Community trust

Trusted by our communities

We build trust by operating a responsible, sustainable business, and we seek to continually improve by setting ambitious goals. Working in partnership with communities, governments and non-governmental organisations, we also help create win-win solutions to societal challenges.

Invested in community programmes and initiatives

€7.3m

Employee volunteering during work time

17,952h

Investment in youth development

€1.7m

Operating a responsible business, creating shared value for our communities

Key highlights

- More than 1,164 kilometres of river banks and beaches cleaned and 1,441 tonnes of waste collected
- More than 152,000 trees planted in more than 529,000 square metres of land in need of reforestation
- Partnering with 294 NGOs in 28 countries

Material issues

- Community investment and engagement
- Corporate governance, business ethics and anti-corruption
- Direct and indirect economic impacts
- Health and nutrition
- Responsible marketing
- Product quality and integrity
- Carbon and energy
- Packaging recycling and waste management
- Sustainable sourcing
- Water stewardship
- Employee well-being and engagement
- Human rights and diversity

Our business makes a positive difference in the communities where we operate. We create value and foster trust by managing our business responsibly and sustainably, and by helping to solve societal challenges. In 2016, we set new long-term sustainability targets, committing to do even more.

As a Company, we invest significant creativity, innovation and resources in community programmes. By addressing challenges where we have a strategic interest or special expertise, we increase our chance of successfully creating shared value and truly making a difference. We strive to partner with our stakeholders and communities, leveraging our combined expertise, and inspire and engage our employees and business partners to support our community investment and volunteering programmes.

Because we want to ensure that our efforts are meaningful, we seek to enhance the efficiency, scale and impact of our community programmes through strategic partnerships with civil and governmental organisations, and through setting targets and regularly assessing output and impacts, where possible. During 2016, we partnered with 294 NGOs in 28 countries, including the International Federation of the Red Cross, the International Commission for the Preservation of the Danube River, the World Wildlife Fund, the Global Water Partnership and many local NGOs.

Through strategic investments in our communities, we contribute to global efforts to achieve the 17 Sustainable Development Goals (SDGs) adopted by the United Nations. We recognise that many of the goals are interconnected. The areas where we make the most substantial contributions through our community programmes are:

Our strategic approach

We have a long history of bringing people together and working towards a shared vision through our support of community programmes. Over the years, our community initiatives have evolved from philanthropic contributions to value-adding, long-term programmes linked to the business strategy to create shared value and measurable, positive impact.

We work to support our communities by providing funds for programmes, creating lasting partnerships and encouraging employee volunteering. Our community investment focuses on three key strategic areas, which we have identified based on existing societal and environmental needs in the countries where we work. These are:

1. Community well-being
2. Environmental and water stewardship
3. Youth development

When the need arises, we are also active in emergency relief efforts in all of our markets, striving to be among the first to provide relief directly or through stakeholder partnerships.

In September 2016, we set seven new long-term targets, including a commitment to invest 2% of our annual pre-tax profit in communities by end 2020 within the three strategic areas described above.

During the year, we invested €7.3 million in our communities, equivalent to 1.6% of our pre-tax profit. This is higher than the LBG's (formerly known as London Benchmarking Group, www.lbg-online.net) average of 1.0%, and puts us in a good position to achieve the target of 2% of annual pre-tax profit by 2020. For more information about our 2020 sustainability commitments, please see page 22 and our website.

While we have a long history of facilitating employee volunteering by encouraging employees to spend work time contributing to community projects and programmes,

Community trust continued

in 2016 we introduced a new 2020 target to double the number of employees who volunteer, aiming to reach 10% of all of our people by 2020. In 2016, 8% of our employees participated in Coca-Cola HBC initiatives during work time, dedicating 17,952 hours.

On top of contributing to locally relevant community programmes, we believe that employee volunteering can also provide experiential learning and development opportunities for our employees as well as have a positive effect on employee engagement and well-being.

Community well-being

We continue to support initiatives across our 28 countries to improve community well-being. We work with our communities in every country to safeguard and enhance their well-being and quality of life, supporting events and social gatherings.

Some of the initiatives we have undertaken to encourage physical activity and support the desire for more sustainable and liveable cities and communities (SDG #11) include installation of free active zones, walking trails and paths, and implementation or expansion of bike share programmes, as well as support of movements on sports for all. For more information, please see example from Ireland on page 29.

Environmental and water stewardship

Water is the most important ingredient in our products, and we believe everyone has a right to clean, safe water and sanitation wherever they live. Our 2020 sustainability targets therefore include improving our water intensity ratio by 30% compared to 2010.

To safeguard clean water supplies and thereby contribute to SDG #6, our water stewardship programmes involve detailed source vulnerability assessments and source water protection plans, which are performed for all of our manufacturing sites.

Our target is to certify all of our plants in accordance with either the European Water Stewardship or the Alliance for Water Stewardship standard by 2020. By the end of 2016, we had achieved 22 Gold European Water Stewardship Certifications for all of our mineral water sites in Austria, Bosnia and Herzegovina, Bulgaria, Croatia, Cyprus, Czech Republic, Greece, Hungary, Italy, Poland, Romania, Serbia, Switzerland and Ukraine. In most of these countries, the certification of our production facilities is the first of its kind, which we hope sets an example and raises the bar for the whole industry.

From the protection of water sources, through wetlands, biodiversity and ecological processes at the watersheds, to waste water treatment and sanitation after our water use, all activities are done engaging local water users, authorities and other key stakeholders in the community. Our water stewardship strategy drives our partnerships with environmental ministries as well as intergovernmental and civil organisations to preserve and protect important ecosystems, such as watersheds and wetlands in key regions and river basins, such as the Danube, the Volga, and the Sava among others.

Our long-term, multi-country Green Danube initiative increases awareness of the wetland habitat, including the preservation of unique flora and fauna, to the community and the environment. In 2016, awareness-raising events to encourage citizens to protect the Danube river were held in Austria, Bosnia and Herzegovina, Bulgaria and Ukraine. The initiative's signature event, held in partnership with the International Commission for the Protection of the Danube River (ICPDR), is the wide-spread celebration of Danube Day, in collaboration with citizens, governments, civil organisations and businesses.

The global commitment of the Coca-Cola System to replenish 100% of the water used in final beverage products includes a number of water initiatives in our markets. Through the efforts of Let's Save Yelnya Bog Together, an initiative of our Belarusian operations, and other projects conducted in partnership with the World Wildlife Fund and the Global Water Partnership-Mediterranean, we replenished 182% of the water we used in our final beverages in 2016.

Type of contribution

- Charitable contribution: **11%**
- Community investment: **81%**
- Commercial initiative: **8%**

Contributions

- Cash contributions: **82%**
- In-kind contributions: **16%**
- Time contributions: **2%**

Restoring Europe's largest bog

In the Yelnya bog in Belarus, peat fires caused by too much drainage were impacting migrating bird populations, cranberry crops and the region's ability to absorb CO_2. In 2007, we began supporting restoration financially and with employee volunteers who helped build dams and close drainage. More than 50 dams have been built, enabling water levels to rise by a metre and 23,000 tonnes of CO_2 to be absorbed annually.

While we see water as a material issue for both our Company and society, we also engage in other environmental protection initiatives of various kinds in our communities. With the dedicated support of employee volunteers, we have collected 1,441 tonnes of waste at river and sea shores and cleaned more than 1,164 kilometres of river banks and beaches in 2016. During the same time period, we also contributed to reforestation by planting over 152,000 trees in more than 529,000 square metres of land.

Youth development

We passionately believe in the potential of young people and we know that they are the future leaders and change-makers of the communities that we live in.

The biggest challenge young people in our communities face is unemployment. Across the countries where we operate, about a quarter of young people are unemployed. Youth unemployment rates in our markets range from about 3% in Switzerland in 2016 to more than 60% in Bosnia-Herzegovina. In 15 out of the 28 countries we do business in, youth unemployment is 15% or more.

This is a key issue for our business because close to 13% of the 595 million consumers we serve are young people between 18 and 30 years old. We also employ many young people, and a challenge we face as a business is to ensure our ability to attract talent to support business growth over time.

Supporting education and entrepreneurship in Bulgaria

In Bulgaria, 14 professional mentors from Coca-Cola HBC worked with 900 university students to help build entrepreneurial skills, establishing 50 new workplaces through the students' start-ups. We also help to prepare young people to serve as teachers, training 128 in 2016. They reached 10,000 Bulgarian school children and helped improve performance.

Supporting recent school graduates in Italy

To address high levels of youth unemployment in Italy, we've introduced #TasteYourTalent, a programme providing recent school graduates with useful workplace skills. The workshops help young adults better understand their key strengths and prepare for future careers. In 2016, 180 young Italians received training, nearly half of whom were women.

We are a substantial employer, with more than 31,000 direct employees, and are also part of a large supply chain with many large and small employers, and customers which employ young people.

For many years, we have supported a range of educational programmes, offered internships and management trainee programmes, and provided skills training and access to funding for underprivileged individuals in our countries of operation.

Youth Empowered is our new centrally led, strategic initiative to help support 18-to-30-year-olds achieve their career ambitions and live a fuller life.

The programme targets those who are not in education, employment or training and seeks to address persistent underemployment issues in some of our markets. We aim to support young people's needs in their transition from school to meaningful employment by helping them build fundamental life and business skills and long-lasting professional and peer networks.

The rollout of our Youth Empowered programme begins in 2017 through a combination of online engagement, e-learning and in-class sessions in a number of our countries, which will be implemented across all of our markets following fine-tuning based on initial learnings.

Read more about our 2020 sustainability commitments on page 5