



## GLOBAL COMPACT ANNUAL COMMUNICATION ON PROGRESS

<b>Company Name</b>	Coca-Cola Beverages Ukraine Limited	<b>Date</b>	22 January 2008
<b>Unit (if applicable)</b>	Public Affairs & Communications		
<b>Address</b>	51 <sup>st</sup> km of St. Petersburg Shosse Velyka Dymarka Kyiv Oblast 07442	<b>Date of joining GC</b>	15 Sep 06
<b>Country</b>	Ukraine	<b>Number of employees</b>	2200
<b>Contact name</b>	Victoria Zhigunova, Olesya Zhulynska	<b>Sector</b>	FMCG (Fast Moving Consumer Goods)
<b>Contact Position</b>	PA&C Managers		
<b>Contact information (tel., fax, e-mail)</b>	Tel.: +380 44 490 0707 Fax: +380 44 490 0701 e-mail: <a href="mailto:Victoria.zhigunova@cchbc.com">Victoria.zhigunova@cchbc.com</a> <a href="mailto:ozhulynska@eur.ko.com">ozhulynska@eur.ko.com</a> <a href="mailto:mchyketa@eur.ko.com">mchyketa@eur.ko.com</a>		

### Brief description of nature of business

Coca-Cola Beverages Ukraine (CCBU) manufactures and distributes soft drinks, juices, waters, coffee and teas across Ukraine. Our company is a member of the Coca-Cola Hellenic Group, serving 550 million people across 28 countries. The Group is one of the largest bottlers of non-alcoholic beverages in the world.

### Statement of support

Coca-Cola Hellenic has supported the UN Global Compact since 2005, and was the first alcohol-free beverage company to become a Notable Reporter. The Group is a signatory of both the CEO Water Mandate and Caring for Climate, pledging to develop and implement appropriate strategies in its operations, supply chain, and beyond. Coca-Cola Beverages Ukraine, in addition to implementing the UN Global Compact's 10 principles in its business operations, encourages responsible business practices in the areas of human rights, labour, the environment and anti-corruption. Coca-Cola Beverages Ukraine strongly believes that meeting its social and environmental responsibilities is an

essential part of its current commercial and long-term future success. To meet meaningful change, it believes it can contribute at the local level to helping other businesses introduce the Global Compact within different national and cultural contexts throughout countries in which Coca-Cola Hellenic operates.

**Signature**

**Position**

**General Manager**

## **HUMAN RIGHTS**

**Principle 1** Business should support and respect the protection of international human rights within their sphere of influence.

**Principle 2** Business should make sure they are not complicit in human rights abuses.

### **The Company's Commitment or Policy**

Coca-Cola Beverages Ukraine recognises the diversity of its consumers, customers, suppliers, and of its own people.

The company conducts its business in a responsible and ethical manner, respecting internationally recognized principles of human rights enshrined in the UN Universal Declaration of Human Rights and the ten principles of UN Global Compact.

Coca-Cola Ukraine Beverages is committed to the advocacy of its core values, including the principles and ethical standards outlined within the Coca-Cola Hellenic Group's Code of Business Conduct.

### **A brief description of Internal Systems in place**

*Coca-Cola Beverages Ukraine has in place a Code of Business Conduct, an Equality Policy, Policy on HIV/AIDS, and a Human Rights Policy.*

**Human Rights:** As with all other business commitments, the company seeks to make its human rights performance one of consistent improvement. To achieve this it:

- Educates and trains employees, particularly managers, in the implications of human rights policies.
- Monitors and measures its own performance against the policy.
- Systematically assesses its performance against best practice to continually improve its aspirations and performance.

**Promoting Equality of Opportunity:** It is the company's policy not to discriminate in any aspect of employment on the grounds of race, religion, colour, ethnic or national origin, age, disability, sexual orientation, political opinion, gender or marital status.

**Work/life balance:** The company acknowledges and promotes a healthy balance between its employees' working and personal life and respects the commitments employees have outside of the work environment. The company recognises that everyone has the right to rest and leisure, including reasonable limitation of working hours and periodic holidays with pay.

**Approach on HIV/AIDS:** Coca-Cola Beverages Ukraine strictly upholds the confidentiality of all information on the HIV status and condition of employees. The company supports voluntary testing and therefore will not at any point require new or existing employees to be screened or tested for HIV/AIDS unless there is a legal requirement to do so.

### **Actions implemented in the last year / planned for next year**

1) Coca-Cola Beverages Ukraine is an official partner of the Special Olympics in Ukraine. It provides financial support as well as refreshment to the Committee and to the National Team.



**Mrs Kateryna Yuschenko, First Lady of Ukraine, speaks in support of the Special Olympics**

2) Coca-Cola Beverages Ukraine participated in the events held on the occasion of the Day of Disabled on 3 December. The company's products were distributed free of charge to a number of orphanages, and special performances were organised for children with special needs.

3) Coca-Cola Beverages Ukraine is a member of the Transatlantic Partners Against AIDS (TPAA) and actively supports its projects. In June the company participated in a meeting of Senior Business Leaders discussing how HIV/AIDS influences business and how business can influence this disease. The meeting was initiated by the Global business coalition against AIDS –Transatlantic Partners against AIDS, the Anti-AIDS Fund of Olena Franchuk, USAID, the America Chamber of Commerce and the UN in Ukraine.

4) Coca-Cola Beverages Ukraine participated in a meeting with the Special Envoy of the UN Secretary-General for HIV/AIDS in Eastern Europe and Assistant UN Secretary-General, Professor Lars Kallings. During the meeting various ways in which members of the business sector in Ukraine can cooperate on Anti-AIDS issues were discussed. This visit was organised by the Joint United Nations Program on HIV/AIDS (UNAIDS) in Ukraine to commemorate the World AIDS Day and 20 Years of AIDS in Ukraine.

#### ***For 2008,***

Coca-Cola Beverages Ukraine plans to continue its support of the Special Olympics, events dedicated to the Day of Disabled, and cooperation with TPAA as well as with the UN on human rights issues.

#### **Measurable Results or Outcomes**

1) Sponsorship from Coca-Cola Beverages Ukraine assisted the Ukrainian National Team in visiting the Special Olympics held in Beijing in September 2007 and its representation of Ukraine at the World Games.

2) Coca-Cola Beverages Ukraine supported special performances for disabled children at two orphanages in the Kyiv region.

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3) Coca-Cola Beverages Ukraine participated in a round table discussion on “Epidemics Across the Front Pages: Coverage of HIV/AIDS in the media” in partnership with TPAA, USAID, the Kaiser Family Foundation, and Globus Foundation. Around 50 regional journalists attended this event, and their participation developed into a number of reports on HIV/AIDS in the local media.

### **LABOUR STANDARDS**

**Principle 3** Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining.

**Principle 4** Businesses should eliminate all forms of forced and compulsory labour.

**Principle 5** Businesses should uphold the effective abolition of child labour.

**Principle 6** Businesses should eliminate discrimination in respect of employment and occupation.

#### **The Company’s Commitment or Policy**

It is the company’s policy that its operations be managed to protect the health and safety of its employees and the communities where it does business. Sound operating practices are followed to foster a safe working environment. The company has a Code of Business Conduct, an Equality Policy, a Human Rights Policy and a Health Safety Policy in place that cover labour issues. Internal procedures on training and development and on Repay Studies are implemented.

#### **A brief description of Internal Systems in place**

- Coca-Cola Beverages Ukraine has established a Labor Council that actively works to prevent or resolve any possible issues that might arise in the working process. The Council consists of up to 35 representatives of branches, production, head office and warehouse employees. A general meeting takes place once per year to raise and decide on issues related to work and recreation. Volunteer groups meet to discuss specific issues as and when necessary
- The company has internal policies on Quality, Food Products Safety, Environment Management, Labour and Health Safety, Industrial and Technical Safety.
- There are 221 programs and instructions on labour and health safety, which provide mechanisms and guidance for identification of potential risks, rules behaviour, best practices to prevent accidents, reporting, external and internal reporting, access limitations to hazardous areas, a programme on corrective action plans, and a programme on risk validation, etc.
- According to implemented procedure, in the event of an accident immediate meetings are held with the company’s labor safety officer, regulatory affairs manager, incident management and crisis resolution coordinator, functional heads of other departments (excluding functional head of the department where an accident took place). The team carries out an investigation and determines the action that needs to be taken. Regular Safety Committee meetings take place once per quarter.
- Coca-Cola Beverages Ukraine respects the right to freedom of association of its employees and engages in consultation with workers and their representatives. This includes trade unions or employee representative councils. The company has a policy of communicating directly with its employees, whether a union exists or not.

- Accident prevention is an operating responsibility. It demands the same management and control that is given to other aspects of improving efficiency in operations, and therefore, managers and supervisors are directly responsible for engaging in continuous efforts to prevent accidents. Management at all levels diligently enforces this policy.
- Safety is the responsibility of each and every employee. Employees can prevent injury to themselves and their co-workers by always following safe work practices and reporting any unsafe conditions they observe. Many employees go beyond these basic responsibilities by participating on safety committees, giving management input on safety policies and procedures, helping conduct safety inspections or assisting with accident investigations.
- The success of any accident prevention effort depends on the co-operative and active support of all company employees. Accident prevention and the preservation of the health and safety of employees is a co-operative effort for the benefit of all, and the company expects employees to follow safe work practices in the interest of their own safety as well as that of fellow employees.
- Coca-Cola Beverages Ukraine seeks to provide equal opportunities for all of its employees and does not discriminate in any aspect of employment on the grounds of race, religion, colour, ethnic or national origin, age, disability, sexual orientation, political opinion, gender or marital status.
- In all aspects of employment, recruitment, compensation and benefits, training, promotion, transfer and termination, the company treats individuals justly, according to their abilities to meet the requirements and standards of their role.
- No employee is subject to physical, sexual, racial, psychological, verbal, or any other form of harassment or abuse. The company ensures procedures that are in place to detect failures to live up to this standard and to deal with them swiftly and effectively.

### **Actions implemented in 2007 / planned for 2008**

1) Coca-Cola Beverages Ukraine provides opportunities for every employee to develop, be motivated and receive appropriate reward. Annual performance reviews are conducted, which give grounds for further personal and professional development. This process not only promotes work achievements but encourages every employee to develop his/her career within Coca-Cola Hellenic. Strategic programmes of professional development and corporate experience exchange are conducted.

2) In 2007 the company conducted a survey among employees in order to study opinions and receive a feedback on the management's actions and to get better understanding of where the values of the management and the employees are close and what areas need to be improved. This survey is expected to be held every second year.

3) Coca-Cola Beverages Ukraine implemented an Engagement Survey among employees in order to promote active dialogue between employees and management. To this end, engagement events are organized annually. The Green Day and the Family Day can be named as the best examples in this area:

- **The Green Day** was held in May, when all employees were invited to come with their families, together with the management of the company, to clean the banks of the Desna River, and enjoy the open air event.

- **The Family Day** was held in July, when employees were invited to bring their families to the plant for excursions to the new production facilities. A barbeque and concert were arranged for the families on the grounds of the plant.



**The team of Coca-Cola Beverage Ukraine employees and their families clean the Desna River bank**

The Green Day and the Family Day are again planned for 2008.

### **Measurable Results or Outcomes**

1) Coca-Cola Beverages Ukraine passed OHSAS-18000 pre-audit certification in 2007.

Almost \$2 million was spent in 2007 for the employees' training, and this amount grows year on year.

Around 95% of management members started their careers with the company.

2) According to a survey conducted by the company, 82 % of employees estimate that the company employs the best business practices and has good-quality management; 76% find the values of CCBU close to their personal values; 64% are satisfied with the balance of work / personal life.

3) The Engagement Index according to the 2007 Engagement Survey was 21% higher vs. 2006, which indicates that the company's employee-management dialogue has brought positive results.

4) More than four tonnes of waste was collected and 100 trees were planted jointly by management and employees during the Green Day.

Families of around 1,800 employees visited the workplace and took part in associated festivities..

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Family Day at the Coca-Cola Beverage Ukraine bottling plant

## ENVIRONMENT

- Principle 7** Businesses should support a precautionary approach to environmental challenges.
- Principle 8** Businesses should undertake initiatives to promote greater environmental responsibility.
- Principle 9** Businesses should encourage the development and diffusion of environmentally friendly technologies.

### The Company Commitment or Policy

The company has an Environmental Policy, by which it recognizes its responsibility for the protection of human health, the environment and natural resources. It is the company's policy to operate its facilities and conduct its operations in compliance with all applicable environmental laws, regulations and permits, including those governing the control, transportation, storage and disposal of regulated materials. Air emissions, waste water, solid waste, hazardous waste and storm water are included among regulated materials.

### A brief description of Internal Systems in place

Coca-Cola Beverages Ukraine regularly identifies influences its activity might have on the environment. To monitor the influences, specific environmental indices are established. Such indices, for example, are:

- usage of recycling and non-recycling packaging;
- usage of electric power (MJoule/litre of produced drink);
- usage of energy (MJoule/litre of produced drink);
- usage of water (litre/litre of drink);
- total volume of derived solid wastes (gram/litre of produced drink);
- amount of utilized solid wastes (gram/litre of produced drink);
- usage of diesel fuel for 1000 litres of delivered drink (litre/litre of drink).

**The system of environment management is an integral part of the Company's general management system**

In general, the company's policy is to:



- Conduct operations in compliance with all applicable laws and regulations and apply high internal environmental standards.
- Implement and certify the internationally recognized environmental management system, ISO 14001, in all operations to ensure accountability and continuous protection.
- Include environmental strategies and objectives in the business planning process to ensure that management of environmental impact remains an integral part of development.
- Set environmental goals, monitor results and audit processes in order to assess performance and achievements against high environmental standards.
- Identify and implement ways to improve the efficiency with which use is made of materials and resources, while minimising emissions and recycling waste.
- Commit to conserve watersheds by saving water and treating wastewater.
- Commit to protecting the climate by reducing energy use and coolant emissions.
- Play a leading role within the beverage industry to promote sustainable packaging by light weighting and recycling beverage containers.
- Encourage and equip employees to identify and act upon opportunities to improve environmental performance and waste management in the areas where they work.
- Partner with stakeholders in seeking and developing solutions to those environmental problems on which the company can make an effective and lasting contribution.
- Communicate the company's environmental requirements and performance to stakeholders.

### **Actions implemented in 2007 / planned for 2008**

1) Coca-Cola Beverages Ukraine supported International Day of the Danube River on 29 June in the town of Vylkove in Odesa oblast.



#### **Multinational celebration of Danube Day**

2) Coca-Cola Beverages Ukraine, in cooperation with the State Committee of Ukraine on Water Management, UNDP-GEF and local NGOs, initiated the Dnipro River Day celebration. This event consisted of a workshop at the State Committee of Ukraine on Water Management and cleaning up the recreation zone of the Dnipro River.

3) Coca-Cola Beverages Ukraine co-sponsored the international conference entitled "Water and Environment" held in Kyiv on 10 October. A round table dedicated to the problems of

safety of drinking and bottled water was held within the framework of the Conference.

4) A workshop entitled “Sources of Drinking Water in Ukraine: Current State, Problems, Perspectives” was held at the premises of the company as part of World Environment Day.

5) Coca-Cola Beverages Ukraine co-sponsored the Second Joint Danube Survey, under the coordination of the Secretariat of the International Commission for the Protection of the Danube River (ICPDR). The Joint Danube Survey 2, also known as ‘JDS2’, was the world’s biggest river research expedition in 2007. Its main goal was to produce highly comparable and reliable information on water quality and pollution for the entire Danube River and many of its tributaries.

6) Coca-Cola Beverages Ukraine passed two audits for compliance with ISO 14001: externally conducted by international company CGS, and the Ukrainian state audit organisation, UkrMetrTestStandard.

7) Special rinsers were installed at the company’s production facilities to allow calculation of recycled water use.

8) In terms of materials and packaging, Coca-Cola Beverages Ukraine introduced measures to minimize the wrapping film parameters and constantly researched and implemented technologies for minimizing PET bottles weight.

9) For energy preservation, Coca-Cola Beverages Ukraine continued upgrading equipment for technological processes and for absorption of products from natural gas combustion; paid special attention to technical servicing of vehicles and optimization of delivery routes. For heightened accuracy; indices are monitored electronically.

10) In the solid wastes management, Coca-Cola Beverages Ukraine introduced separate collection of waste and waste recycling; minimized usage of packaging materials that led to a decrease in post-consumer package waste.

11) Efficient water use and water consumption measures, water recycling, and bio purification of sewage were implemented by the company.

**The implemented technology on intensive bio aerobic system of sewage treatment and daily monitoring of sewage indicators by the third organization ensures that no crude sewage is poured out.**

#### ***For 2008,***

Coca-Cola Beverages Ukraine plans to continue its activities with regard to water stewardship in 2008. Danube Day and Dnipro Day have become regular annual events for the company, as well as participation in exhibitions and roundtables on environment. The company constantly directs many efforts to saving water, energy, and packaging as well as treatment of sewage and waste. In 2008 continued enhancement of achievements in these areas is planned.

#### **Measurable Results or Outcomes**

1) Around 200 persons participated in various activities, and there were around 500 spectators at the Danube River Day.

2) Around 400 participants from the company, State and District authorities, students and journalists were joined by citizens in collecting a large truck-full of litter along the Dnipro River. The necessity to improve water usage management legislation, ecological enhancement and rebirth of the Dnipro River were discussed at the workshop and supported by more than 25

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State Institutions and NGOs, including UNDP-GEF and Coca-Cola Beverage Ukraine.

3) The “Water and Environment” Conference, which discussed issues concerning water quality in Ukraine, attracted participation from governmental institutions, NGOs, producers of bottled water, representatives of the International Water Association and of the World Health Organization.

4) The workshop at Coca-Cola Beverages Ukraine premises proved to be another event that attracted stakeholders’ attention to the issues of water management and efficient usage of water. Positive feedback and willingness to cooperate was received from representatives of various state bodies.

5) Three boats of the JDS2 traveled 2,375 km along the Danube River, through 10 countries, from Germany down to the Danube Delta in Romania. The Expedition’s report will be presented to governments and public of all the Danube countries in spring 2008.

6) The two auditing teams appreciated compliance of the ISO 14000 standard at the company’s plant. The environmental management system was successfully implemented. The audits confirmed that the Coca-Cola Beverages Ukraine’s internal standards correspond in full to the international and local requirements in regard to defining policy and goals, resources, raising understanding among employees and suppliers, document management, holding corrective and prevention measures, auditing, and, most importantly, the constant improvement of systems.

7) The company continues the calculation of water used for production, and has started calculating water which has been already re-used in order to reduce the water usage overall.

8-11) The safety of sewage treated at the company’s plant is indicated by the fact that fish and a beaver family live in a pond fed by treated water from the plant. Please refer to our Corporate Social Responsibility Report for detailed indices on water and energy use and waste processing.

## **ANTI-CORRUPTION**

**Principle 10** Businesses should work against corruption in all its forms including extortion and bribery.

### **Company Commitment or Policy**

The company has a history of succeeding through honest business competition. The company does not seek competitive advantages through illegal or unethical business practices. While it often customary to exchange gifts and entertainment with customers and suppliers, the key to such exchanges is to maintain an arm’s length relationship. It is very important that the company and its employees, executive officers and directors always deal honestly and with integrity with persons and organisations with which they transact business. The company prohibits the payment of bribes to government officials. "Government officials" are employees of any government anywhere in the world, even low-ranking employees or employees of government-controlled entities. The term "government officials" also includes political parties and candidates for political office.

### **A brief description of Internal Systems in place**

- The ban on bribes applies to third parties acting on behalf of the company, including all contractors, subcontractors and consultants.
- The company may hire government officials or employees to perform services that have a legitimate business purpose, with the prior approval of the General Manager. However, government officials are never hired to perform services that conflict in any manner or degree with their official duties or the duties and obligations of the

- governmental agencies by which they are employed.
- Prior to hiring a government official or employee, the General Manager must inquire if the governmental agency involved permits its employees to be hired by local businesses.
  - The General Manager, CFO and the General Counsel must all approve in writing any contract to hire a government employee or official.
  - Political contributions by the company are not permitted except with the prior written approval of the CFO and the General Counsel.

**Actions implemented in 2007 / planned for 2008**

Coca-Cola Beverages Ukraine introduced in full the Code of Business Conduct in 2007. This Code contains a chapter on Anti-Bribery Policy, and all the employees are familiar with the policy and guiding principles in cooperating with the government officials as well as business counterparts and NGOs in terms of anti-bribery.

Coca-Cola Beverages Ukraine began operation of a hotline at the company facility. It is open to any complaints, including reporting of bribery / corruption cases.

**Measurable Results or Outcomes**

Training on the Code of Business Conduct was held, in which all 2200 employees participated. Special clauses regarding anti-bribery policy were added into all contracts and agreements.