be developed and introduced into the company’s CRS programs. As the company continues to grow, it will continue to find ways to reduce its environmental impact. Being a leading global beverage manufacturer of widely recognized brands, the company truly understands the effects its business operations can have on the environment and the importance of minimizing its environmental footprint.

“Solving society’s largest challenges takes real leadership and partnership among business, government and civil organizations. We have seen through our own experiences – time and again – that our business in any market is only as healthy and sustainable as the community in which we operate. We’ve long recognized the responsibility to lead in this area but we’re also wise enough to know that we can’t do it alone.”⁴

– Muhtar Kent President and CEO



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4: Climate Savers Fact Sheet
http://assets.panda.org/downloads/wwfcs_partner_factsheets_photo_cover_and_title.pdf