SWIRE COCA-COLA

2018 Sustainable Development Report

PET & HDPE Recycling facility [Hong Kong]

One major achievement this year has been forming a partnership with ALBA Group Asia Limited and Baguio Waste Management & Recycling Limited to design, build and operate a PET and HDPE recycling facility in Hong Kong. The facility will process Hong Kong's post-consumer soft drink PET bottles and HDPE from personal care products to raw materials which can then be reused. More information on this can be found in the Packaging and Waste Management section of this report.

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MESSAGE FROM OUR MANAGING DIRECTOR

Sustainable Development

Swire Coca-Cola is committed to sustainable development. It is our duty to build a sustainable business which supports sustainable communities living in a sustainable environment. 2018 marks the first full year since our large-scale refranchising in Mainland China and the U.S. We are now the fifth largest bottling partner to The Coca-Cola Company globally in terms of sales volume. The recent increase in the scale of our business and the footprint of our operations makes our commitment to sustainable development even more critical. We recognise the importance of frank, open and honest reporting of all aspects of sustainable development and this report is intended to demonstrate our commitment to transparency.

Our Progress

We hold ourselves fully accountable to the commitments we make. We don't pay lip-service. We focus on those areas of sustainable development where we can make the most difference to the communities and environments where we operate. In the last year we have achieved the following results in four key areas of sustainable development:

1. Primary packaging

In Hong Kong we formed a partnership to develop the territory's first PET and HDPE recycling facility. As a founding member of the #Drink Without Waste initiative, we will be leading the city's drive towards effective collection, recovery and recycling of PET and HDPE, with the aim of minimising the amount of PET and HDPE which goes to landfill or pollutes the environment. We issued policies on packaging waste and post-consumer primary packaging which are aligned with The Coca-Cola Company's

World Without Waste commitments and in line with the New Plastics Economy of the Ellen MacArthur Foundation, of which we are also a member.

2. Water stewardship

We are proud to report that the Coca-Cola system of which we are a part remains "water positive" in all markets where we operate.

3. Greenhouse gas (GHG) emissions

We have undertaken an in-depth internal review of our cold drink equipment fleet, which is our largest source of greenhouse gas emissions. We have determined the actions required to control emissions from the growing number of equipment we will place in our markets in the coming years.

4. Gender equality

We have made good progress since last year's report. Our Gender Equality Steering Committee continues to drive impressive results and our Women's Network continues to develop. We conducted a gender pay gap analysis across all markets and have reported those results.

Our Outlook for a Sustainable Future

Our sustainable development strategy encompasses those aspects of the environmental, safety and social impact which are most material to our stakeholders. We will continue to drive tangible improvements by setting clear targets and key performance indicators. We have undertaken to engage in a science-based target (SBT) pilot programme in 2019 to enhance our efforts to control greenhouse gas emissions. We will continue to drive down sugar content in our portfolio by offering a greater range of low- and no-sugar options as well as introducing new formulae for our established brands. We will continue to make real progress in diversity and inclusion and human rights practices.

We hold ourselves fully accountable that this information in this report is transparent, accurate and genuine. We welcome any feedback you may have as we strive for continuous improvement in our sustainable development reporting.

Patrick Healy
Managing Director, Swire Coca-Cola Ltd.

ABOUT THIS REPORT

This report describes the performance and approach of Swire Coca-Cola Limited (Swire Coca-Cola) in material areas of sustainable development for the calendar year 1 January to 31 December 2018. Swire Coca-Cola is the fifth largest bottler in sales volume for The Coca-Cola Company, and is wholly owned by Swire Pacific Limited.

This is the second annual Sustainable Development Report prepared by Swire Coca-Cola. It has been prepared in accordance with the Global Reporting Initiative (GRI) Standards: Core option.

It should be noted that Swire Beverages Limited changed its name in April 2019 to Swire Coca-Cola Limited. The change of name symbolises a new start of the company after the completion of refranchising in 2018 and reflects the long-term mutual commitment to true partnership between Swire Pacific and The Coca-Cola Company.

This report presents Swire Coca-Cola's performance data covering all bottling plants owned and operated by Swire Coca-Cola across four markets: Hong Kong, Mainland China, Taiwan and a stretch of the United States. We endeavor to provide a balanced, honest and transparent account of our performance.

Certain data points in this report have been limited assured by Deloitte. The verification statement can be found on page 107.

We Welcome Your Feedback

For more information or to share your comments or suggestions, please contact our sustainability team:

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SWIRE COCA-COLA OVERVIEW

Swire Coca-Cola is the fifth largest Coca-Cola bottler in terms of sales volume. We have exclusive rights to manufacture, distribute and sell The Coca-Cola Company's (TCCC's) trademark beverages across four markets covering Hong Kong, Taiwan, eastern and southern Mainland China, and a part of the U.S. which starts in Washington State and ends in Arizona.

Our company is wholly owned by Swire Pacific Limited (Swire Pacific) and first became a Coca-Cola franchise in the mid-1960s. Ever since, beverage production has been one of Swire Pacific's core operations. Swire Pacific is publicly listed on The Stock Exchange of Hong Kong (HKEX).

2018 Business Performance Overview

728 million
consumers

29,810
employees

4
markets

61
beverage brands

1.76 billion
unit cases sold annually

Operating Locations in Mainland China, Taiwan and Hong Kong

Mainland China

18 bottling plants

20,618 employees | **21** beverage brands

228 distribution centres

6,152 million litres in production volume

Hong Kong - headquarter

1 bottling plant | **1,518** employees

21 beverage brands | **315.5 million litres** in production volume

Taiwan

1 bottling plant | **873** employees

17 beverage brands | **3** distribution centres

134.4 million litres in production volume

Our Operating Locations

Note: Kaohsiung, Taiwan bottling plant is no longer a part of Swire Coca-Cola starting in April 2018

Operating Locations in the U.S.

U.S.

6 bottling plants

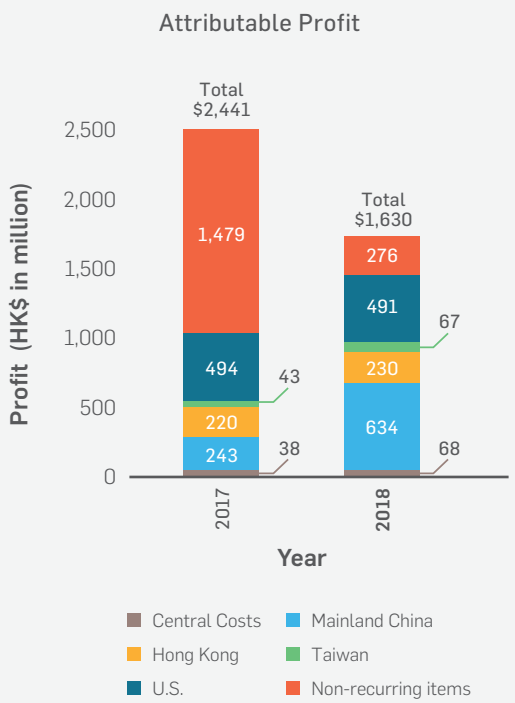
6,848 employees | **39** beverage brands

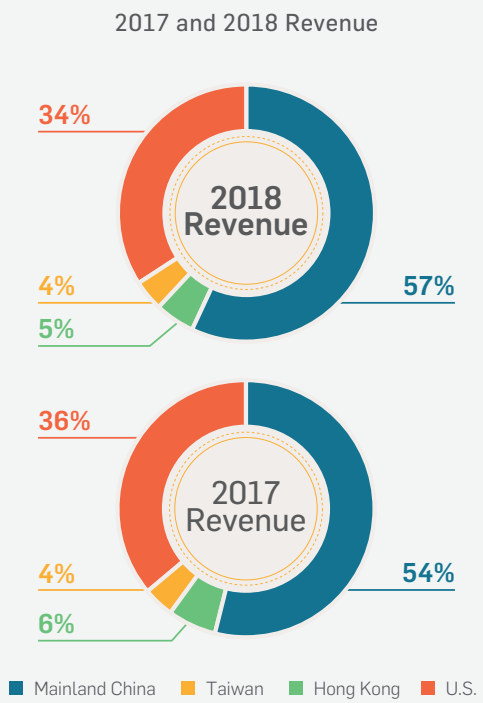
48 distribution centres

1,447.7 million litres in production volume

Our Operating Locations

Our 2018 Financials and Key Metrics





Key Financial Data

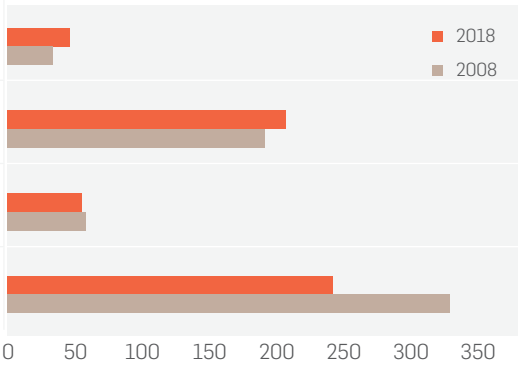
HK$million	2018	Change year-on-year
Attributable profit	1,630	-33%
Recurring profit*	1,354	+41%
Recurring EBITDA#	3,840	+18%
EBITDA margin#	9.0%	-0.2% pt

* Excludes non-recurring items.

Includes that of joint venture companies and excludes non-recurring gains and central costs.

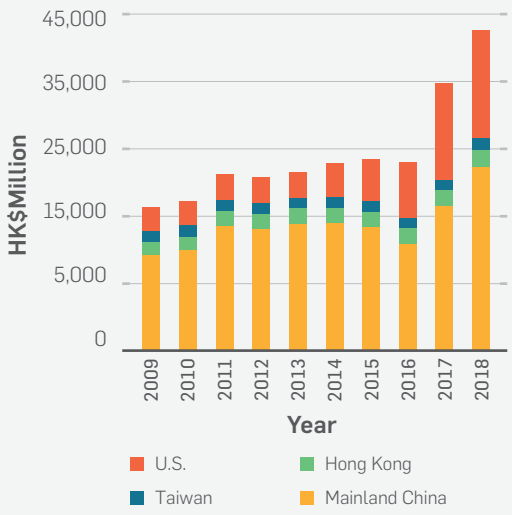
Per Capita Consumption in Franchise Territories

	Franchise population (millions) (end 2018)	GDP per capita (US$)	Sales volume (million unit cases) 2018	Sales volume (million unit cases) 2008
Mainland China	668.2	10,547	1,334	600
Hong Kong	7.4	47,426	66	57
Taiwan	23.6	25,048	56	58
U.S.	28.8	46,763	299	86



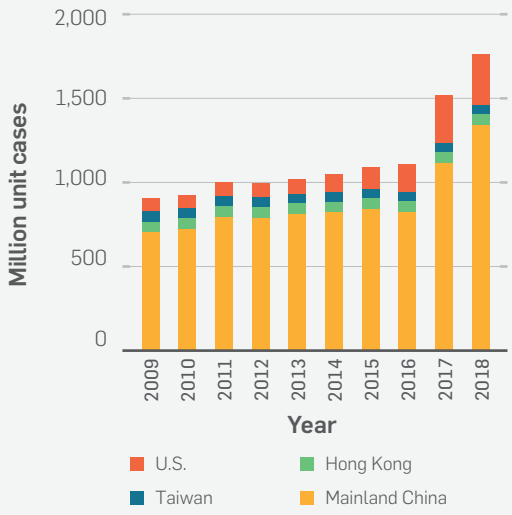
Note: A unit case comprises 24 8-ounce servings.

Sales Revenue#



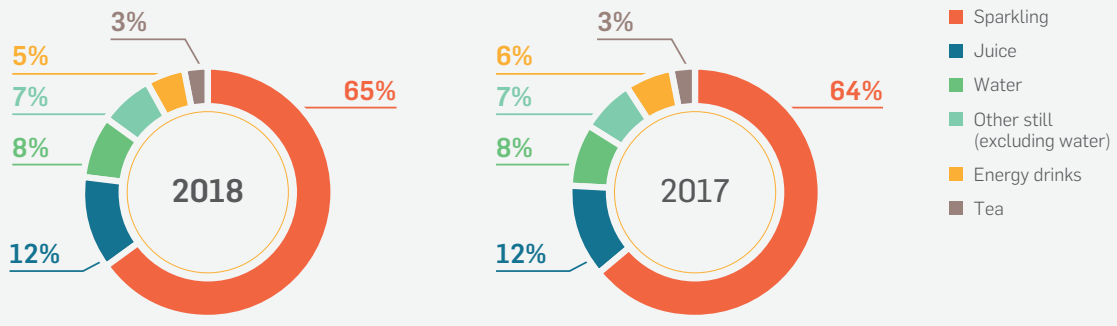
#Revenue and volume includes joint venture companies and excludes sales to other bottlers.

Sales Volume#



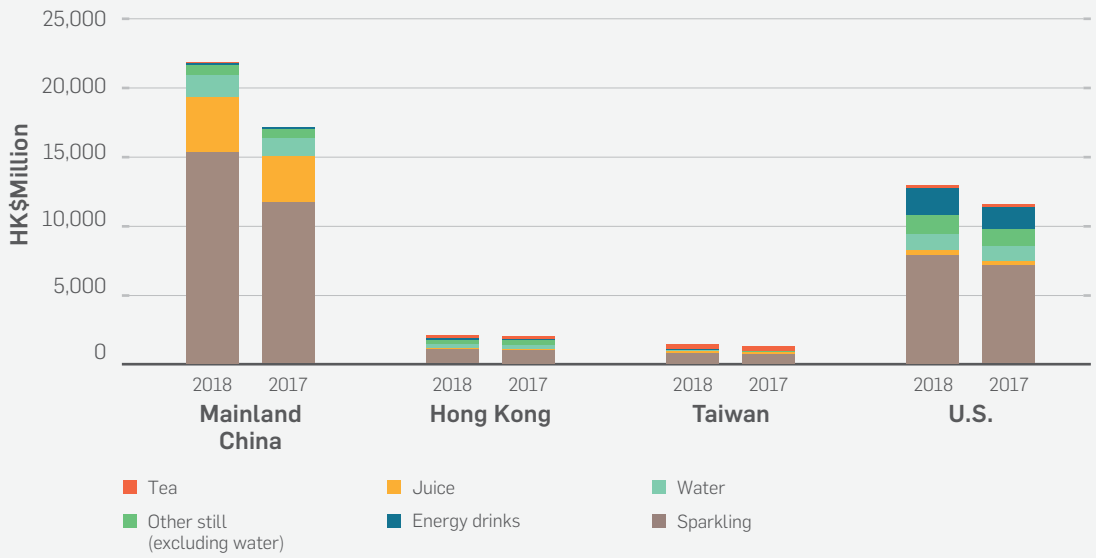
#Revenue and volume includes joint venture companies and excludes sales to other bottlers.

Breakdown of Total Revenue by Category*



*Revenue and volume includes joint venture companies and excludes sales to other bottlers.

Breakdown of Total Revenue by Region and Category#



#Revenue and volume includes joint venture companies and excludes sales to other bottlers.

Growth in Revenue and Volume in 2018 by Category#

	Mainland China		Hong Kong		Taiwan		U.S.	
	Revenue	Volume	Revenue	Volume	Revenue	Volume	Revenue	Volume
Sparkling	27%	23%	5%	3%	4%	1%	11%	5%
Juice	13%	14%	4%	2%	4%	4%	8%	-2%
Water	24%	19%	-6%	-3%	54%	33%	7%	7%
Other still (excluding water)	4%	-14%	3%	2%	16%	33%	11%	5%
Energy drinks	9%	7%	16%	4%	208%	212%	22%	27%
Tea	409%	188%	6%	4%	6%	9%	-1%	-4%

#Revenue (in local currency terms) and volume includes joint venture companies and excludes sales to other bottlers.

ACHIEVING SUSTAINABLE DEVELOPMENT

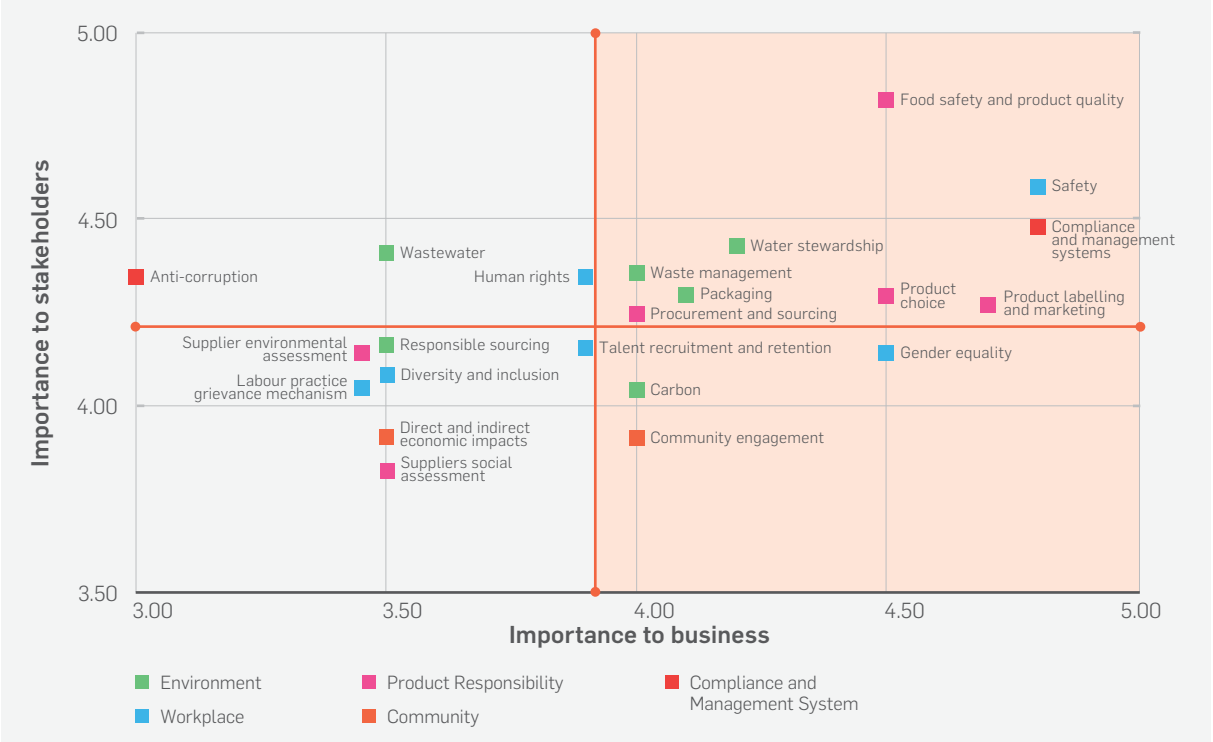
Swire Coca-Cola is committed to acting responsibly to support a better future for our employees, customers, the natural environment and the communities in which we operate and live. Our approach to sustainable development aligns with the values and commitments set out by our parent company, Swire Pacific in SwireTHRIVE, as well as brand owner, TCCC.

In 2019, we will publish a Sustainable Development Strategy, which will feature targets against all of its material topics, and lay out the key performance indicators (KPIs) in order to clearly demonstrate our progress (or lack thereof) to achieving these targets. As such this report, like our 2017 report, will disclose a high level of detail on our material topics, but will not state clear targets or KPIs.

Key Topics to Address

In the process of developing this report, we engaged with stakeholders to determine the most material topics for Swire Coca-Cola. Findings are shown in the matrix below, in which the relative importance of each topic to the business and to stakeholders is combined to reveal the most material topics overall. In close consultation with our senior management team, we have identified 12 material topics (shown in the top right and bottom right quadrants of the matrix). This report presents our approach to addressing these topics, including our commitments/policies, actions, performance and targets for the near future.

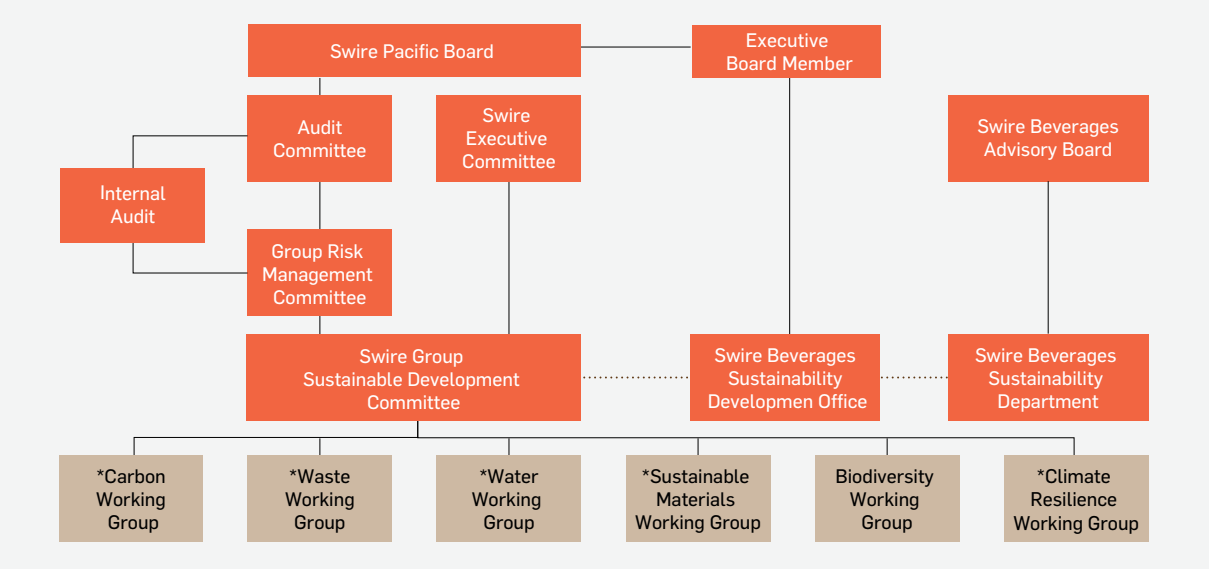
Swire Coca-Cola Materiality Matrix



Note: In this report, we have combined Packaging and Waste Management into one section. Product Choice and Product Labelling and Marketing are also combined into one section named Product Choice and Labelling. Lastly, Food Safety and Product Quality and Compliance and Management Systems are also combined to become Product Quality and Food Safety.

Governance of Sustainable Development at the Corporate Level

The Swire Pacific Board is responsible for overseeing sustainable development for all operating companies under Swire Pacific, including Swire Coca-Cola. Information on sustainability risks and performance is reported to the Board via the Group Risk Management Committee (GRMC), which has eight members and is chaired by the Finance Director. The GRMC is advised by the Swire Group Sustainablity Committee and by six working groups – each covering one of the six areas of SwireTHRIVE. The working groups meet three times a year to exchange information and best practices, with a view to developing specific policy recommendations, improving efficiency, reducing costs and engaging staff in sustainable development. Swire Coca-Cola participates in five of the six working groups (refer to the organisational chart below). Division heads of Swire Pacific's operating companies meet twice a year on sustainability matters under the direction of the Chairman of the Board.



Note: Swire Coca-Cola participates in the five Working Groups labelled with an asterisk *

Managing Sustainable Development at Swire Coca-Cola

At Swire Coca-Cola, we are responsible for managing and implementing our own sustainable development initiatives. We follow the Swire Pacific framework by:

- Assessing our performance on key topics.
- Developing suitable strategies to improve performance based on the findings from our assessments.
- Implementing strategies appropriately, including giving due consideration to how different markets operate.
- Monitoring and evaluating the effectiveness of our strategies.

Code of Conduct

Swire Coca-Cola's Corporate Code of Conduct outlines our commitment to conducting business with integrity and fairness. All staff are expected to maintain the highest standards of professionalism, provide high quality products and services, maintain good business ethics and corporate social responsibility, and abide by relevant legal obligations.

Scope of Data and Limited Assurance

With Swire Coca-Cola's expansion in mid-2017 where new territories were acquired in Mainland China and the U.S., 2018 is the first year where we have a complete set of data including all bottling plants. Thus, data from this year will be used as the baseline year for comparisons going forward.

Scope of Data

Section	In Scope	Out of Scope
Water stewardship	**Water consumption**	
	All water used by our own bottling plants.	
	Swire Coca-Cola wholly and majority owned bottling plants in all 4 markets. Coca-Cola Bottlers Manufacturing Holdings Ltd (CCMBH) - Luohe Branch and Nanjing Branch Water production line of Xiamen Luquan Industries Company Limited	Co-packers. Kaohsiung Plant - Taiwan Distribution centers, sales centers of Swire Coca-Cola wholly and majority owned bottling plants in the 4 markets. Packaging production (preform, cap and label) of Xiamen Luquan Industries Company Limited. Hangzhou Zi Tai Packaging co. Limited & Zhengzhou Zi Tai Packaging Co. Limited (these external companies are located within our Hangzhou & Zhengzhou bottling plants).
	Production volume	
	The volume (unit cases) of beverages manufactured.	
	Swire Coca-Cola wholly and majority owned bottling plants in all 4 markets. Coca-Cola Bottlers Manufacturing Holdings Ltd - Luohe Branch and Nanjing Branch Water production line of Xiamen Luquan Industries Company Limited	Co-packers and Kaohsiung Plant - Taiwan
	Manufacturing volume	
	The amount of water used to manufacture beverages, such as the water used for cleaning. It excludes the amount of water that is used inside beverages.	
	Swire Coca-Cola wholly and majority owned bottling plants in all 4 markets. Coca-Cola Bottlers Manufacturing Holdings Ltd - Luohe Branch and Nanjing Branch Water production line of Xiamen Luquan Industries Company Limited	Co-packers and Kaohsiung Plant - Taiwan
	Sales Volume	
	The amount of (unit cases) of beverages sold.	
	Swire Coca-Cola Ltd.	Excluding sales to other bottlers.
	Water - recycled (treated)	
	The volume of treated wastewater reused onsite or distributed to third parties for other uses.	
	Swire Coca-Cola wholly and majority owned bottling plants in the 4 markets. Coca-Cola Bottlers Manufacturing Holdings Ltd - Luohe Branch and Nanjing Branch Xiamen Luquan Industries Company Limited	Co-packers and Kaohsiung Plant - Taiwan
	Water - recycled (untreated)	
	Volume of untreated wastewater reused in the bottling plant for general cleaning outside production and or for toilet water.	
	Swire Coca-Cola wholly and majority owned bottling plants in the 4 markets. Coca-Cola Bottlers Manufacturing Holdings Ltd - Luohe Branch and Nanjing Branch Xiamen Luquan Industries Company Limited	Co-packers and Kaohsiung Plant - Taiwan

Section	In Scope	Out of Scope
Carbon	**Energy consumption**	
	Energy consumed from Direct - Stationary, Mobile and Indirect sources used for our own operations	
	Refer to the Envrionmental Performance Table:- Direct - Stationary sources include natural gas, towngas, diesel and liquefied petroleum gas and Indirect sources include purchased electricity and steam Energy used for facility operation, beverage production, bottling processes, cleaning/ sanitizing processes and cooling across Swire Coca-Cola wholly and majority owned bottling plants in all 4 markets, Coca-Cola Bottlers Manufacturing Holdings Ltd (CCMBH) - Luohe Branch and Nanjing Branch and water production line of Xiamen Luquan Industries Company Limited. Mobile sources include diesel and gasoline Product distribution and delivery by Swire Coca-Cola wholly and majority owned bottling plants in all 4 markets and Xiamen Luquan Industries Company Limited.	Refer to the Environmental Performance Table:- Renewable energy from photovolatic panels in Swire Coca-Cola Beverages Fuzhou, Swire Coca-Cola Beverages Guangxi, Swire Coca-Cola Beverages Luohe, Swire Coca-Cola Beverages Hefei, Swire Coca-Cola Beverages Zhejiang, Shanghai Shen-Mei - Jinqiao, Siwre Coca-Cola Beverages Yunnan and Xiamen Luquan Industries Company Limited. Direct energy sources and indirect energy sources Energy used for facility operation, beverage production, bottling processes, cleaning / sanitizing processes and cooling from Kaohsiung Plant - Taiwan, Co-packers, Distribution centers and sales centers of Swire Coca-Cola wholly and majority owned bottling plants in the 4 markets, Packaging production (preform, cap and label) of Xiamen Luquan Industries Company Limited and Hangzhou Zi Tai Packaging Co. Limited & Zhengzhou Zi Tai Packaging Co. Limited (these external companies are located within our Hangzhou & Zhengzhou bottling plants). Mobile energy sources (diesel and gasoline) Product distribution and delivery by Contractors and Third parties. Electricity used in third party and our owned cold drink equipment across the 4 markets.
	Electricity from photovolatic panels	
	Electricity generated from on-site photovoltaic panels.	
	Swire Coca-Cola Beverages Fuzhou, Swire Coca-Cola Beverages Guangxi, Swire Coca-Cola Beverages Luohe, Swire Coca-Cola Beverages Hefei, Swire Coca-Cola Beverages Zhejiang, Shanghai Shen-Mei - Jinqiao and Xiamen Luquan Industries Company Limited GHG emissions factor of renewable energy is 0g CO_2/kWh.	Swire Coca-Cola Beverges Yunnan
	Carbon emissions from Manufacturing	
	Direct carbon emissions during the manufacturing process to produce beverages	
	Refer to the Environmental Performance Table:- Scope 1 emissions are from the combustion of natural gas, towngas, diesel and liquefied petroleum gas consumed by Swire Coca-Cola wholly and majority owned bottling plants in the 4 markets, Coca-Cola Bottlers Manufacturing Holdings Ltd - Luohe Branch and Nanjing Branch and water production line of Xiamen Luquan Industries Company Limited.	Refer to the Environmental Performance Table:- Scope 1 emissions The combustion of natural gas, towngas, diesel and liquefied petroleum gas consumed by Kaohsiung Plant - Taiwan and Packaging production (preform, cap and label) of Xiamen Luquan Industries Company Limited

Section	In Scope	Out of Scope
Carbon		
	Indirect carbon emissions during the manufacturing process to produce beverages	
	Refer to the Environmental Performance Table:- Scope 2 emissions are from purchased electricity, towngas and steam from Swire Coca-Cola wholly and majority owned bottling plants in the 4 markets, Coca-Cola Bottlers Manufacturing Holdings Ltd - Luohe Branch and Nanjing Branch and water production line of Xiamen Luquan Industries Company Limited.	Refer to the Environmental Performance Table:- Scope 2 emissions Purchased electricity and steam consumed by Kaohsiung Plant - Taiwan and Packaging production (preform, cap and label) of Xiamen Luquan Industries Company Limited. Scope 3 emissions Purchased electricity and steam consumed by Co-packers and Hangzhou Zi Tai Packaging co. Limited & Zhengzhou Zi Tai Packaging Co. Limited (these external companies are located within our Hangzhou & Zhengzhou bottling plants). Scope 3 emissions The combustion of natural gas, diesel and liquefied petroleum gas consumed by Co-packers and Hangzhou Zi Tai Packaging co. Limited & Zhengzhou Zi Tai Packaging Co. Limited (these external companies are located within our Hangzhou & Zhengzhou bottling plants).
	Carbon emissions from Distribution	
	Direct carbon emissions from product distribution and delivery by our owned vehicles	
	Refer to the Envrionmental Performance Table:- Scope 1 emissions are from the diesel and gasoline used by Swire Coca-Cola wholly and majority owned bottling plants in the 4 markets and Xiamen Luquan Industries Company Limited.	Refer to the Environmental Performance Table:- Scope 1 emissions The combustion of diesel for forklift operation consumed by Distribution centers of Swire Coca-Cola wholly and majority owned bottling plants in the 4 markets Scope 2 emissions Purchased electricity consumed by Distribution centers and sales centers of Swire Coca-Cola wholly and majority owned bottling plants in the 4 markets. Scope 3 emissions Product distribution and delivery by Contractors and third parties. Employee business travel
	Cold Drink Equipment (CDE)	
	Cold drink equipment includes coolers, vending machines, carboys and fountain equipment.	
	Owned Cold drink equipment across the 4 markets.	Third party coolers and vending machines.
	Carbon emissions from Cold Drink Equipment	
	Fugitive emissions from cold drink equipment	
	Scope 1 emissions Theorectical weight of fugitive emissions from refrigerants containing CFC, HCFC, HFC and HC used in owned cold drink equipment across the 4 markets.	Scope 3 emission:- Electricity used in customer locations for owned and third party cold drink equipment across the 4 markets.

Section	In Scope	Out of Scope
Packaging and waste management	**Primary packaging**	
	The packaging layer that first envelops the product and holds it (i.e. bottle, lable, closure, closure ring)	
	Swire Coca-Cola wholly and majority owned bottling plants in the 4 markets. Coca-Cola Bottlers Manufacturing Holdings Ltd - Luohe Branch and Nanjing Branch Xiamen Luquan Industries Company Limited Coca-Cola Bottlers Manufacturing Holdings Ltd. Guangzhou Shengbabao Mineral Water Beverage Co., Ltd. Changzhou Pengshi Water Co., Ltd., Kunshan Brilliant Fujing New Material Technology Co., Ltd., Taicang Taifu Water Co., Ltd., Wuxi Zhonglian Beverage Co., Ltd. King Car Group, Taiwan Hon Chuan Group and Donjo Biotech Co., Ltd.	National Product Supply Group (NPSG) CCBMH (Coca-Cola Bottlers Manufacturing Holdings Ltd) Nanchang Zhongfu Container Co., Ltd., Zhanjiang Zhongfu Container Co., Ltd. and Haikou Fu Li Food Co., Ltd. Import suppliers
	Secondary packaging	
	Used to group individual beverage containers together.	
	Swire Coca-Cola wholly and majority owned bottling plants in the 4 markets. Coca-Cola Bottlers Manufacturing Holdings Ltd - Luohe Branch and Nanjing Branch, Xiamen Luquan Industries Company Ltd. Coca-Cola Bottlers Manufacturing Holdings Ltd. Guangzhou Shengbabao Mineral Water Beverage Co., Ltd. Changzhou Pengshi Water Co., Ltd., Kunshan Brilliant Fujing New Material Technology Co., Ltd.,Taicang Taifu Water Co., Ltd., Wuxi Zhonglian Beverage Co., Ltd., King Car Group, Taiwan Hon Chuan Group and Donjo Biotech Co., Ltd.	National Product Supply Group (NPSG) CCBMH (Coca-Cola Bottlers Manufacturing Holdings Ltd.) Nanchang Zhongfu Container Co., Ltd., Zhanjiang Zhongfu Container Co., Ltd. and Haikou Fu Li Food Co., Ltd. Import suppliers
	Tertiary packaging	
	Packaging that is used for bulk handling (i.e. steel drums for juices, slip trays, pallets, hard plastic crates), warehouse storage and shipping.	
	Swire Coca-Cola wholly and majority owned bottling plants in Hong Kong and Mainland China. Coca-Cola Bottlers Manufacturing Holdings Ltd - Luohe Branch and Nanjing Branch which are managed by Swire Coca-Cola Xiamen Luquan Industries Company Limited	Co-packers; Distribution centers and sales centers of Swire Coca-Cola wholly and majority owned bottling plants the 4 markets. Hangzhou Zi Tai Packaging co. Limited & Zhengzhou Zi Tai Packaging Co. Limited (these external companies are located within our

Section	In Scope	Out of Scope
Packaging and waste management	**Recycling - Paper/carton**	
	Weight of paper type material collected to recycling contractors	
	Swire Coca-Cola wholly and majority owned bottling plants in the 4 markets. Coca-Cola Bottlers Manufacturing Holdings Ltd - Luohe Branch and Nanjing Branch; and Water line production of Xiamen Luquan Industries Company Limited	Co-packers; Kaohsiung Plant - Taiwan; Distribution centers and sales centers of Swire Coca-Cola wholly and majority owned bottling plants the 4 markets; Packaging production (preform, cap and label) of Xiamen Luquan Industries Company Limited; and Hangzhou Zi Tai Packaging co. Limited & Zhengzhou Zi Tai Packaging Co. Limited (these external companies are located within our Hangzhou & Zhengzhou bottling plants).
	Recycling - Glass	
	Weight of damaged glass bottles or glass material collected to recycling contractors	
	Swire Coca-Cola wholly and majority owned bottling plants in the 4 markets. Coca-Cola Bottlers Manufacturing Holdings Ltd - Luohe Branch and Nanjing Branch	Co-packer; Kaohsiung Plant - Taiwan; Distribution centers and sales centers of Swire Coca-Cola wholly and majority owned bottling plants in the 4 markets; and Packaging production (preform, cap and label) of Xiamen Luquan Industries Company Limited.
	Recycling - Cap	
	Weight of damaged plastic closures collected to recycling contractors	
	Swire Coca-Cola wholly and majority owned bottling plants in the 4 markets. Coca-Cola Bottlers Manufacturing Holdings Ltd - Luohe Branch and Nanjing Branch which are managed by Swire Coca-Cola Water production line of Xiamen Luquan Industries Company Limited	Co-packer; Kaohsiung Plant - Taiwan; Distribution centers and sales centers of Swire Coca-Cola wholly and majority owned bottling plants in the 4 markets; Packaging production (preform, cap and label) of Xiamen Luquan Industries Company Limited; and Hangzhou Zi Tai Packaging co. Limited & Zhengzhou Zi Tai Packaging Co. Limited (these external companies are located within our Hangzhou & Zhengzhou bottling plants).
	Recycling - Plastic	
	Weight of plastic material includes plastic drums, PE films, damaged red crates and damaged carboy bottles	
	Swire Coca-Cola wholly and majority owned bottling plants in the 4 markets. Coca-Cola Bottlers Manufacturing Holdings Ltd - Luohe Branch and Nanjing Branch; and Water production line of Xiamen Luquan Industries Company Limited	Co-packer; Kaohsiung Plant - Taiwan; Distribution centers and sales centers of Swire Coca-Cola wholly and majority owned bottling plants in the 4 markets; Packaging production (preform, cap and label) of Xiamen Luquan Industries Company Limited; and Hangzhou Zi Tai Packaging co. Limited & Zhengzhou Zi Tai Packaging Co. Limited (these external companies are located within our Hangzhou & Zhengzhou bottling plants).

Section	In Scope	Out of Scope
Packaging and waste management	**Recycling - Metal**	
	Weight of metal material includes damaged post mix tanks, stainless steel, concentrate drums, iron tanks and PM cylinders from our own bottling plants collected to recycling contractor	
	Swire Coca-Cola wholly and majority owned bottling plants in the 4 markets. Coca-Cola Bottlers Manufacturing Holdings Ltd - Luohe Branch and Nanjing Branch which are managed by Swire Coca-Cola	Co-packer; Kaohsiung Plant - Taiwan; Distribution centers and sales centers of Swire Coca-Cola wholly and majority owned bottling plants in the 4 markets. Hangzhou Zi Tai Packaging co. Limited & Zhengzhou Zi Tai Packaging Co. Limited (these external companies are located within our Hangzhou & Zhengzhou bottling plants). Xiamen Luquan Industries Company Limited
	Recycling - Aluminium	
	Weight of aluminium material from our own bottling plants collected to recycling contractor	
	Swire Coca-Cola wholly and majority owned bottling plants in the 4 markets. Coca-Cola Bottlers Manufacturing Holdings Ltd - Luohe Branch and Nanjing Branch which are managed by Swire Coca-Cola	Co-packer; Kaohsiung Plant - Taiwan; Distribution centers and sales centers of Swire Coca-Cola wholly and majority owned bottling plants in the 4 markets. Hangzhou Zi Tai Packaging co. Limited & Zhengzhou Zi Tai Packaging Co. Limited (these external companies are located within our Hangzhou & Zhengzhou bottling plants). Xiamen Luquan Industries Company Limited
	Recycling - PET	
	Weight of damaged or write off PET bottles collected to recycling contractor	
	Swire Coca-Cola wholly and majority owned bottling plants in the 4 markets. Coca-Cola Bottlers Manufacturing Holdings Ltd - Luohe Branch and Nanjing Branch which are managed by Swire Coca-Cola Water production line of Xiamen Luquan Industries Company Limited	Co-packer; Kaohsiung Plant - Taiwan; Distribution centers and sales centers of Swire Coca-Cola wholly and majority owned bottling plants in the 4 markets. Hangzhou Zi Tai Packaging co. Limited & Zhengzhou Zi Tai Packaging Co. Limited (these external companies are located within our Hangzhou & Zhengzhou bottling plants).
	Recycling - Wood / Pallet	
	Weight of wooden material collected to recycling contractor	
	Swire Coca-Cola wholly and majority owned bottling plants in the 4 markets. Coca-Cola Bottlers Manufacturing Holdings Ltd - Luohe Branch and Nanjing Branch which are managed by Swire Coca-Cola Water production line of Xiamen Luquan Industries Company Limited	Co-packer; Kaohsiung Plant - Taiwan; Distribution centers and sales centers of Swire Coca-Cola wholly and majority owned bottling plants in the 4 markets. Hangzhou Zi Tai Packaging co. Limited & Zhengzhou Zi Tai Packaging Co. Limited (these external companies are located within our Hangzhou & Zhengzhou bottling plants).

Section	In Scope	Out of Scope
Packaging and waste management	**Hazardous wastes (solid)**	
	Hazardous wastes (solid) categorised in accordance with local regulations such as rechargable batteries, chemical and oil containers and paint wastes. All hazardous wastes (solid) handling prcedures comply with local requirements.	
	Swire Coca-Cola wholly and majority owned bottling plants in the 4 markets. Coca-Cola Bottlers Manufacturing Holdings Ltd - Luohe Branch and Nanjing Branch which are managed by Swire Coca-Cola Water production line of Xiamen Luquan Industries Company Limited	Co-packer; Kaohsiung Plant - Taiwan; Distribution centers and sales centers of Swire Coca-Cola wholly and majority owned bottling plants in the 4 markets. Hangzhou Zi Tai Packaging co. Limited & Zhengzhou Zi Tai Packaging Co. Limited (these external companies are located within our Hangzhou & Zhengzhou bottling plants).
	Hazardous wastes (liquid)	
	Hazardous wastes (liquid) categorised in accordance with local regulations such as chemical reagent, cleaning agent, used oil, spent solvents and paint wastes. All hazardous wastes (liquid) handling prcedures comply with local requirements.	
	Swire Coca-Cola wholly and majority owned bottling plants in the 4 markets. Coca-Cola Bottlers Manufacturing Holdings Ltd - Luohe Branch and Nanjing Branch which are managed by Swire Coca-Cola Water production line of Xiamen Luquan Industries Company Limited	Co-packer; Kaohsiung Plant - Taiwan; Distribution centers and sales centers of Swire Coca-Cola wholly and majority owned bottling plants in the 4 markets. Hangzhou Zi Tai Packaging co. Limited & Zhengzhou Zi Tai Packaging Co. Limited (these external companies are located within our Hangzhou & Zhengzhou bottling plants).
	Sludge (Recycling)	
	Semi-solid by-product generated from wastewater treatment process	
	Swire Coca-Cola Hong Kong, Swire Coca-Cola Taiwan, Swire Guangdong Coca-Cola, Swire Coca-Cola Beverages Zhejiang & Swire Coca-cola Beverages Hubei	Co-packer and Kaohsiung Plant - Taiwan
	Tea & Soya bean slag (Recycling)	
	The weight of tea & soya bean slag from production of teas and soya bean based drinks.	
	Swire Coca-Cola Hong Kong	Co-packer; Swire Coca-Cola wholly and majority owned bottling plants in Mainland China, Taiwan and the US.
	Commercial / industrial waste	
	The weight of refuse and construction waste collected to landfill or incinerator	
	Swire Coca-Cola wholly and majority owned bottling plants in the 4 markets. Coca-Cola Bottlers Manufacturing Holdings Ltd - Luohe Branch and Nanjing Branch which are managed by Swire Coca-Cola Water production line of Xiamen Luquan Industries Company Limited	Co-packer; Kaohsiung Plant - Taiwan; Distribution centers and sales centers of Swire Coca-Cola wholly and majority owned bottling plants in the 4 markets. Hangzhou Zi Tai Packaging co. Limited & Zhengzhou Zi Tai Packaging Co. Limited (these external companies are located within our Hangzhou & Zhengzhou bottling plants).

Section	In Scope	Out of Scope
Community Engagement	**Volunteer Services**	
	Permanent and part time staff volunteering for community work in and out of office hours.	
	All Permanent and temporary Contract staff in all 4 markets (including Fixed Term Contract in Mainland China)	All family members of Permanent and temporary Contract staff in all 4 markets (including Fixed Term Contract in Mainland China)
Gender Equality	**Employees**	
	The scope includes the total number of full time and part-time employees during the reporting period.	
	All Permanent and temporary Contract staff in all 4 markets (including Fixed Term Contract in Mainland China);	Contractors, Co-packers and dispatch workers (in Mainland China)
Safety	**Fatalities**	
	Any fatal incident which is connected with the business of Swire Coca-Cola.	
	The deceaased is an employee, contractor, customer, dispatch workers (in Mainland China) or other third party.	Co-packers
	Lost time injury [LTI]	
	A work-related injury, which results in one or more lost days or lost shifts from full time and part-time employees.	
	All Permanent and temporary Contract staff in all 4 markets (including Fixed Term Contract in Mainland China); For Mainland China and Taiwan, this includes travelling to and from work.	Contractors, Co-packers and dispatch workers (in Mainland China).
	Lost time injury rate (LTIR)	
	= (Total LTI / Total no. of hours worked) X 200,000 The calcuation is based on 200,000 hours (100 full-time equivalent employees working 40 hours per week for 50 weeks)	
	All Permanent and temporary Contract staff in all 4 markets (including Fixed Term Contract in Mainland China)	Contractors, Co-packers and dispatch workers (in Mainland China)
	Lost day rate (LDR)	
	= (Total LTI / Total no. of hours worked) X 200,000 The calcuation is based on 200,000 hours (100 full-time equivalent employees working 40 hours per week for 50 weeks)	
	All Permanent and temporary Contract staff in all 4 markets (including Fixed Term Contract in Mainland China)	Contractors, Co-packers and dispatch workers (in Mainland China)
	Total incident rate (TIR)	
	= (Total LTI and medical treatment injuires / Total no. of hours worked) X 200,000 The calcuation is based on 200,000 hours (100 full-time equivalent employees working 40 hours per week for 50 weeks)	
	All Permanent and temporary Contract staff in all 4 markets (including Fixed Term Contract in Mainland China)	Contractors, Co-packers and dispatch workers (in Mainland China)

2018 Limited Assurance

We conducted a data verification process to verify the accuracy of our data. Deloitte has issued Swire Coca-Cola limited assurance on specific sustainable development data points for the year ending on 31 December 2018.

Data Points

Five data points were reviewed by Deloitte as part of the limited assurance. They include:

Environment

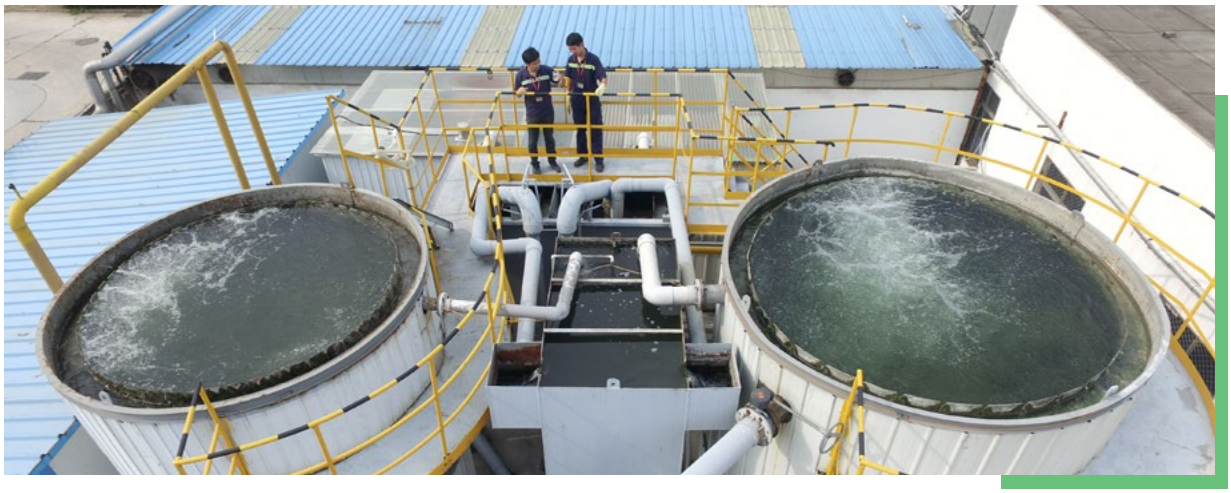
- Total energy consumption
- Total greenhouse gases emissions by weight (CO_2e) - Scope 1 & 2
- Total water consumption – municipal water only

Social

- Total number of fatalities (this includes our own employees only)
- Total lost time injury frequency rate

These data points are presented in accordance with the criteria set out in GRI Standards and the HKEX Appendix 27: Environmental, Social and Governance (ESG) Reporting Guide. Throughout the report, particularly in the data performance tables, "**R**" denotes data points that have been verified by Deloitte. Refer to the Independent Limited Assurance Report in the Appendix for further details.

WATER STEWARDSHIP



Water stewardship continues to be a top priority. In 2018, Swire Coca-Cola saw an overall Water Use Ratio of 1.74 across all four market. This means, we used 14 million litres of water to produce 8 million litres of beverages.

We launched our own Environmental Policy this year to outline our commitments to use water responsibly and sustainably. Our approach to water replenishment is aligned with that of TCCC. We aim to return to communities and nature the same amount of water that we take out for our beverages.

Readily available, clean, and affordable water is a vital resource for our local communities and ecosystems, as well as for our business. Water is a key ingredient in our beverages and is also important in the agricultural supply chains from which we source our ingredients. Despite its importance, freshwater is a scarce resource and makes up only 2% of the world's water. With a growing global population, over half of the world's population could be subject to water stress by 2050.[1]

With the risk that climate change will disrupt the natural water cycle, the security of freshwater supply will become a greater challenge for individuals and businesses around the world. The Intergovernmental Panel on Climate Change (IPCC) indicated that for every 1°C increase in global temperature, a further 7% of the global population would face decreased freshwater availability.[2] As a user of freshwater, we believe Swire Coca-Cola has responsibility to help protect this vital resource through water stewardship initiatives.

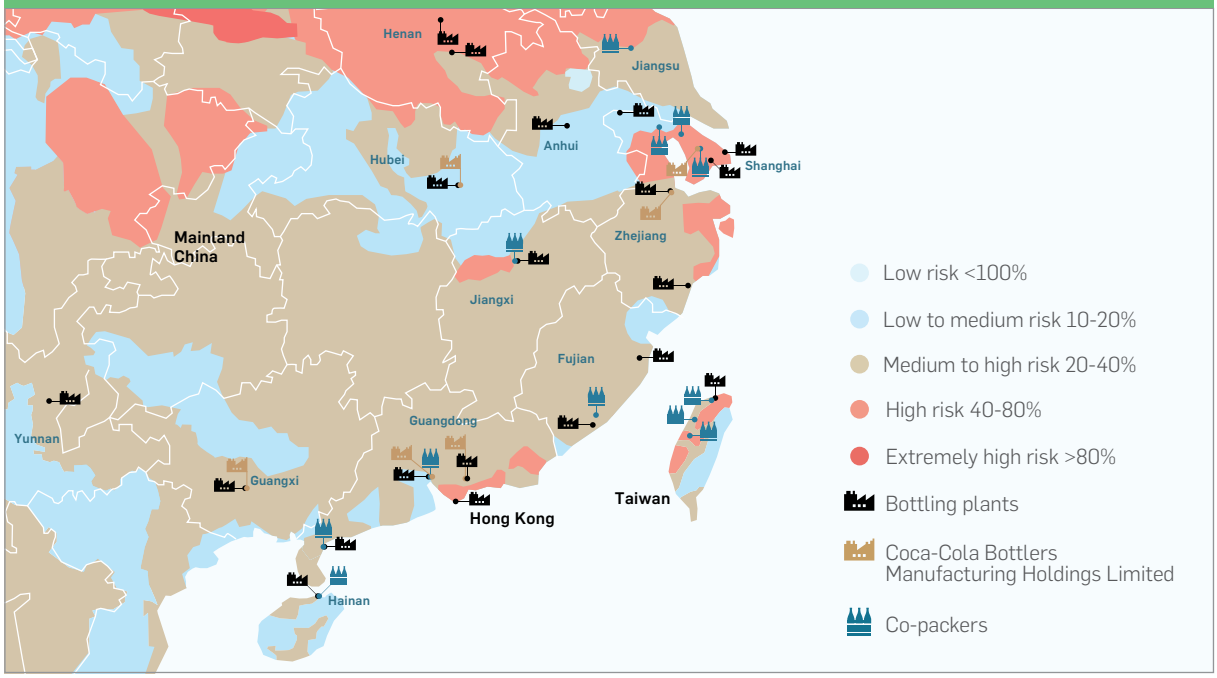
[1] The Illusion of Plenty – Hong Kong's water security, working towards regional water harmony' - prepared by ADM Capital Foundation with the financial support of the WYNG Foundation.

[2] ibid

Understanding Our Water Risks

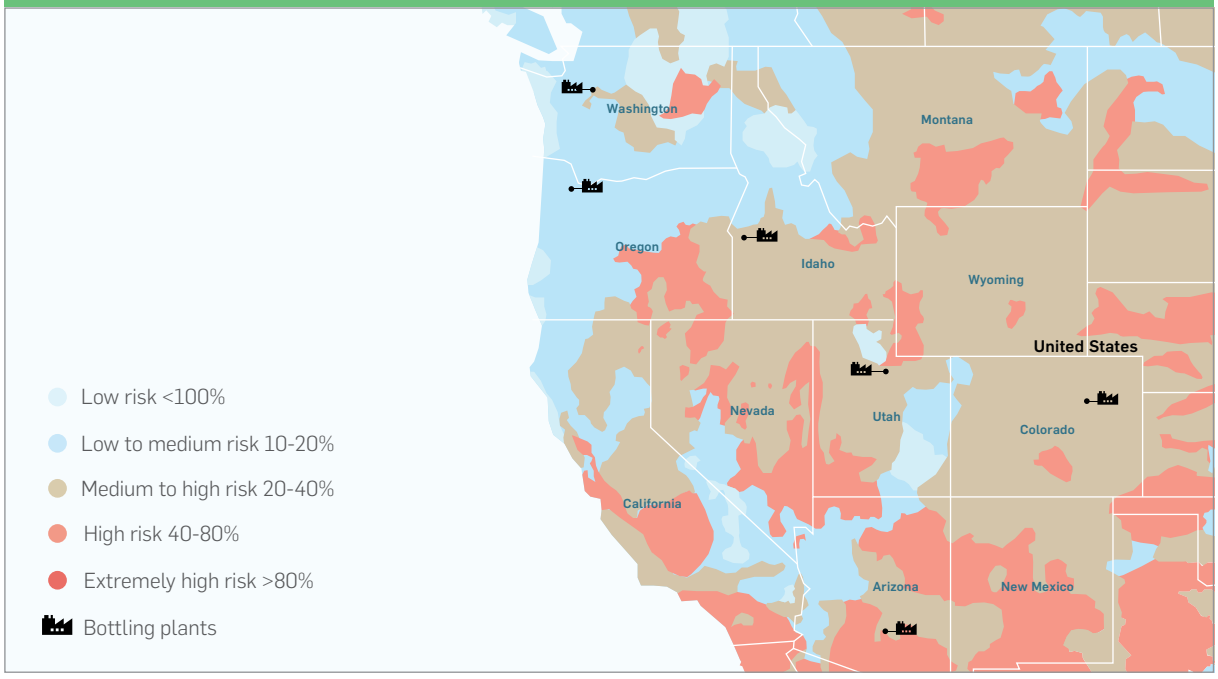
We mapped out our bottling plants and co-packers against the overall water risks of their geographic locations. The majority of our operations are located in areas of medium-to-high water risk, indicating the need for us to operate efficiently in order to avoid negatively impacting local water resources. For more details on how we assess the water risks in areas where we operate, refer to page 17 of our 2017 Sustainable Development Report.

Overall Water Risk Map for Mainland China



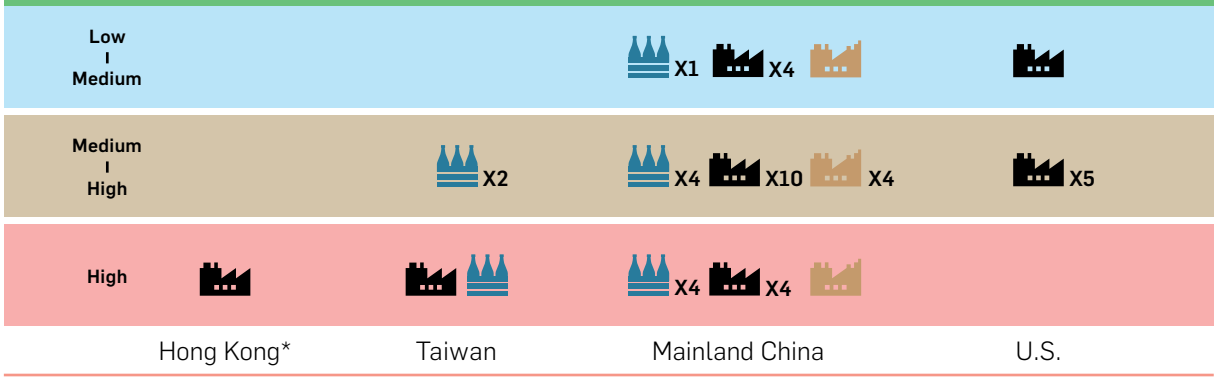
Source: AQUEDUCT World Resource Institute

Overall Water Risk Map for U.S.



Source: AQUEDUCT World Resource Institute

Level of Overall Water Risk

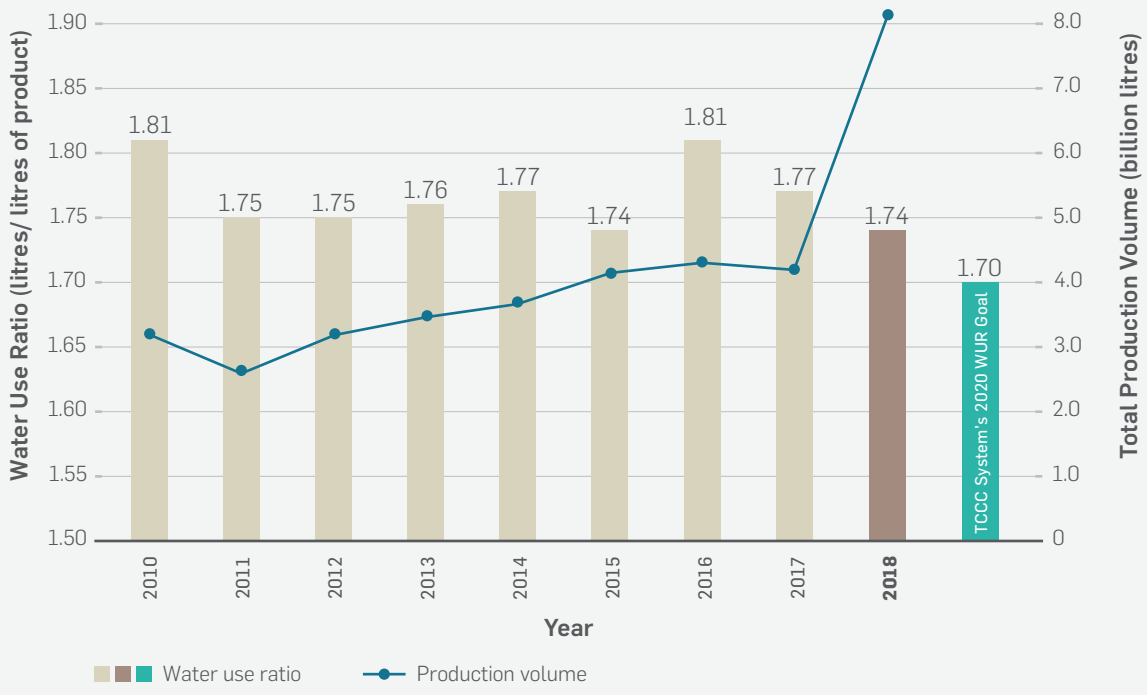


*Whilst the bottling plant in Hong Kong is located in a high risk area, its water supply is mostly sourced from Dongjiang River which is located in a medium to high water risk area.

Progress in 2018

The impact of the mid-2017 refranchising on our water use performance was not included in our 2017 Water Use Ratio (WUR) figure[3], but is reflected in 2018 upon collecting one full year's worth of data. Our overall WUR of 1.74 across all markets for 2018 is the baseline from which we will work to improve our future performance.

Water Use Ratio and Production Volume



[3] We track our water use efficiency by calculating Water Use Ratios (WURs), defined as the amount of water used to produce one litre of beverage.

Comparison of Water Use Ratio by Market

Market	Year	
	2017	2018
Mainland China	1.67	1.71[1]
Hong Kong	2.43	2.39
Taiwan	2.55	2.29[2]
U.S.	1.76	1.71[1]

Note:

[1] The 2017 WUR figures for Mainland China and the U.S. only include legacy bottling plants (i.e. excludes the impact of the re-franchising that took place in mid-2017). The WUR figures presented for 2018 include all bottling plants after the re-franchising.

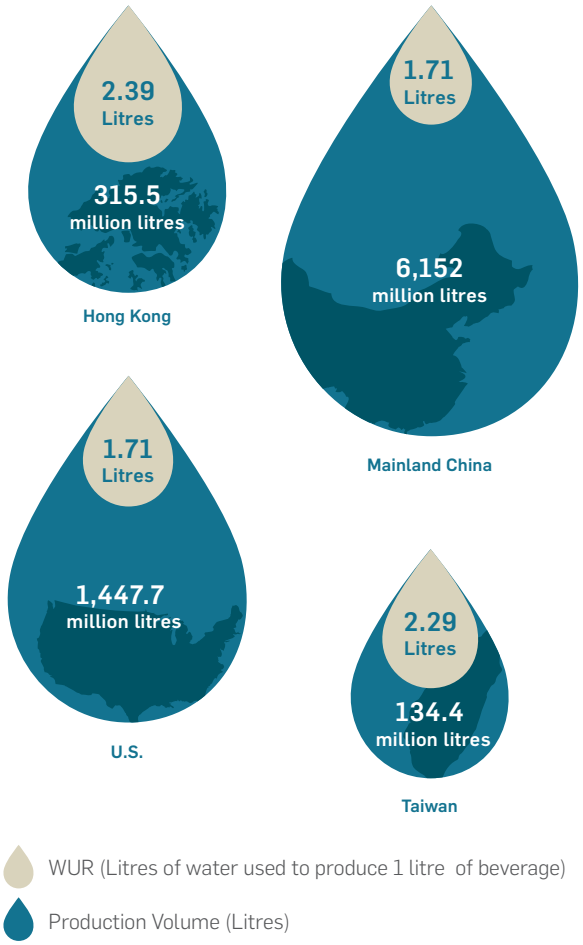
[2] Kaohsiung bottling plant has been excluded

While WUR offers a general overview of our efficiency performance, it is also dictated by the diversity of our beverage portfolio. A diverse portfolio means the cleaning process when changing from manufacturing one beverage type to another is more frequent and therefore requires more water. Although our Hong Kong and Taiwan operations produce relatively low beverage volumes, their diverse portfolios are one of the reasons why their WURs are higher than those of Mainland China and the U.S.

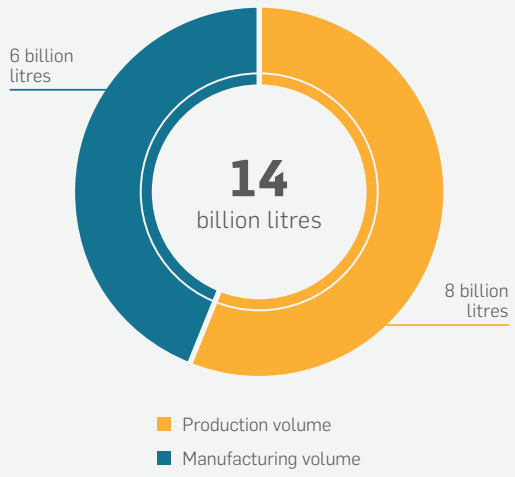
Beginning in 2018, we are reporting the water use performance of six bottling plants in Mainland China in which we have a 41% ownership stake (collectively known as CCBMH) to provide a holistic view to stakeholders. CCBMH had a WUR of 2.6 this year. As a partial owner, we have some influence on the operations of these plants and therefore consider this as good opportunity to share our experience with the aim of helping to improve CCBMH's water use efficiency.

In 2018, we used 14 billion litres of water at our own bottling plants to produce 8 billion litres of beverages across four markets. In addition to this, some of the beverages we sell are either imported or manufactured by co-packers and CCBMH. The combined production volume of co-packers and CCBMH makes up of approximately 16% of our overall production volume.

2018 Water Use Ratio by Market at fully owned Bottling plants:



2018 Total Water Use



2018 Water Use Ratio of Major Coca-Cola Bottlers and The Coca-Cola System

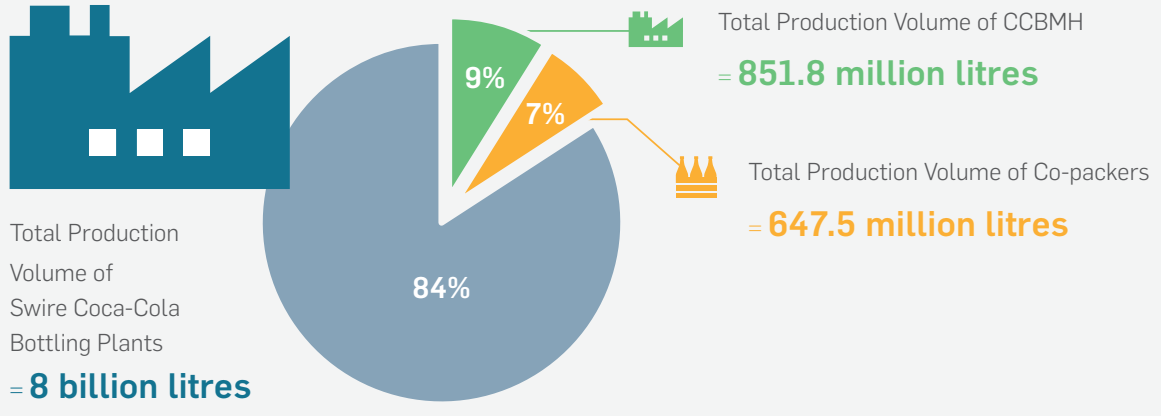
Bottling Partner	Water Use Ratio
Coca-Cola Amatil	2.06 (1)
FEMSA	1.59
Coca-Cola European Partners	1.61
Coca-Cola Hellenic Bottling Company	1.79
Swire Coca-Cola	1.74
The Coca-Cola System	1.89

Note:
(1) At the time when this report is published, Coca-Cola Amatil had not published their 2018 report and therefore the WUR presented here is from their 2017 Sustainability Report

Market	No. of co-packers	No. of CCMBH	Swire Coca-Cola Production volume (million litres)	Co-packer Production Volume (million litres)	CCBMH Production Volume (million litres)	Proportion of Production Volume by Co-packer (including CCBMH)
Hong Kong	0	0	315	23.6[1]	4.3	8%
Mainland China	6	6	6,170	290	847.5	16%
Taiwan	3	0	135	87.2	0	39%
U.S.	0	0	1,448	333[2]	0	19%
Total	**9**	**6**	**8,068**	**733.8**	**851.8**	**17%**

Note:
[1] Swire Coca-Cola Hong Kong imports a portion of its products to be sold in the local market
[2] A portion of products are produced as part of the National Product Supply Group. This figure assumes co-packers are responsible for 23% of our production volume in the U.S.

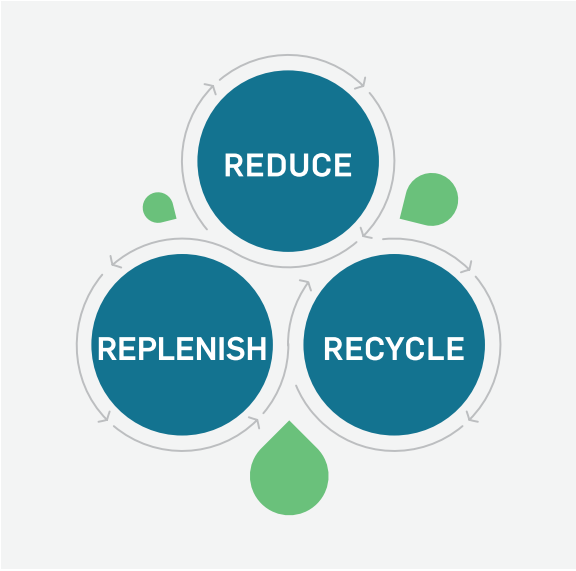
Proportion of Production Volume by Co-packers



Our Commitment

Swire Coca-Cola is committed to using water resources responsibly. We do so by understanding the water risks in areas where we operate, coupled with implementing appropriate measures to maximise water use efficiency at our bottling plants. In 2018, we launched our Environmental Policy to outline our commitments to use water responsibly and sustainably. Our approach to water replenishment is aligned with that of TCCC and we aim to return to communities and nature the same amount of water that we take out for our beverages.

Managing Our Water Use



Reduce

During the manufacturing process, we apply innovative water-substituting technologies to reduce the amount of freshwater we required. We currently implement the following measures at bottling plants during the manufacturing process to help us minimise our water consumption.

- **Use of dry lubricants:** We apply dry lubricants in place of soapy water on bottle conveyor belts to help move cans and bottles along production lines.
- **Air rinsing systems:** Ionised air is used in place of water to rinse bottles and cans.
- **Clean in place (CIP) optimisation and alternative rinsing methods:** CIP refers to the cleaning and sanitation process when switching a production line from manufacturing one beverage type to another. We apply pulse rinsing and on/off spray rinsing instead of continuous rinsing, which reduces the amount of water needed.
- **Ultraviolet (UV) disinfection of reverse osmosis water:** We have implemented this disinfection process at the Jiangxi bottling plants in Mainland China. This process will save 7,200 cubic metres of water every year.
- **Water metering projects in Mainland China:** We are installing and replacing sub-metres in water-intensive areas to help monitor water inputs and outputs so that we can identify and assess new water-saving opportunities. Ninety percent of bottling plants have completed phase I of the sub-metre installation. All bottling plants will complete phase II of the installations in 2019.

Recycle

All of our bottling plants in Mainland China, Hong Kong and Taiwan are equipped with their own on-site wastewater treatment systems. By treating and reusing wastewater on-site, we minimise the overall use of freshwater. Treated wastewater is reused in cooling towers, for cleaning and irrigation, and for toilet flushing. Backwash water is sent to condensing towers from pump seal cooling lines and ozone generator cooling systems for reuse.

We consider the need for wastewater treatment based on its quality and reuse purpose. We adhere to TCCC and World Health Organization standards, as well as any local requirements, when discharging wastewater from bottling plants.

In 2018, we recycled 886.4 million litres of water in the manufacturing process across all four markets. This is 195 million litres more of recycled water compared to 2017.

Background Knowledge: Hong Kong's Water Security

In late 2017, a report was produced entitled, 'The Illusion of Plenty – Hong Kong's water security, working towards regional water harmony[4] . A concise extract is summarized here, which attempts to provide a factual overview of Hong Kong's water supply.

Hong Kong today, receives up to 80% of its water from Mainland China – and specifically the Dongjiang River. It is a guaranteed supply under a 'package lump sum deal' under the payment mechanism of the Dong Shen Agreement, in that Hong Kong must pay for all of its allocation regardless of usage.

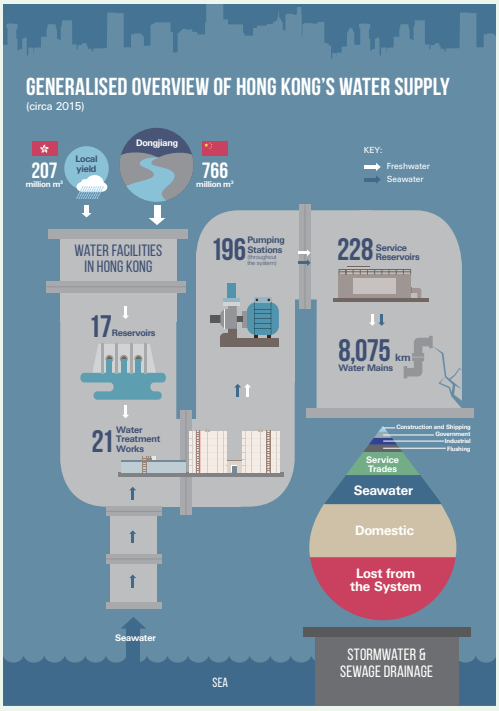
In 2008, Hong Kong introduced a Total Water Management Strategy (TWM) to try and diversify its water portfolio. This was drawn up by the Water Supplies Department (WSD).

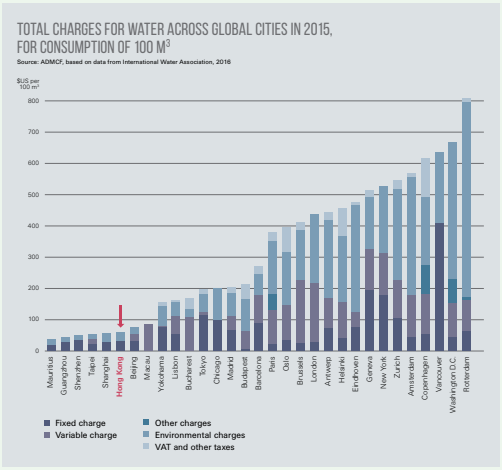
Swire Coca-Cola has one manufacturing plant in Hong Kong, and as such, the water supply for this plant is from the Pearl River Delta (PRD) watershed rather than Hong Kong's. The report is interesting as it makes the following key points:

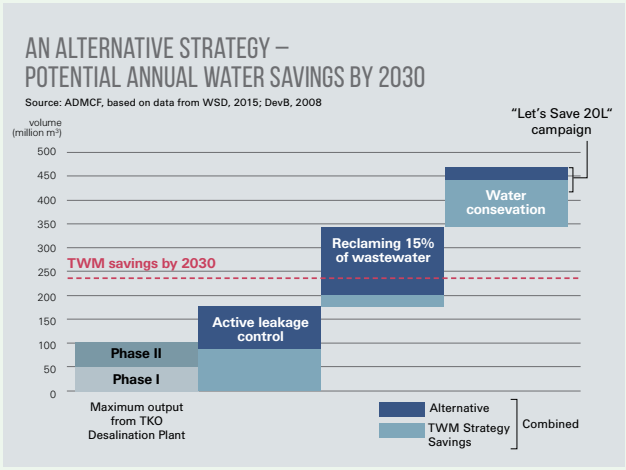
- The PRD is under potential long-term water stress due to climate change and huge urbanisation pressures.
- As Hong Kong pays for all of its water allocation, it disincentives conservation.
- In 2013, 17% of the water was lost from Government-maintained water pipes.
- A further 15% was lost through leakage from private mains, illegal extraction as well as inaccurate water metering.
- Hong Kong over consumes – which is further reinforced by a low pricing structure.
- In conclusion, there needs to be overhaul to the TWM Strategy, pricing re-looked at, and the 17% + 15% losses plugged.

To note, our Hong Kong bottling plant consumed 753,180m^3 of water in 2018.

[4] The Illusion of Plenty – Hong Kong's water security, working towards regional water harmony - prepared by ADM Capital Foundation with the financial support of the WYNG Foundation.







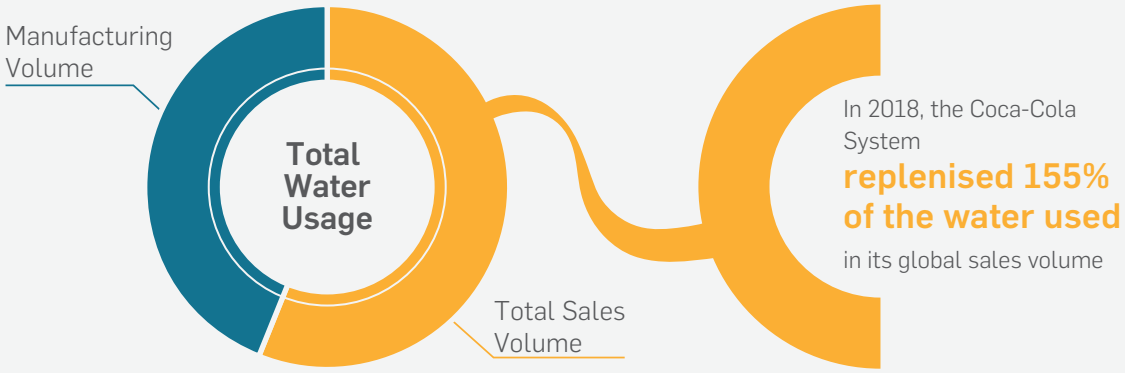
Note: Images are designed by DESIGNORM and are extracted directly from The Illusion of Plenty report

Replenish

To minimise our impact on water resources, our goal is to return the same amount of clean water to natural water systems as we use in our beverages. Maintaining a healthy watershed ensures the long-term sustainability of the water supply in places where we operate. Having a sufficient amount of clean water within the watershed is key to maintaining healthy ecosystems.

In collaboration with TCCC, we are working to achieve this objective through our water replenishment projects in Mainland China and the U.S., which return clean treated water to surrounding water features. These projects not only enable us to contribute to the well-being of the environment, but it provides us with an opportunity to engage with local communities. Some of our water replenishment projects generate additional environmental benefits, such as water and soil erosion control, support for sustainable agriculture, and wetland protection and rehabilitation.

The Coca-Cola System's 2018 Water Replenishment Ratio



In 2018, the entire Coca-Cola System replenished 155% of the water used in all beverages sold globally. TCCC is the first Fortune 500 company to replenish all of its global water use.[5] TCCC's water replenishment figures are independently reviewed by LimnoTech and verified by Deloitte. As part of the System, Swire Cola-Cola contributes to TCCC's overall water replenishment achievement. Although the replenishment rates for projects solely funded by us have not yet reached 100%, we continue to work with TCCC to improve our performance.

Chongming Dongtan Nature Conversation Area Habitat Management and Water Replenishment Project in Mainland China

Chongming Dongtan Wetland in Shanghai is known for its importance to waterbirds, particularly migratory species, including those under legislative protection in Mainland China. This international important wetland serves as a resting stop for migratory birds and a key habitat for overwintering birds. In recent years, the wetland has come under threat from the spread of smooth cordgrass (*Spartina alterniflora*), an invasive exotic species that has grown aggressively and taken over much of the open space in the wetland where waterbirds rest and hunt. This led several concerned parties - including The Royal Society for the Protection

[5] https://www.coca-cola.eu/news/first-fortune-500-to-replenish-all-the-water-it-uses-globally/

of Birds, World Wildlife Fund (WWF) and Fudan University - to come together with the common goal of restoring this important habitat. After a collective effort to restore 24.2 square kilometres from smooth cordgrass invasion, the parties recognised the need for active management to prevent reinvasion. Supported by sponsorship from Coca-Cola China, WWF is involved in a pilot project to develop a habitat management plan. The pilot project includes rehabilitating 2.5 square kilometres of wetland habitat over the course of three years. About 1.5 billion litres of water is needed to revive this habitat. Swire Coca-Cola has been helping to replenish the wetland with treated water from its nearby bottling plants since 2014.

Willamette River Water Replenishment Project in Oregon, U.S.

Swire Coca-Cola is supporting the ecological recovery of Willamette watershed in two ways, through donations to The Bonneville Environmental Foundation to support operation costs of habitat management and by replenishing the Willamette River with 121 million litres of treated water every year. The entire programme comprises of four projects along the river to improve water quality and quantity so that a healthy ecosystem is in place to support wildlife. The programme is supported by a diverse group of organisations and offer benefits to the community by providing volunteering opportunities for the general public.

Looking Forward

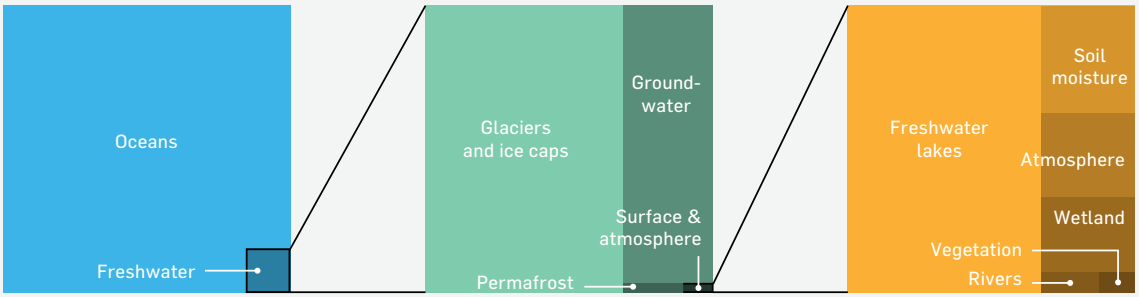
Water will always be a bedrock environmental subject to our business, and as TCCC embraces the beverage for life philosophy, the portfolio of drinks which will come to market, over time, will add complexity to the manufacture and distribution arms of our business. It is not unreasonable to see an increase in our WURs, especially if some of these new beverages have short runs, drive more change overs and have different cleaning requirements versus the beverages we manufacture today (i.e. not-from concentrate juices, teas and dairy).

We expect the System's water replenishment rates to continue well in excess of the water the system uses in the manufacture of the beverages which it sells.

As water is effectively a cycle, and as the conversation explores context-based targets to augment WURs, we will look to see how we can further the management of our water usage over 2019, and remain part of the strategic conversation with TCCC over applicable and relevant metrics over this vital part of our world and business.

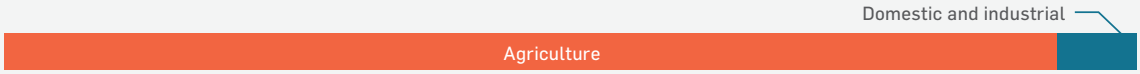
Earth's Freshwater and its Uses

Global Water Resources (%)



Water abstraction from rivers, lakes and groundwater (%)

Consumptive use of abstracted water (%)



Summary of graphic:

- 97.5% of all water on earth is salt water.
- A further 1.75% is frozen.
- So, the world has just 0.75% of the planet's available water to reply on, and the majority of this is subterranean groundwater, though it's from the 0.3% on the surface that it draws 59% of its needs.

Source: World Bank, Economist – Special Report: Water 02 March 2019.

CARBON

This year, we conducted a detailed review of our portfolio of Cold Drink Equipment (CDE) in a white paper, "Vision for a Sustainable CDE Future." This exercise helped us realise that only 19% of our total CDE portfolio uses "natural" refrigerants (i.e. CO_2 or hydrocarbons). These are considered less harmful when compared to other refrigerants, namely CFCs, HCFCs and HFCs. Natural refrigerants are generally used in newer equipment, which also use less energy. To significantly reduce our Scope 1 emissions, we will need to quickly replace older equipment with new equipment. With a growing portfolio, we will need to be better at proactively managing all aspects of our CDE portfolio.

At the same time, we are working towards identifying energy reduction solutions within our manufacturing processes. We continued working with Tsinghua University in the Energy Efficiency Improvement Programme at five bottling plants in Mainland China. Separately, we completed the installation of a photovoltaic system at the Luquan bottling plant and converted oil-fired and biomass boilers to run on natural gas across a number of bottling plants.

The science around climate change continues to strengthen, especially with regards to the amount of greenhouse gas (GHG) emissions within our atmosphere, and how this pertains to heat entrapment and gradual warming of the planet. It is also an established fact that global volumes of GHG continue to rise. In 2018, the world continued to experience abnormal weather patterns. The effects of climate change put ecosystems under stress which eventually affect human well-being.

2018 brought us the Intergovernmental Panel on Climate Change (IPCC) report, which goes much further than The Paris Agreement, and suggests that temperature rises would have to be limited to an increase of 1.5°C versus 2.0°C by 2030.

This means human-caused emissions of CO_2 would need to fall by 45% from 2010 levels by 2030 and for 'net zero' to be realised by 2050.[6] The Science Based Target Initiative, as such, re-set their methodology to follow the IPCC 1.5°C recommendation. For Swire Coca-Cola, this means setting bolder commitments and actions to reduce emissions across the lifecycle of our products by working with suppliers, customers and other stakeholders along our value chain.

Our Commitment

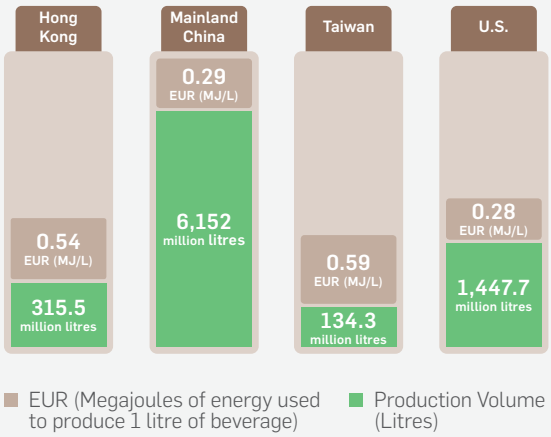
As a responsible business, Swire Coca-Cola is committed to proactively explore and implement measures to reduce our direct and indirect greenhouse gas emissions across a defined amplitude under the Scope 1, Scope 2 and Scope 3 criteria. This year, we started developing our own policy to reduce carbon emissions (refer to this chapter's Looking Forward section for more details) which will be completed in late 2019. Through this, we will align ourselves with the commitments of SwireTHRIVE and TCCC to become a sector leader in energy efficiency and emission reductions.

Progress in 2018

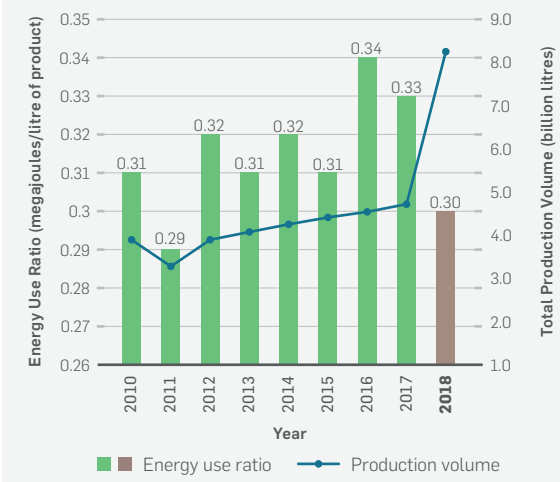
We track our energy use efficiency with a Energy Use Ratio (EUR) metric. This indicator represents the amount of energy used to produce one litre of beverage. Energy Use Ratio performance is partially dependent on the types of products manufactured as well as the manufacturing method used. An example of this is our tea products where boiling of tea leaves results in higher energy consumption. For products like water on long production runs, the opposite is true.

Post-refranchising the business achieves an overall EUR of 0.30 across all markets. Compared to the period prior to refranchising, our overall EUR was 0.33. For our six CCBMH bottling plants in Mainland China, their EUR is 0.61.

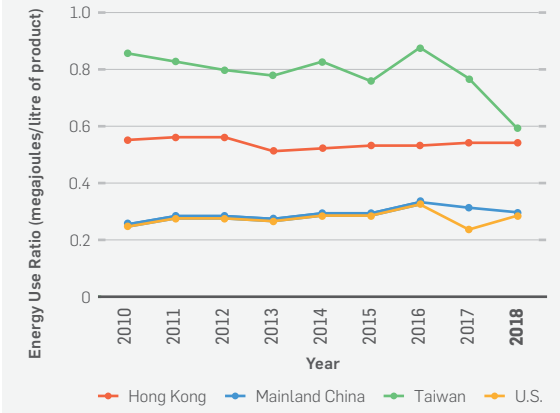
2018 Energy Use Ratio by Market



Energy Use Ratio and Production Volume



Historic Energy Use Ratio by Market



[6] http://www.un.org/en/sections/issues-depth/climate-change/

2018 Energy Use Ratio of Major Coca-Cola Bottlers and The Coca-Cola System

Bottling Partner	Energy Use Ratio (MJ/L)
Coca-Cola Amatil	0.50 (1)
FEMSA	4.92 liters of beverage produced per mega joule consumed
Coca-Cola European Partners	0.317
Coca-Cola Hellenic Bottling Company	0.41
Swire Coca-Cola	0.30
The Coca-Cola System	0.39

Note:
(1) At the time when this report is published, Coca-Cola Amatil had not published their 2018 report and therefore the WUR presented here is from their 2017 Sustainability Report

Understanding Our Energy Use

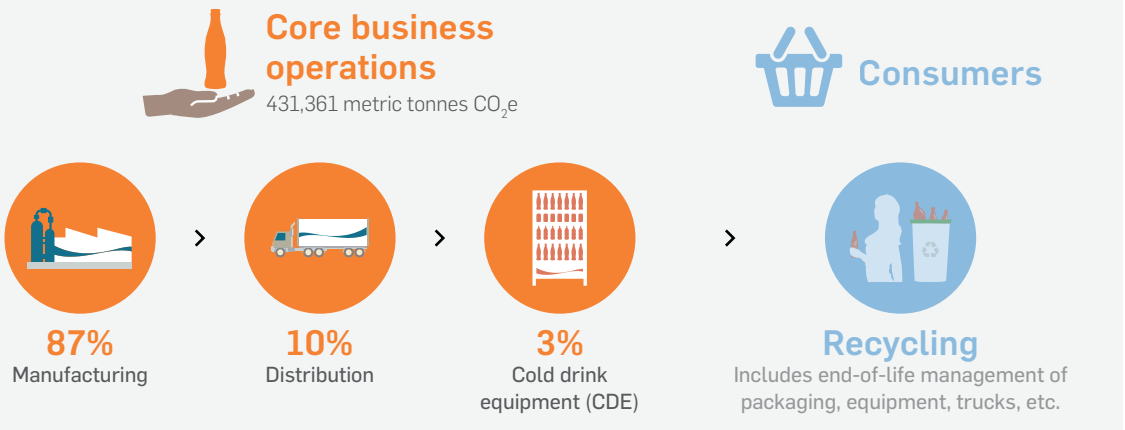
Greenhouse gas emissions are the by-product of fossil fuel combustion. Fossil fuel, particularly coal, continues to be the primary energy source for electricity generation – which our operations consume via the grid (Scope 2) - in the markets where we operate. Non-fossil fuel energy sources such as nuclear, renewables and biofuels that emit little to no GHG only make up a small portion of the energy mix feeding the respective grids at these markets. The proportion of what types of energy sources in the four markets which we operate was shown in our 2017 Sustainable Development Report and has not changed significantly (refer to p.28 of our 2017 Sustainable Development Report).

Boilers at bottling plants powered by oil and natural gas, as well as our owned vehicles that are powered by diesel and gasoline also emit GHGs. These are categorised as our Scope 1 – direct emissions (see Methodology section for more details) – where GHG is emitted from our own and controlled sources. Comparatively, the intensity of our Scope 1 emissions is lower than that of our Scope 2.

Managing Our Carbon Emissions

We manage and have direct control over the emissions generated from our Core Business Operations. This covers manufacturing, distribution and refrigeration by Cold Drinks Equipment (CDE) but does not include the emissions generated from growing and transporting our raw ingredients nor does it include the emissions from collecting, recovering and recycling of our by-products and packaging.

2018 Swire Coca-Cola Scope 1 and Scope 2 Carbon Emissions



Note:
- If scope 3 was included, emissions from the electricity used by CDE would dominate
- The total carbon emissions indicated in this graphic includes emissions from CDE and therefore this figure is higher than the total carbon emissions presented in our data tables where CDE is excluded

Our management approach for carbon within our Core Business Operations involves a combination of applying new energy-saving technologies, the use of low-emission energy sources whenever possible and supporting the development of innovative technologies to promote energy efficiency and emission reduction.

Manufacturing

The beverage manufacturing process accounts for 87% of our total energy consumption, and 82% of total GHG emissions when looked at from a Scope 1 and Scope 2 basis only. The majority of the energy comes from the grid as purchased electricity, which is all Scope 2.

By upgrading our bottling plants with energy efficient machinery, new technologies and alternative energy sources, we continue to improve our energy efficiency performance. In Mainland China, we have converted oil-fired boilers at ten bottling plants to run on natural gas. During 2018, we converted biomass boilers to natural gas at our Guangxi and Jiangxi bottling plants. Collectively, this has resulted in significant reduction of emissions and pollutants.

We continue to generate and use renewable energy at four of our bottling plants in Mainland China. This includes the use of photovoltaic panels and solar water heater systems. At some bottling plants in Mainland China, we capture methane gas from the wastewater treatment process to produce steam.

Photovoltaic panels at Luquan bottling plant in Mainland China

This year, we completed the installation of a photovoltaic system at our Luquan bottling plant in Xiamen, Mainland China. These panels were installed on three buildings and also serve as shading for temperature regulation so that the loading on the air conditioning was reduced. It generated 1.2 million kilowatt hours (kWh) of electricity between August and December in 2018, saving HK$106,000.

Renewable Energy at Our Bottling Plants

Generating approximately **12.8 million kWh** of electricity per year

7 bottling plants

Saving **HK$ 1,006,319** every year

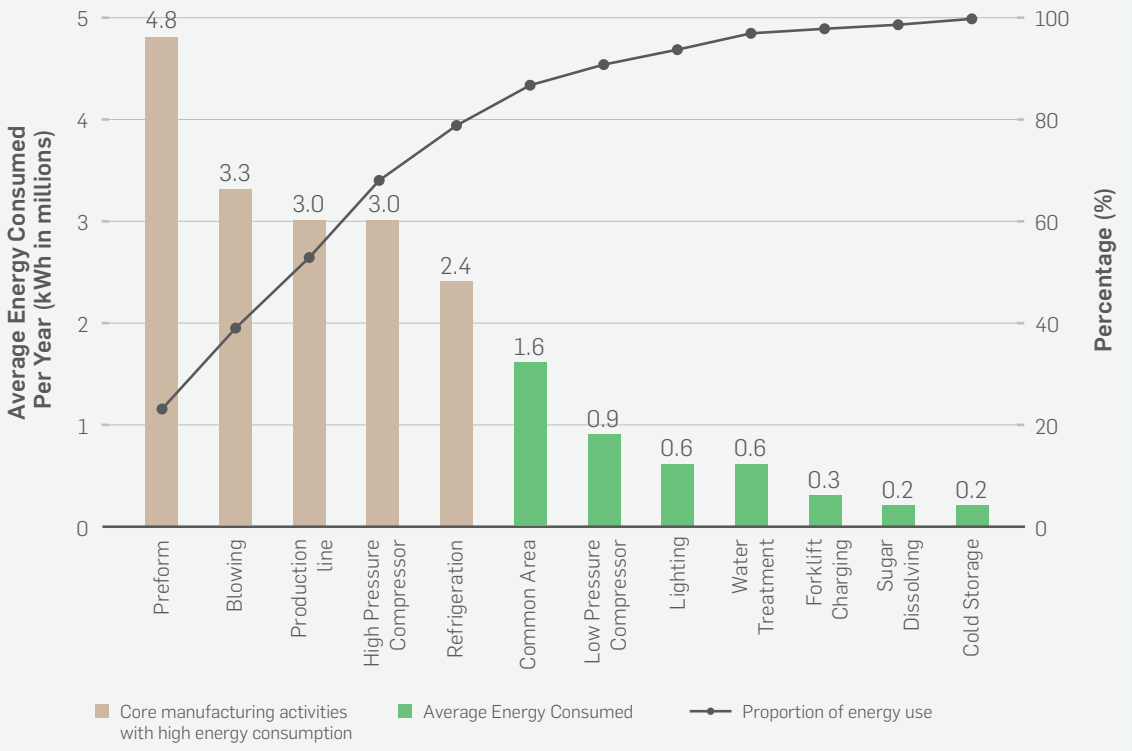
In 2018, our Yunnan bottling plant obtained LEED Gold certification. We upgraded the facility under the framework of our parent company's Swire Pacific Sustainable Building Design Policy which outlines the green building certification requirements for buildings of a certain size. With this addition, Swire Coca-Cola owns and operates five LEED certified bottling plants across Mainland China and the U.S.

LEED Platinum certified bottling plant in Yunnan, Mainland China

Case Study: Energy Efficiency Improvement Programme – Tsinghua University Project

In July 2016, Swire Coca-Cola and Tsinghua University signed a three-year partnership to collaborate on improving the energy efficiency of five selected bottling plants in Mainland China. Together, we identified five core activities which contributed to approximately 80% of total energy use: preform manufacturing, preform blowing, production line, high pressure compressor and refrigeration system (indicated in the brown bars in the chart below). Of these activities, refrigeration has the most significant improvement opportunities.

Average Energy Consumption Split by Core Activity for a Single Bottling Plant (kWh per year)



Note: The Pareto chart above shows the average energy consumption of a single bottling plant by core activity based on the data collected from the five bottling plants in Mainland China

Over 2018, Swire Coca-Cola and Tsinghua University explored energy efficiency in three additional areas across the five manufacturing plants: metering installation, refrigeration systems and heat processing. Their objectives and latest progress (as of the end of 2018) are presented in the table below.

Investigation Area	Objective	Progress / Findings
Metering installation	To provide bottling plants with appropriate monitoring equipment so that the energy efficiency of each component can be analysed and evaluated systemically.	Installations took place at Hangzhou, Jiangsu and Luohe bottling plants. Pressure gauges, temperature gauges and air pressure meters. An instruction manual on the installation of temperature and pressure gauge meters to standardise processes was implemented.
Refrigeration systems	To optimise the energy efficiency of refrigeration systems.	An improved cooling system was installed at the Shanghai Minhang bottling plant. This system has water cooling towers that are positioned centrally to achieve higher cooling efficiency by retaining optimal temperatures. Over the course of one year, it can save up to 495,000kWh of electricity, saving approximately HK$398,000.
Heat processing	To investigate the energy saving potential of the heat processing system.	A comprehensive assessment took place at the Hangzhou bottling plant. Energy-saving potential was identified by strengthening the insulation of pipes. In its original state, heat loss from leaks and poor insulation resulted in a total annual loss of approximately 5,920 GJ. This investigation concluded that with improved insulation and pipes, the annual loss of energy could be reduced to less than 2,000GJ, this in equivalent to HK$175,000 of savings per year.

Installation of temperature and pressure gauge meters at inlet and outlet pipeline of PET line and sugar dissolving treatment at Luohe

Next steps will be the implementation of another three pilot projects: (a) the Huizhou Retrofit Refrigeration System, (b) the Energy Monitoring Standardisation project, and (c) Ventilation System Retrofitting.

The Huizhou Retrofit Refrigeration System is estimated to reduce energy consumption by 10%, or approximately 1.7 million kWh per year, which is equal to approximately HK$1.02 million of annual savings. As for the Energy Monitoring Standardisation Project, monitoring equipment will be installed across five bottling plants, where by then the monitoring approach outlined in the Energy Efficiency Performance Guidelines and Energy Management Handbook will be applied. The handbook was created and designed by Tsinghua University to support standardisation of monitoring energy use across the bottling plants. A Ventilation System Retrofit took place in the bottling plants at Guangxi, Minhang, Hubei and Hangzhou. As part of this project, Tsinghua University upgraded the mechanisms to control the temperature and humidity as well as air flow to improve air quality.

Distribution

The distribution of our products to customers with our owned and managed vehicles accounts for 22% of our total energy consumption, and 10% of our overall emissions.[7] This falls under our Scope 1 emissions, and does not take into account the emissions generated from our contractors.

Electric vehicles from Yunnan bottling plant in Mainland China

Number of Vehicles by Type at each Market

	Hong Kong	Mainland China	Taiwan	U.S.
Electric	2	12	0	0
Hybrid	6	0	0	54
Euro V/ Tier 2	129	145	25	907
Euro VI/Tier 3	18	0	0	181

Our vehicle fleet of EURO V/Tier 2 grew significantly in Mainland China and the U.S. mainly because of the refranchising of new territories[8]. As for Hong Kong, we increased our fleet of Euro VI trucks significantly from 11 in 2017 to 18 in 2018. To date, 97% of all company-owned trucks in Hong Kong are Euro VI or Euro V.

In 2018, we continued to review our distribution routes to shorten travel time and improve fuel efficiency. In Hong Kong, we reviewed 92 routes, coupled with upgrading 11 of our Euro III trucks to Euro VI, we reduced our absolute diesel consumption by 8.6%.

Swire Coca-Cola's fleet of Euro VI and Euro V trucks in Hong Kong

[7] This figure does not include emissions from operations in our own distribution centres, third-party distribution centres, third-party primary transportation, and secondary transportation (i.e. from our customers to end consumers).

[8] New territories data was not included in our 2017 Sustainable Development Report

Cold Drink Equipment (CDE)

Coolers, vending machines, carboys and fountain equipment are all key components in our distribution operation. It is also where expansion – especially in Mainland China – is expected to occur. The CDE we report on are owned by Swire Coca-Cola and placed at our customer locations. As the assets are owned by us, this means the repair and maintenance, plus end-of-life is our responsibility. However, our customers are accountable for the electricity consumed by the CDE. They are Swire Coca-Cola's largest asset, surpassing the investment in our manufacturing plants and distribution fleets.

Carbon Lifecycle Analysis of CDE

There are four elements to take into consideration when assessing CDE's carbon footprint across its entire life- cycle:

1. Electricity consumption
2. Manufacturing of equipment – design for total life cycle
3. Refrigerant type
4. End-of-life management and recycling

Electricity consumption is responsible for a significant proportion of carbon emissions. Emissions from refrigerant leakage and end-of-life are considered as Scope 1 emissions, while electricity consumption of equipment is categorised as Scope 3.

Scope 1 = manufacturing, end-of-life and refrigerant leakage

Scope 3 = electricity consumed by customers

Note: Lifecycle Analysis results reference TCCC's Carbon Accounting Protocol

Case study: Bringing about a Sustainable CDE Future

In 2018, we owned 818,710 pieces of equipment across our four markets. We plan to grow this number significantly to over one million pieces by 2020. This also means that our overall carbon emissions will increase – and predominately in Scope 3. As such, we conducted a detailed review of our CDE in a white paper, "Vision for a Sustainable CDE Future." The paper had three objectives:

(1) To raise internal awareness, particularly in our supply chains, CDE operations and sales and marketing teams.

(2) To identify potential challenges Swire Coca-Cola could face in achieving sustainable CDE use.

(3) To propose recommendations to senior management on how to move forward in managing CDEs.

This exercise helped us realise that only 19% of our total CDE portfolio uses "natural" refrigerants (i.e. CO_2 or hydrocarbons) which are considered less harmful when compared to other refrigerants, namely CFCs, HCFCs and HFCs.

Refrigerant Type	Acronym	Global Warming Potential	Ozone Depleting Potential
Chlorofluorocarbon	CFC	High	High
Hydrochlorofluorocarbon	HCFC	High, but lower than CFC	High, but lower than CFC
Hydrofluorocarbon	HFC	Moderate-High, lower than HCFC	Negligible
Hydrocarbons	HC	Low	Negligible
Carbon Dioxide	CO_2	Low	Negligible
Hydrofluoro-Olefin	HFO	Low	Negligible

The impacts of global warming from CDE has been on TCCC's agenda over the last two decades and commitments have been made to phase out harmful refrigerants, particularly HFCs, CFCs and HCFCs. Below is a summary of how Swire Coca-Cola performed against TCCC's different set of targets, as well as how we are performing against the TCCC 2020 targets.

Region	Previous Coca-Cola Policies / Targets		Upcoming Coca-Cola Policies / Targets	
	By the end of 2015, new CDE purchases consisting of coolers, vending machines and fountains are > 300 litres should be 100% HFC-free	By the end of 2017, new cold drink equipment purchases > 150 litre should be 100 HFC-free	By the end of 2020, all new CDE purchases should be 100% HFC-free	By the end of 2020, all new CDE should be 15% more energy efficiency than existing CDE
Mainland China	Target missed (6)	Target met	On track	On track (8)
Hong Kong	Target missed (1-3)	Target missed (2-4)	On track	Uncertain (8)
Taiwan	Target missed (5)	Target met	On track	On track (8)
U.S.	Target missed (7)	Target met	On track	On track (8)

Note:

(1) The target was missed as there was no HFC-free fountain model for the Lancer Delta III, which was still in Coca-Cola's approved equipment list in the first quarter of 2016, most likely there was no HFC-free fountain model available at the time. Hong Kong purchased two units of this model in January 2016 and no more afterwards.

(2) The target was missed as there are no HFC-free models of vending machines for 'paper pack'. This issue remains unsolved as there is currently no HFC-free alternative.

(3) The target was missed as there are no HFC-free models of the 'snack vending machine'. This issue remains unsolved as there is currently no HFC-free alternative.

(4) The target was missed as there are currently no HFC-free Carboys. This issue remains unsolved as there are still currently no HFC-free alternatives.

(5) The target was missed as of the end of 2015. Taiwan purchased 24 vending machines that use R-407C (HFC variant) from Japan. This was because there was no appropriate equivalent HFC-free model that supports 110V/60HZ. Since 2015, there have been no additional purchases of this machine.

(6) Technically-speaking, this target was missed. However, Mainland China submitted extension waivers for some fountain and vending equipment which did not have HFC-free alternatives.

(7) The target was missed due to lack of available equipment and also the U.S. Government provided an extension for the use of HFC-R134a. However, the U.S. cold drink team did successfully manage to purchase 50% CO_2 refrigerant equipment that year.

(8) It is important to note that for the final target, in each region that has responded 'on track', there has been a lack of factual evidence provided to substantiate the claim. It is difficult for the regions to track this policy given the poor data available on equipment energy efficiency both today and going back to 2012.

The three tables below give insights into three of our CDE markets. Hong Kong and the U.S. have used CDE for many years, hence have large numbers of older units, whereas Mainland China being a newer market for CDE, has a portfolio reflecting purchases of a more recent nature.

Hong Kong Cold Drink Equipment Breakdown

Equipment Type	Percent with Natural Refrigerants (CO_2 or HC)	Percent with Other Refrigerants (CFC, HCFC, HFC)
Coolers	42%	58%
Dispensers	3%	97%
Vending Machines	14%	86%
Carboy Dispensers	0%	100%
Total	**13%**	**87%**

U.S. Cold Drink Equipment Breakdown

Equipment Type	Percent with Natural Refrigerants (CO_2 or HC)	Percent with Other Refrigerants (CFC, HCFC, HFC)
Coolers	5%	95%
Dispensers	0%	100%
Vending Machines	0%	100%
Total	**5%**	**95%**

Mainland China Cold Drink Equipment Breakdown

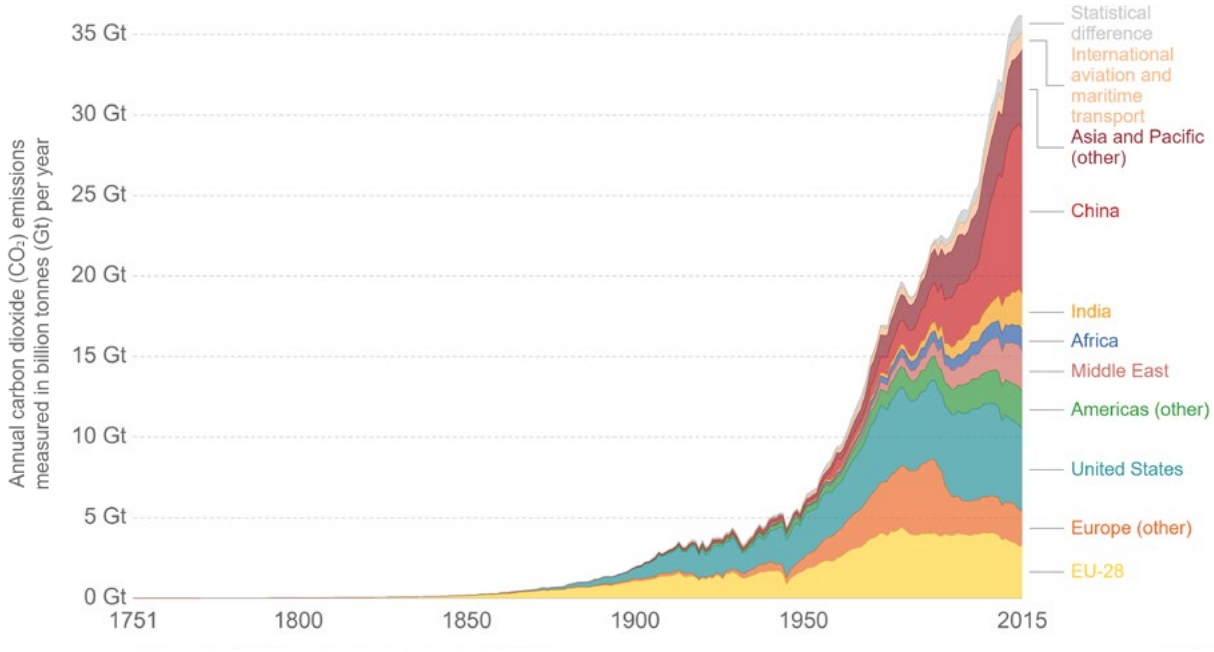
Equipment Type	Percent with Natural Refrigerants (CO_2 or HC)	Percent with Other Refrigerants (CFC, HCFC, HFC)
Coolers	22%	78%
Dispensers	10%	90%
Vending Machines	9%	91%
Total	**22%**	**78%**

Looking Forward

If we want to affect significant change in our GHG emissions and namely in our carbon emissions, we will need to explore ways to purchase electricity from 100% renewable sources – and at price parity or at better rates than the current offerings. Secondly, to address our Scope 3 emissions in CDE, we will be dependent on our customers getting access to a cleaner grid. As we operate in four very different markets, all of which are moving away from coal as a primary source of electricity generation, this is happening, so it is more of a question around when will these markets will see marked changes in the energy composition of their grids. Thirdly, by reducing the amount of sugar in the formulations and lastly by embracing a cleaner distribution fleet and moving away from purchased steam in Mainland China, which is currently created by coal fired boilers.

This we will analyse in 2019 – with a consultant – to model whether we can come up with a Science Based Target acceptable to the Science Based Target initiative, and which does not hinder our growth.

Total CO_2 Emissions Produced by Different Countries



Source: Carbon Dioxide Information Analysis Center (CDIAC) CC BY
Note: Emissions data have been converted from units of carbon to carbon dioxide (CO2) using a conversion factor of 3.67. Regions denoted "other" are given as regional totals minus emissions from the EU-28, USA, China and India. Here, we have rephrased the general term "bunker (fuels)" as "international aviation and maritime transport" for clarity.

PACKAGING AND WASTE MANAGEMENT

We made great progress in packaging and waste management in 2018. Swire Coca-Cola helped found the Drink Without Waste (#DWW) initiative in Hong Kong and will continue working with key stakeholders to propose and implement solutions that are pragmatic and inclusive to the industry, general public, NGOs and the Government. This includes installing beverage dispensers for refill, regulating packaging standards, followed by provision on Hong Kong's own recycling facility. In Mainland China, we started engaging with local recyclers with a vision to build a strategy to make use of their recycled PET (rPET) flakes. We continue to support TCCC's World Without Waste and the Ellen MacArthur Foundation's New Plastics Economy.

Improved waste management initiatives were implemented in Hong Kong where we successfully diverted a significant volume of waste from landfills. In 2018, only 19% of total waste was sent to landfills.

The global use of packaging, particularly single-use paper, cardboard, glass, metal, multi-layer (Tetra-Pak / Combibloc) and plastic (mainly PET, LDPE, MPE, PP and HDPE), has increased dramatically in recent years. In retrospect, it is easy to see how these cheap and effective packaging materials have become problematic today: (a) they were designed for a linear life, (b) in the case of plastics, it does not biodegrade, and (c) collection and reprocessing was limited in most cases. That being said, packaging plays a vital role in the manufacturing, distribution, merchandising and storage of beverages, as well as helping to protect the quality and safety of products while facilitating the transportation of small beverage containers in bulk.

The waste generated from our operations, excluding packaging, is primarily the by-products from the manufacturing process and associated items like pallets, ingredient drums, end-of-life equipment and office waste. This is another key area which requires careful measurement, source separation and access to the right recyclers and processors to maximise opportunities for reuse.

Managing Our Packaging Use

Our aim is to use only 100% technically recyclable packaging and to minimise the weight of packaging on a per-drink basis. We do this by applying improved packaging design, using new technologies, and participating in partnerships with key stakeholders to work towards a closed-loop economy. For primary, secondary and tertiary packaging, this is largely possible, but in areas like merchandising with promotional items and signage, it proves to be an on going challenge.

Despite having limited control and nearly no independently verifiable data on the collection and recovery rate of post-consumer primary packaging and 'other' packaging (refer to Our Packaging Profile below for definitions), we are aware that this is highly dependent on the availability of recycling infrastructures in conjunction with economic incentives to drive return rates. To tackle this, we partner with governments, recyclers and other interested stakeholders to improve collection and recovery of post-consumer materials.

Our Commitment

We have fully aligned our primary packaging goals with TCCC's World Without Waste to achieve the following:

- By 2025, 100% of primary packaging will be recyclable
- By 2030, 50% of all primary packaging will comprise of 50% recycled content
- By 2030, for every bottle which is placed into the environment, one will be taken out.

world without waste
THE COCA-COLA COMPANY

The latest updates on World Without Waste and how other bottlers around the world are taking action can be accessed here.

Aside from internal processes, we have also made external commitments as a signatory of The New Plastics Economy Global Commitment led by the Ellen MacArthur Foundation, and the Drink Without Waste initiative in Hong Kong. See The New Plastics Economy Global Commitment section and Drink Without Waste sections below for more information.

Our Packaging Profile

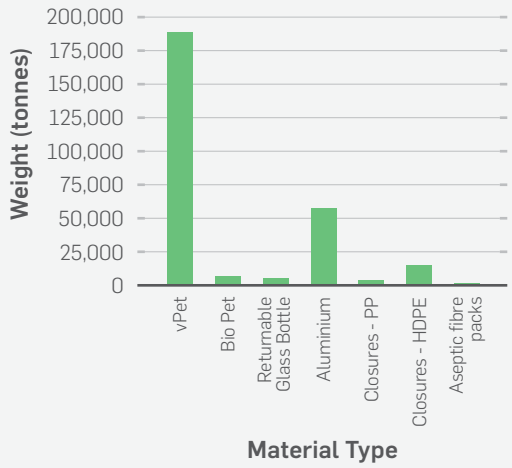
Our business uses four types of packaging. Each packaging type serves a different function, including ensuring product safety, upholding beverage quality and transporting products.

Packaging Type	Function	Details	Does Swire Coca-Cola track the weight of materials used?
Primary packaging  	Protects the safety and quality of individual beverages	This is the most material issues for our business where the vast majority of raw materials we procure for packaging is used. Plastic in the form of PET is most commonly used. Aluminium, glass, aseptic fibre packs and post mix bag-in-box (BIB) make up a small portion of materials used. The collection and recovery rate of primary packaging is difficult to track as the end of their lifecycles falls outside of our direct control.	Yes
Secondary packaging 	Facilitates the handling of a small number of beverages	This includes shrink film, corrugated box and paper tray. We track the amount of materials used for this packaging type through our procurement data.	Yes
Tertiary packaging 	Facilitates movement or distribution of beverages in large quantities	Steel drums for juices, slip trays, hard plastic crates and wooden pallets fall into this category.	Yes
Other 	Marketing	This packaging type includes festive merchandise packaging, marketing materials associated with shop signage, calendar, notebooks, clothing, umbrellas, etc. Similar to primary packaging, we are unable to track the collection and recovery of this.	No

Baseline Year - 2018

Primary Packaging

2018 Total Materials Used for Primary Packaging



Our primary packaging portfolio is dominated by plastics, which includes PET, HDPE and PP, followed by aluminium. Glass bottles (both returnable and non-returnable) and aseptic fibre pack make up a small remaining proportion.

To gain a more comprehensive view of the recovery and reuse potential of primary packaging at each market, we have mapped out the recyclability and availability of recycling infrastructure for our different types of primary packaging. While this information was presented in our 2017 Sustainable Development Report, the information presented in the tables below remains the same due to the lack of available information.

2018 Details on Primary Packaging Types Used in Hong Kong

	Is it technically recyclable?	Percent of recycled content used	Collection & Recovery rate	Are there local recycling infrastructures?	Is it crushed locally?	Is it baled and exported for recycling?
Returnable Glass Bottle	Yes	0%	95%	partial	5%	-
Non-returnable Glass Bottle	Not produced in Hong Kong					
PET	Yes	0%	7%	No	-	7%
Carboy	Yes	0%	95%	No	-	-
Aseptic fibre pack	Partial	0%	-	No	-	-
Tin	Yes	0%	-	No	-	-
Aluminium Can	Yes	50-60%	informal sector - thought to be approximately 50%, but unverifiable	No	-	~50%
Post mix BIB	No	0%	-	No	-	-
Pouch	No	0%	0%	No	-	-

Note:

- The loss in collection and recovery of RGB and Carboy is due to breakage, unacceptable scuffing or loss by customer
- With the implementation of Operation National Sword on January 1, 2018, Hong Kong can no longer export baled PET to Mainland China
- Tetra Pak, one of the brands of aseptic fibre pack, is FSC approved in Hong Kong
- The Hong Kong Environmental Protection Department (EPD) only has municipal solid waste data published up to 2016 (http://www.epd.gov.hk/epd/english/environmentinhk/waste/data/stat_treat.html) and it does not provide clarity on PET exported volumes. 157 tonnes per day of PET (bottles, trays etc) go to landfill, and through our field research, we believe 10 tonnes per day were exported for recycling predominately into flake/pellets, which is being consumed by the polyester industry.
- Returnable Glass Bottle is given to a glass recycler who crushes it. The glass is not part of a closed loop, but is down-cycled.

2018 Details on Primary Packaging Types Used in Mainland China

	Is it technically recyclable?	Percent of recycled content used	Collection & Recovery rate	Are there local recycling infrastructures?
Returnable Glass Bottle	Yes	0%	95%	Yes
Non-returnable Glass Bottle	Not produced in Mainland China			
PET	Yes	0%	Informal sector - thought to be high, but unverifiable	Yes - to pellet and flake - mainly for the polyester industry
Carboy	Yes	0%	95%	Yes - informal
Aseptic fibre pack	-	0%	0%	partial
Tin	Yes	0%	0%	Yes
Aluminium Can	Yes	0%	Informal sector - thought to be high, but unverifiable	Yes
Post mix BIB	No	0%	-	-
Pouch	-	-	-	-

Note:
- CCBMH, one of our co-packers, produces beverages in asceptic fibre pack and coffees in tin cans
- The loss in collection and recovery in Returnable Glass Bottle and Carboy is due to breakage, unacceptable scuffing or loss by customer
- Food grade packaging laws prohibit the use of recycled materials
- Collection and recovery of Returnable Glass Bottle and Carboy is done by ourselves. The figures provided are based on our calculations
- We do not produce or sell products packaged in pouches

2018 Details on Primary Packaging Types Used in Taiwan

	Is it technically recyclable?	Percent of recycled content used	Collection & Recovery Rate	Are there local recycling infrastructures?	Is it crushed locally?	Is it baled and exported for recycling?
Returnable Glass Bottle	Yes	55%	72%	Yes	Yes	No
Non-returnable Glass Bottle	Yes	55%	-	Yes	Yes	No
PET	Yes	0%	72% (1)	Yes	-	No
Carboy	Yes	0%	-	-	-	-
Aseptic fibre pack	Yes	0%	50% (from our supplier)	Yes	-	No
Tin	Yes	0%	72%	Yes	-	No
Aluminum can	Yes	0%	72%	Yes	-	No
Post mix BIB	Yes	0%	0%	Yes	-	No
Pouch	-	-	-	-	-	-

Note:
- The loss in collection and recovery in Returnable Glass Bottle and Carboy are due to breakage, unacceptable scuffing or loss by customer
- Food grade packaging laws prohibit the use of recycled materials
- We do not produce or sell products packaged in pouches

(1) Data is taken from the Taiwan Environmental Protection Administration https://recycle.epa.gov.tw/epa/ShowPage2.aspx?key=6&sno=1010&subsno=293&subsubsno=252

2018 Details on Primary Packaging Types Used in the U.S.

	Is it technically recyclable?	Percent of recycled content used	Collection & Recovery Rate	Are there local recycling infrastructures?	Is it crushed locally?	Is it baled and exported for recycling?
Returnable Glass Bottle	Not Applicable					
Non-returnable Glass Bottle	Yes	26%	40%	Varies by region	Varies by region	Unknown
PET	Yes	2%	30%	Varies by region	Varies by region	Unknown
Carboy	-	-	-	-	-	-
Aseptic fibre pack	No	-	-	-	-	-
Tin	Not applicable	-	-	-	-	-
Aluminum can	Yes	80%	49%	Varies by region	Varies by region	Unknown
Post mix BIB	No	-	-	-	-	-
Pouch	Not Applicable	-	-	-	-	-

Note:
- The loss in collection and recovery in Returnable Glass Bottle and Carboy are due to breakage, unacceptable scuffing or loss by customer
- We do not manufacture glass packaging but we do sell non-returnable glass bottles
- Coca-Cola Bottlers Sales and Service is the source for recycled content
- American Beverage Association is the source for the recovery percentage (U.S. average)
- We do not produce or sell products packaged in pouches

Proportion of Primary Packaging Type by Weight

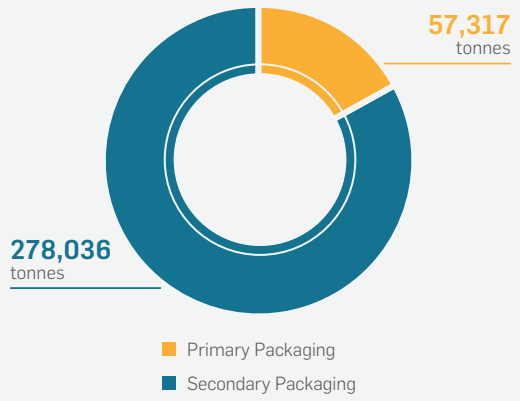
Market	vPET	BioPET	HDPE	PP	Non-returnable Glass Bottle	Aluminum Can	Aseptic Fibre Pack
Hong Kong	38%	4%	3%	1%	5%	39%	10%
Mainland China	78%	-	7%	-	2%	13%	-
Taiwan	70%	-	7%	-	-	20%	2%
U.S.	32%	11%	-	6%	-	50%	-
Total	**68%**	**2%**	**5%**	**1%**	**2%**	**21%**	**<1%**

Secondary Packaging

Total Weight of Materials Used for Secondary and Tertiary Packaging (tonnes)

	Hong Kong	Mainland China	Taiwan	U.S.
Corrugated box, paper tray	3,563	11,974	1,158	13,233
Shrink film	439	16,701	729	540
Label	1,011	2,800	30	424

2018 Production of Primary Packaging Compared with Secondary Packaging



Managing Our Packaging Use

The following initiatives and programmes present our approach to support post-consumer packaging collection and promotion of waste reduction, most of these began in 2018.

Primary packaging design - lightweighting

Lightweighting is the process by which primary packaging is redesigned to reduce the amount of raw materials needed. Since 2010, we have been applying lightweighting to plastic bottles and aluminium cans for some beverage brands in Hong Kong, Mainland China and the U.S. This includes reducing the materials needed for PET containers, bottle caps and bottleneck lengths. We have successfully applied this approach to three brands of water: Bonaqua in Hong Kong, Ice Dew in Mainland China and Dasani in the U.S. For "hot fill" and sparkling beverages There are some limitations due to the nature of these products of needing containers to withstand heat for "hot fill" and to tolerate pressure exerted onto containers for sparkling beverages. The results have been impressive since 2010, but technically we seem to have reached the limits of this avenue.

Lightweighting Results in Hong Kong since 2010

Packaging and Product Type	Reduced Packaging Weight
PET water	23% - 39%
PET sparkling soft drinks	3% - 12%
PET still products	5% - 12%
Closures of all PET bottles	46%
Aluminium cans	8%

Secondary packaging design – lightweighting

We reduced the amount of materials use for our paper trays in Hong Kong. Since May 2018, we shortened the height of paper trays from 65mm to 55mm. This allows us to save 1,500kg of cardboard annually. We applied a similar approach in Taiwan where tray heights are shorted from 70mm to 50mm, saving 116,000kg of cardboard every year.

As for the printed graphics on paper trays, we have started printing directly onto the tray instead of ordering pre-printed trays for some products. For others, we stopped printing on trays and have instead, converted to blank trays. These changes will allow paper trays to be more versatile as to what products they can hold.

Application of Recycled Materials in Food Grade Primary Packaging

The use of recycle materials in food grade packaging is only permitted by local regulations in Hong Kong and the U.S. In Hong Kong we made significant technical progress over 2018 to increase the amount of rPET in our Bonaqua bottles. The 330ml and 500ml sizes remain a challenge as we experience technical hurdles in designing the right preform shape on a lightweighted preform and maintaining production at the perform manufacturing sites. We plan to overcome these issues in 2019.

We are working towards converting our carbonated PET drinks in Hong Kong from 100% virgin PET (vPET) to 25% rPET. In Mainland China and Taiwan, local regulations does not allow the use of rPET in food grade primary packaging.

In the U.S., via Coca-Cola Bottlers Sales and Service (CCBSS), rPET is now being actively discussed. There is however a supply issue. In 2017 the rPET used was 2% - as an average across the U.S.

Bonaqua Water Stations – Hong Kong

Swire Coca-Cola took a step towards implanting Bonaqua water refill stations. The plan is to roll out 300 of these paid water stations over 2019, but some local regulatory procedural issues first need to be overcome.

Collection, Recovery and Reuse

Swire Coca-Cola supports the collection, recovery and reuse of post-consumer primary packaging as well as all other forms of packaging through partnership and collaboration. We are also cognizant that many components must come together for this to work, and deliver high collection, recovery and processing rates. Firstly, packaging must be 100% technically recyclable. Secondly, local recycling infrastructure needs to exist with regulation to minimise contaminants in the recycling pathways. Lastly, one of the most complicated components is the availability of a fit-for-purpose local collection infrastructure. Ideally, it would include source separation to deliver high quality feedstocks, which is the raw materials used to produce plastics.

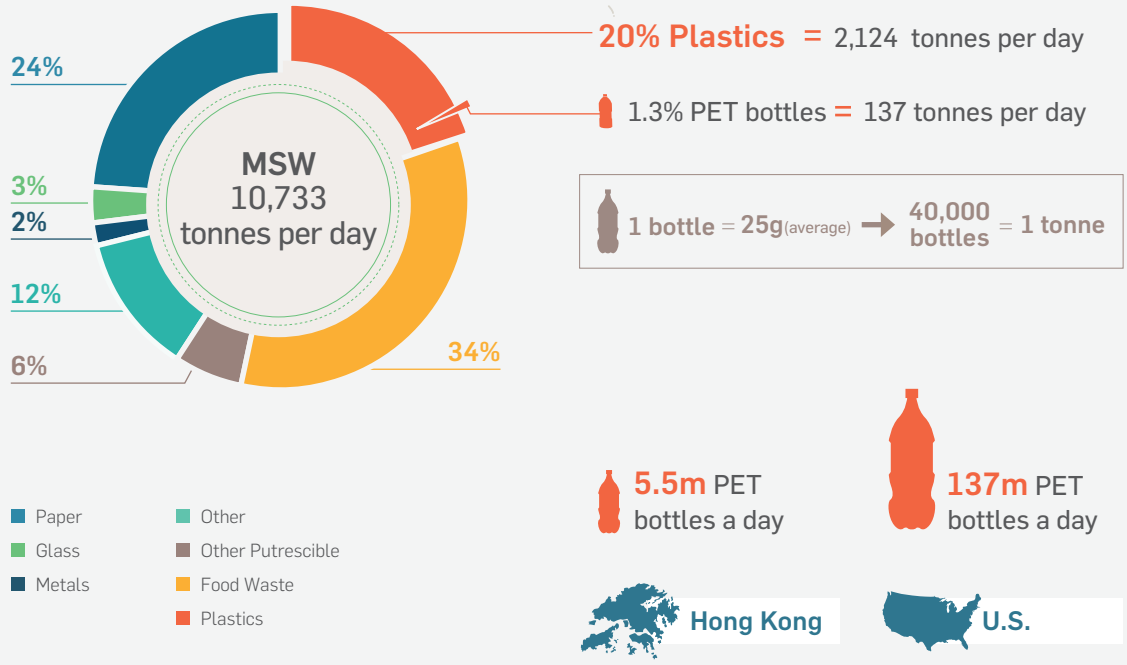
Collaboration of key stakeholders from different areas of specialty is imperative to achieving a circular economy. Packaging producers, collectors, recyclers and government need to have a common goal and work together by leveraging each organisations' expertise to facilitate a closed-loop system. Swire Coca-Cola understands that our own areas of expertise fall short and cannot implement a circular economy for primary packaging alone, and thus, we have been partnering with relevant stakeholders to collaboratively tackle this problem.

Drink Without Waste - #DWW

Swire Coca-Cola Hong Kong is a founding member of the Drink Without Waste (#DWW) initiative since its inception in 2017. Drink Without Waste is a coalition of concerned stakeholders who have come together to achieve a common goal - to reduce waste generated from beverage consumption and to keep all soft drink primary packaging from entering landfills. It made up of major beverage producers and bottlers including Swire Coca-Cola, retailers, NGOs and the waste management industry.

Over 80% of packaging used for beverages ends up as waste in Hong Kong's landfills and an estimated 5.2 million plastic bottles are discarded in Hong Kong every day. The city relies solely on its landfills for disposal of municipal waste and these landfills are expected to reach maximum capacity by 2020.[9] Starting in early 2018, the city was faced with another challenge as Mainland China has banned imports on plastic for recycling.

2017 Composition of Municipal Solid Waste Disposed of at Landfills in Hong Kong

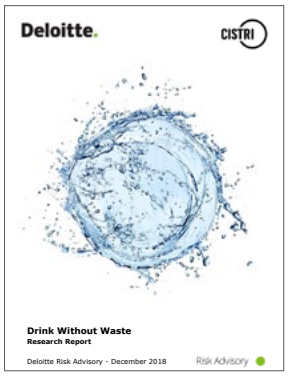


Source: EPD statistics HK Government
The data related to the U.S. references Ocean Conservancy

[9] Drink Without Waste Research Report. Available at: https://drinkwithoutwaste.org/wp-content/uploads/2018/12/deloitte-cn-ra-drink-without-waste-en-181204.pdf

In early 2018, the Working Group commissioned a third-party consultant to carry out an independent research project on how Hong Kong can effectively management single-use beverage containers. The research was published in December 2018 and covered:

- An analysis of the Hong Kong beverage market and packaging management practices
- A review of international best practice (focusing on California, Germany, South Africa, South Korea and Taiwan)
- Stakeholder engagement with over 75 different stakeholders, on sustainable beverage packaging management in Hong Kong
- Economic, social and environmental impact assessment of two different potential scenarios



Findings were used to develop the group's position paper with tangible recommendations for reducing, redesigning, recovering and recycling single-use packaging. The proposed solutions are pragmatic and inclusive to the industry, general public and the Hong Kong Government such as, installing beverage dispensers for refill, regulating packaging standards, implementing a cash-on-return scheme, followed by provision on Hong Kong's own recycling facility.

Herbert Yung, Director, Deloitte China; Edwin Lau, Founder and Executive Director, The Green Earth; Paul Zimmerman, Chairman of #DWW and Neil Waters, Managing Director of Swire Coca-Cola Hong Kong.

"Clean ups and better waste management alone aren't enough to stop plastic pollution, we need to address this issue at the source. We need to create a circular economy, by eliminating the plastics we don't need and innovating so that all plastics we do need can be easily circulated in the system and never become pollution in the first place. It is encouraging to see various stakeholders working together to realise this vision for beverage packaging in Hong Kong." - Sander Defruyt, Lead of the Ellen MacArthur Foundation's New Plastics Economy

The Working Group's next step will be to create its Strategy Realisation Plan to outline the detailed action with a clear timeline. The near future will include a significant amount of public engagement activities, both physically and on social media, to build awareness in the community.

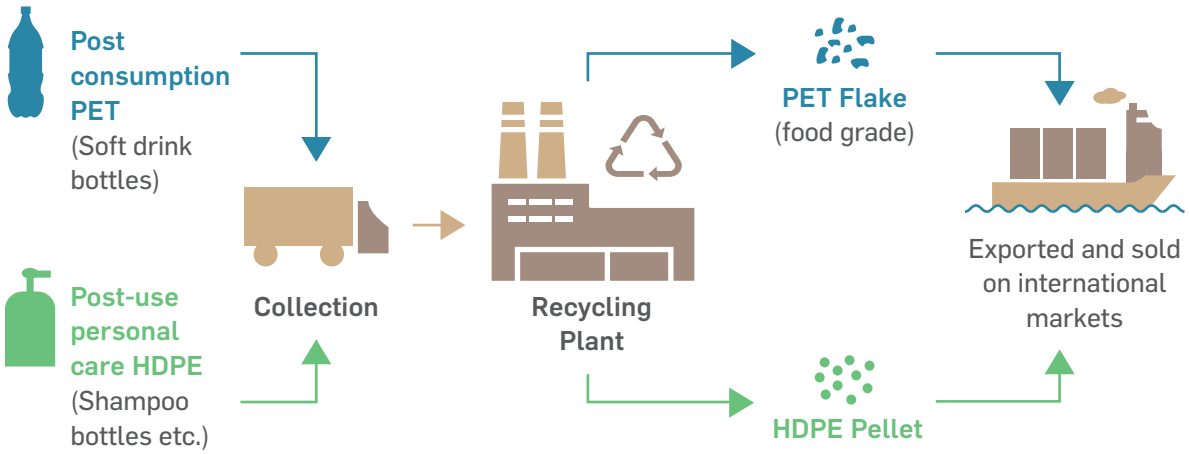
Swire Coca-Cola Hong Kong is fully committed to the #DWW initiative and we have set our own Further Commitments to Reduce Single-Use Packaging where, aside from the goals and strategies outlined in the position paper, we are making additional commitments. We intend to invest over HK$150 million in production equipment and packaging in the next five years to support the growth of refillable and reusable packaging including returnable glass bottles, carboys and post-mix dispensers. Our work to improve packaging design will continue so that recycling rates for primary packaging can increase, this includes incorporating rPET into bottled water and carbonated drinks in PET packaging. On the forefront of recovery, we will continue to work with relevant stakeholders to help promote recovery via public education, innovative business solutions and alternative packing options. We will contribute HK$2 million in developing collection facilities and other mechanisms. This includes establishing reverse vending machines across Hong Kong to encourage and support consumers in disposing plastic bottles to collection points through monetary incentives. Refer to the Appendix of this report for more details.

PET and HDPE Plastics Recycling Facility in Hong Kong: Recovering Plastics Through Partnership

Swire Coca-Cola is taking part in a joint venture with ALBA Group Asia Limited (ALBA) and Baguio Waste Management Recycling Limited (Baguio) to operate a plastic recycling facility in Hong Kong. The facility will process PET and HDPE from post-consumer beverage containers and personal care product containers primarily collected by Baguio from different parts of Hong Kong. ALBA's recycling knowledge will be applied to sort and process these containers and convert them to food grade rPET flakes and non-food grade rHDPE pellet. Once processed, the end-products will be traded on international markets, with the intention that the food grade rPET flakes will go back into food grade primary packaging. The facility will have the capacity to process approximately 100 tonnes of post-consumer PET and HDPE per day.

Environmentally friendly considerations are being taken into account in the design of the facility. We aim to achieve LEED Gold certification, this means, the plant will be equipped with the latest wastewater treatment technologies, solar water capacity and photovoltaic cells to generate renewable energy on-site. The design will take advantage of local wind patterns for natural temperature reductions in the summer within the plant. A small section will serve as an education and awareness area, allowing visitors to see how the process takes place. We anticipate the facility to be in full operation in the third quarter of 2020.

Collection and Recovery Process of PET and HDPE Plastics

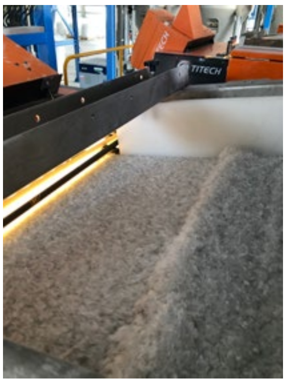


Engaging with local PET recyclers in Mainland China

Gaining access to verifiable waste collection data in any country is challenging, and for Mainland China this is no different. What is slightly unusual is that the fibre business generates considerable demand for type 1, PET. As a result, many small, medium and large PET recyclers have been established over the years. While there is no published data on collection rates, we have observed sizable PET processing plants in person.

Since Operation National Sword, the price commanded by baled post-consumer PET has been high. The government has also implemented a stringent inspection regime on recyclers' environmental credentials, covering waste water treatment and the like. This has resulted in the closure of many of the smaller PET recyclers and therefore the rPET recycling industry has consolidated to some extent.

Over 2018, we have visited many of the medium and large PET recyclers in Mainland China, and analysed the quality of their rPET flakes. In time, we hope to build a strategy around this, being mindful of the fact that currently there is no clear legal and regulatory framework on the inclusion of rPET in food grade primary packaging.

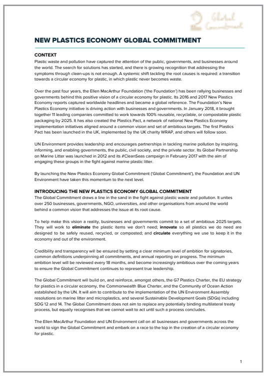


Ellen MacArthur Foundation's New Plastics Economy - Global Commitment

Swire Coca-Cola joined the Ellen MacArthur Foundation's New Plastic Economy in mid-2017. Applying the principles of the circular economy, the New Plastics Economy initiative brings together key stakeholders to rethink and redesign the future of plastics, starting with packaging. The initiative is led by the Ellen MacArthur Foundation in collaboration with a broad group of leading companies, cities, philanthropists, policymakers, academics, students, NGOs, and citizens.

The New Plastics Economy report, "Rethinking the Future of Plastics and Catalysing Action," captured worldwide headlines and became global references.

The New Plastics Economy initiative is driving action with businesses and governments. In October 2018 it launched, in collaboration with United Nations (UN) Environment, the New Plastics Economy Global Commitment (Swire Coca-Cola being a signatory), uniting over 250 organisations behind one common vision and an ambitious set of 2025 targets to address the plastic waste and pollution crisis at its source.


NEW PLASTICS ECONOMY GLOBAL COMMITMENT

CONTEXT

INTRODUCING THE NEW PLASTICS ECONOMY GLOBAL COMMITMENT

Baling machine at Guangdong bottling plant

Waste Management

Aside from packaging, waste generated from manufacturing facilities and other aspects of our operations also fall within our scope and we have categorised waste materials into five areas:

- Organic waste generated from the production of teas and soya-based beverages
- Sludge generated from wastewater treatment plants at bottling plants
- Vending machines, coolers, and fountains beyond economic repair
- Discarded vehicles
- Other waste generated from our bottling plants (pallets, concentrate drums, secondary packaging and primary packaging from mis-runs) and office waste.

Vending machines, coolers and dispensers beyond economic repair and discarded vehicles continue to be areas where we do not have information on.

The two projects presented below took place in 2018 where we effectively reduced the volume of waste generated from bottling plants.

Diverting Waste from Landfills - Hong Kong

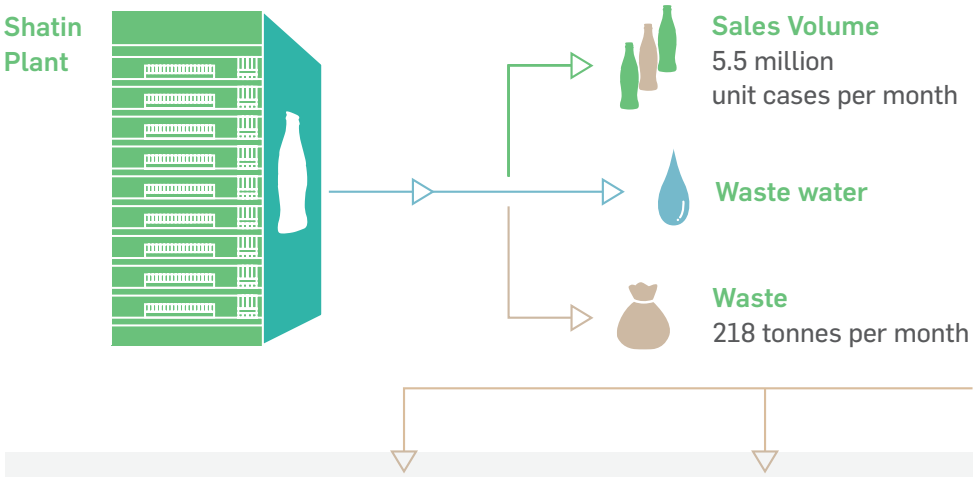
Swire Coca-Cola Hong Kong has been engaging with the Hong Kong Government for several years in search of an improved method to process organic by-products from our bottling plant other than sending it to landfills. The inception of Hong Kong's Organic Resources Recovery Centre (ORRC) has led us to a tangible solution where our organic waste is converted to compost and biogas. The ORRC is equipped to process up to 200 tonnes of organic waste per day through biological treatment processes such as anaerobic digestion and composting, and is estimated to generate 14 million kWh of electricity from biogas.

In conjunction with diverting our organic waste from landfills, we also found a recycling solution for the sludge generated from the wastewater treatment process which previously was sent to landfills.

Hong Kong's Organic Resources Recovery Centre

Separately, we started dismantling damaged wooden pallets to be used as biomass fuel by a recycler in Hong Kong. These three solutions delivered a significant drop in the proportion of waste by volume that would otherwise end up in the landfill. In 2017, 49% of our Hong Kong facilities' total waste from manufacturing was sent to the landfill, whereas in 2018, this figure was 19%. This 30% reduction equates to approximately 65 tonnes per month. In 2019, we have plans to further reduce this figure. Refer to the Appendix for a detailed breakdown of the waste generated from the Hong Kong facilities.

Waste Generated by the Hong Kong Bottling Facility



	Landfill	Collected and recycled
2017	49%	51%
2018	19%	81%
2019	Large reduction programmes will be implemented over 2019 on the remaining 19% (or 42 tonnes per month) of waste sent to landfill	

Looking Forward

With packaging and single-use packaging remaining highly topical, we will further our efforts in addressing this by:

- Increasing the recycled raw material content in our primary packaging. We should see some solid advances in this in our U.S. and Hong Kong markets.
- Drive #DWW Phase II strategy realisation in Hong Kong.
- Explore partnerships in the U.S. and Mainland China in and around the processing of post-consumer PET.
- Work to try and influence partners to bring about a third-party validation stamp on collection and recovery rates in the territories where we operate – and ideally globally, as currently collection data is very subjective.

On waste management, we will conduct programmes in Mainland China and the U.S. to measure, and (a) instill programmes to move as much as possible from landfill to reprocessing and (b) conduct waste reduction programmes, so bringing down absolute volumes of waste from the manufacturing and distribution of our beverages.

COMMUNITY ENGAGEMENT

Being a responsible business means positively influencing the local communities where we operate. Swire Coca-Cola provides constructive contributions that inspire moments of optimism and happiness, leading to positive changes around the world. In addition to the initiatives involving the communities mentioned in the Water Stewardship, Carbon and Packaging and Waste Management sections, we also participate and support a number of programmes that contribute to the sustainable development of local communities.

Our community initiatives are guided by our community engagement CSR policy, which outlines four core areas for community initiatives. These core areas reflect our business's corporate culture and values, and we contribute to addressing these themes through partnerships, employee volunteers, and donations.

Four focus areas:

- Water Stewardship and Environmental Protection
- Youth Development
- Women Empowerment
- Emergency Relief

Cash Donation
HK$ 930K +

Volunteer Services
61,515 hours

CSR Activities
120+ programmes

Note: Includes data from Hong Kong, Mainland China and Taiwan

Water Stewardship and Environmental Protection

Water is a key ingredient in our products and vital to communities and ecosystems. To protect this precious resource, we partner with governments and NGOs to develop and implement projects that protect local water sources as well as tackle other key environmental issues.

Walk for Love Campaign - Mainland China

Swire Coca-Cola started organizing the Walk For Love Campaign since 2013 in various cities of China, including Xiamen, Hangzhou, Zhejiang and Guangdong. It is a fund-raising charity walk which aims to improve water quality and access to drinking water in impoverished areas in China. 13 charity walks have been organized by Swire Coca-Cola over the years, with over 44,000 participants raising more than RMB 12 million for supporting The Clean Water Project initiated by One Foundation and Coca Cola to implement water purification equipment in rural schools.

Rainwater harvesting installation system - Taiwan

Swire Coca-Cola Taiwan has been partnering with Taiwan Green Building Association since 2014 to improve freshwater access in remote areas of Taiwan. By installing rainwater harvesting systems, rainwater can be stored for use later in case of droughts and poor weather conditions. The system includes a water purification process which ensure the cleanliness of water. Clean water can also be accessed easily with water pumps. These systems have been installed in New Taipei City, Keelun City, Hualien County and Taoyuan City, supplying water to more than 7,000 people. The next step for this project is to install a public rainwater harvesting system in a remote area in the central part of Taiwan to serve an existing tribe.

Youth Development

We believe education is fundamental for a growing community and that by educating the younger generation, they become positive and engaged members of society.

Coca-Cola Hope School – Mainland China

Over the last 20 years, Swire Coca-Cola has supported 28 Hope Schools across Mainland China. Every year, Hope Schools support the education needs of youth in rural areas by providing libraries, classrooms and other education facilities to children. Our staff volunteers from nearby bottling plants visit the children at these schools during holidays to participate in activities and events.

Coca-Cola Little Red House Project – Hefei, Mainland China

The Coca-Cola Red House Project was launched in 2017. Since its inception we have transformed two abandoned village houses into a Coca-Cola Little Red House to provide a place for children to socialise with each other and foster a sense of community within the village. The next Coca-Cola Little Red House will be built in Jianghuai in the coming year.

Anti-bullying Campaign - Taiwan

Swire Coca-Cola Taiwan, together with the Coca-Cola Foundation has collaborated with the Child Welfare League Foundation on a three-year Anti-bullying Campaign to fight against campus bullying. The campaign's objective is to encourage people to break the silence around bullying and take actions against bullying by offering ideas for solutions to parents and students. The first year of this campaign included campus events, specially-devised Story Vending Machine with cans of bullying stories rather than beverages inside, and various public communications. It has earned the Golden SABRE Recognition for Corporate Social Responsibility from the 2018 Asia-Pacific SABRE Awards. The second year of this campaign included campus events, a public exhibition with a symbolic tunnel with many bullying images to drive sympathy, and a press conference to promote exhibition. Over these two years, the programme attracted people's attention to this social issue. It has generated over 200 media coverages, influenced 13,280 people through exhibitions and events held and reached over 9.2 million people on social media.

"The Art Machine" Campaign – Hong Kong

Swire Coca-Cola Hong Kong launched, "The Art Machine" campaign in 2018. This two-year programme offers schools and NGOs a new way of collaborating by bringing them the benefits of community engagement, art creation, sustainable income and corporate sponsorship for supporting their youth services. Participating organisations receive our full-package vending services free of charge, which includes a vending machine, restocking of beverages and machine maintenance. To be a part of this campaign, participating organisations are required to provide a space with power supply for the vending machine, usually along the side of a wall. They also get to choose the themes and artists to ensure that the final artworks (incorporating our vending units as part of the designs) will make "The Art Machine" a fun, attractive and engaging experience for all. Sales commissions are given to participating organisations as donations to provide income which contributes to funding their operations.

Coca-Cola Scholars Foundation – U.S.

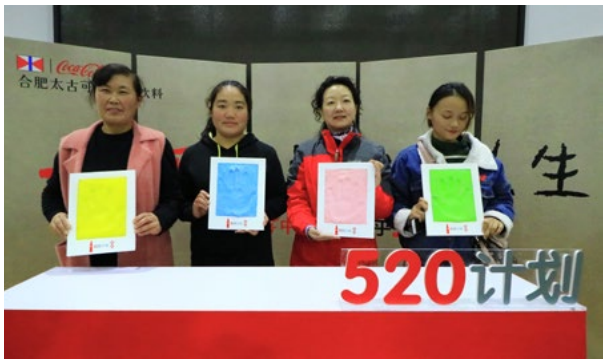
The Coca-Cola Scholars Foundation invests in exceptional high school students who are dedicated to leadership, and actions that positively impact others. Each year, the foundation sends 150 bright, young innovators to post-secondary education with a US$20,000 scholarship. Swire Coca-Cola has supported this foundation through donations for more than 30 years.

Women Empowerment – 5by20

Releasing the potential of women across the globe is essential in achieving sustainable development. Women around the world provide significant contributions to The Coca-Cola System and in recognition of the challenges they face, TCCC developed the 5by20 initiative to empower five million women entrepreneurs within its global value chain by 2020. This initiative offers women access to business skills training courses, financial services and connections with peers or mentors, giving them the tools and skills to build a successful business.

Coca-Cola 5by20 "Coca-Cola Mama University" – Mainland China

5by20's "Coca-Cola Mama University" is a programme led and created by TCCC to offer professional and personal development training for women in Mainland China. Through this programme, we provided 459 courses at 13 bottling plants to more than 200,000 women. The course content covered a range of topics including accounting and finance, management, entrepreneurship and work-life balance. "Coca-Cola Mama University" brings value to women in Mainland China by providing the knowledge they need to improve the quality of life for themselves and their families.



Emergency Relief

Mainland China experiences a range of different natural disasters. When disasters strike, freshwater supplies are often disrupted and the lack of drinking water becomes one of the most urgent issues to tackle. In these situations, Swire Coca-Cola works with NGOs and the local government to deliver drinking water to the affected population as quickly as possible.

"Clean Water 24" is a project aiming to provide bottled water to affected citizens within 24 hours of a natural disaster. Since it was launched in 2013, Swire Coca-Cola has been engaged 75 times to deliver 6.96 million bottles of water to more than 163 locations where people were affected by disasters. Over the course of these events, 3,050 of our staff members have volunteered to make this possible.

Looking Forward

We will continue to strengthen our connections with local communities to understand their needs. We look forward to further explore partnership opportunities with governments and NGOs to bring tangible benefits to the environment, youth and women of local communities.

GENDER EQUALITY

Swire Coca-Cola established its Gender Equality Steering Committee in early 2018 to advise the company on its overall gender equality strategy. With set targets to be met in the next five-years, we have already successfully increased the proportion of female Sales Representatives in Mainland China as of the end of 2018. We conducted a gender pay gap analysis to better understand whether women and men are being paid equally. We also provided "Unconscious Gender Bias Training" in Mainland China and Taiwan. We continued our Women's Network in Mainland China under which we held our "Achieve the Best of You" training and our Female Leadership Forum. In 2019, we will be developing Swire Coca-Cola's Diversity and Inclusion Policy, extending our commitment to provide a fair workplace for employees of different race and generations, as well as those with disabilities.

Achieving gender equality both in the societal and business context is attracting attention globally. For companies, a diverse and balanced workforce creates more opportunities for innovation and supports competitiveness. The business case for gender equality is strong. Research suggests that if women and men played an equal role in the labour market, an additional US$28 trillion would be added to the global economy by 2025.[10]

At Swire Coca-Cola, we believe in the business case for having gender diversity and inclusion in the workplace. Our internal data on turnover rates and female Sales Representative performance show that there are significant business benefits in having a more gender diverse workforce. Our data proves that (1) female Sales Representatives are less likely to resign; (2) female Sales Representatives are better at achieving KPIs than their male counterparts; and (3) female Sales Representatives are more engaged than males. We communicated these findings to gain support from our management team and employees to promote and achieve gender equality. In 2018, we have been proactively driving towards a more gender-balanced workforce.

[10] https://www.mckinsey.com/featured-insights/employment-and-growth/how-advancing-womens-equality-can-add-12-trillion-to-global-growth

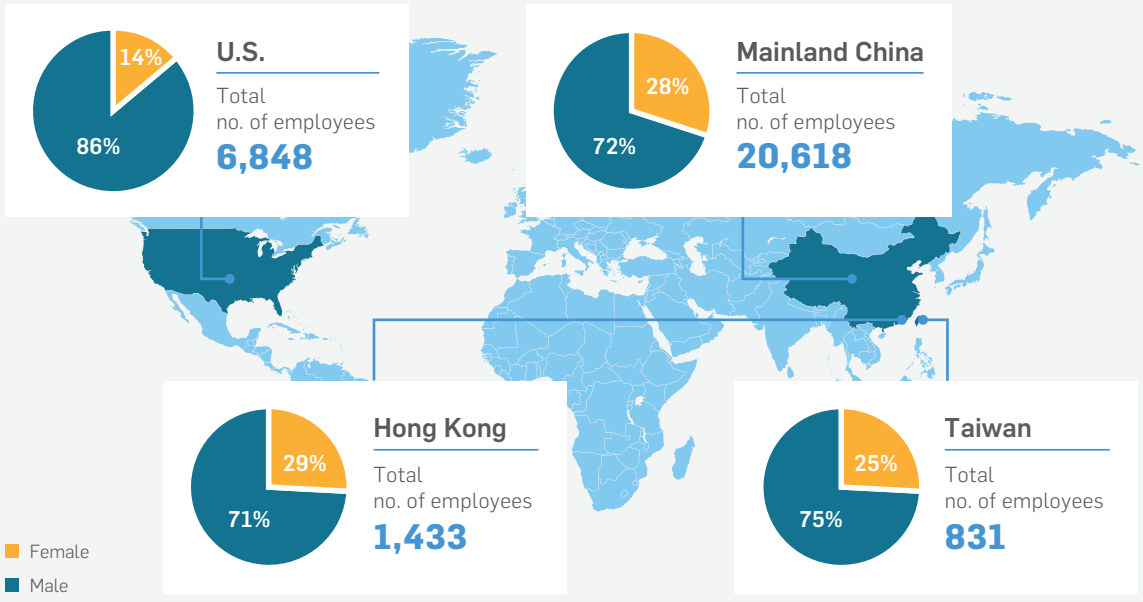
Our Commitment

Our aim is to provide equal opportunities for all employees by offering an inclusive working environment. We support gender equality initiatives within our company and have started launching new programmes in 2018. Senior management at Swire Coca-Cola takes this topic seriously and are aware that in order to drive change, a commitment needs to come from the top. As such, we have set clear directions, defined success factors and established the right governance structure to achieve gender equality. At the time of reporting, our human resources department is developing Swire Coca-Cola's own policy on diversity and inclusion which will be launched and fully implemented by 2019. Our management approach to gender equality aligns with our parent company to provide equal opportunities for all.

Progress in 2018

This year, we made incremental progress towards achieving gender equality at Swire Coca-Cola. The proportion of female in our workforce grew from 23.9% to 24.6% between 2017and 2018. Across our four markets, our workforce remains dominated by male staff, especially in the U.S. where only 14% of our workforce is female. The proportion of male to female employees in the four different markets in 2018 remained similar compared with 2017.

Percentage of Workforce by Gender in Each Market



Note: The figures presented above only include employees under permanent contracts. Fixed term and temporary employees are excluded

We saw an increase in the proportion of females at top/senior management, customer facing staff and non-customer facing operational/technical staff this year. Conversely, there was a slight drop in the proportion of females in middle/junior management and supervisory staff.

Approach to Achieving Gender Equality

2018 was an active year where we implemented several initiatives in Mainland China including the Gender Equality Steering Committee, the Women's Network, along with training for staff and assessments on gender pay gap across all four markets.

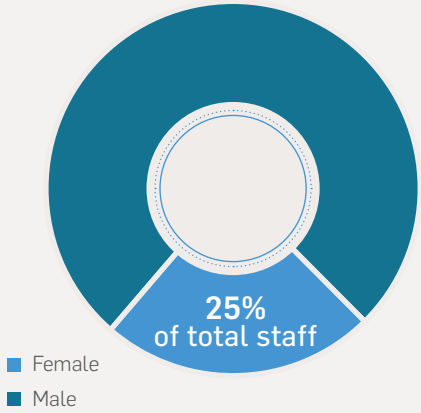
Gender Equality Steering Committee

The Swire Coca-Cola Gender Equality Steering Committee was established in January 2018. The committee is made up of 11 people from our senior management team and is chaired by our Managing Director. The Committee is responsible for setting the overall strategy to achieve gender equality while meeting corporate goals and business priorities. Quantitative targets have been set to drive tangible change. For example, we identified seven critical positions (General Manager, Sales and Marketing Director, Sales Operation Manager, Regional Sales Manager, Manufacturing Director, Logistic Director and Plant Manager) where we want to increase the proportion of females and have set five-year targets. These include developing two female successors for Sales and Marketing Director role and four female successors for Logistics Director role by 2022. We monitor progress on a bi-monthly basis and each bottling plant has established their own steering committee to support this.

There are three Gender Equality Working Teams that are responsible for reporting to the Swire Coca-Cola Gender Equality Steering Committee:

- Team 1 is responsible for female Sales Representatives recruitment. We are moving towards a more data-driven recruitment approach by launching an online recruitment system. We are also experimenting with outsourcing the recruitment process to recruitment firms. At the same time, we are adopting part-time and job-share approaches to recruit more females.
- Team 2 is responsible for developing female staff. Key activities include "Achieve the Best of You" training programme, the Female Leadership Forum.
- Team 3 is responsible for fostering a female-friendly environment. Key activities include flexible working arrangements, "Unconscious Bias Training" programmes, and internal/external communications.

Percentage of Workforce by Gender



21% of top / senior management

28% of middle / junior management and supervisory

26% of customer facing staff

16% of non-customer facing operational / technical staff

60% of supporting functions (human resources, public affairs, finance, etc.)

Female Sales Representative Recruitment

We made significant progress in recruiting female Sales Reps to balance the proportion of males and females within this employment category. We established a five-year target in February 2018 to achieve 30% female representation in our Sales Reps workforce. To start, we would need to achieve a 30% female recruitment ratio.

We believe the recruitment process can contribute to improving the female-to-male ratio of our workforce. We reached 24% proportion of female Sales Reps as of 31 December 2018, exceeding the 23% target set for 2018. The recruitment ratio of female Sales Reps is 5% points higher than 2017. Some bottlers have done particularly well in this, our Hefei plant has achieved a 31% female Sales Reps recruitment ratio compared to 7% in 2017. Their proportion of female Sales Reps reached 16% compared to 11% in 2017. We also saw significant progress at our Zhengzhou bottling plant where a 25% female Sales Reps recruitment ratio was achieved compared to 9% in 2017. This year, their workforce of Sales Reps is made up of 17% females compared to 11% in 2017.

The Women's Network

The Women's Network in Mainland China is our internal communication platform to share stories as a source of inspiration and empowerment. Over 100 posts were launched in 2018, including the story of our first female bottling plant manager. The average number of views for each post exceeded 3,500 views.

This year, we continued to hold our female leadership development events, "Achieve the Best of You" and the Female Leadership Forum. We engaged 515 female managers from 13 bottling plants as part of our "Achieve the Best of You" training in Mainland China and Taiwan. These events are designed to help female leaders increase awareness on the issues around gender equality and the need to empower other women around them. An external professional was hired to train 25 internal trainers across different bottling plants. Internal trainers then conducted the trainings at their own bottling plants.

This year marks the second year of our Female Leadership Forum. The event gives us the opportunity to celebrate and give thanks to the women of Swire Coca-Cola and to celebrate the achievements we have made towards gender equality. With 365 people in attendance, the event featured three female leaders to share their experiences and wisdom on how they got to where they are today.

Unconscious Bias Training

We provided "Unconscious Bias Training" to managers at ten bottling plants in Mainland China and Taiwan. The training offered managers the tools they need to eliminate discriminatory behaviours. A total of 450 managers underwent this training and we will continue to cascade this programme to supervisors in 2019.

Gender Pay Gap

The latest Global Gender Gap Report estimates it would take 202 years to completely close the gender pay gap at the current rate at which change is happening.[11] Women are, historically and currently, being paid less than men for the same type of work. To better understand if women and men at Swire Coca-Cola are being paid equally, we calculated the gender pay gap across all four markets. We measured the difference between male employees' average monthly pay to female employees' average monthly pay.

$$\text{Monthly Average Pay Gap} = \frac{\text{(Average monthly pay of male staff – average monthly pay of female staff)}}{\text{Average monthly pay of male staff}}$$

Market	Monthly Pay Gap
Mainland China	4.3%
Hong Kong	-9.39%
Taiwan	-0.61%
U.S.	-2.7%

Findings revealed that in Taiwan and the U.S. the average pay for male and female staff are similar to each other. In Mainland China, men are paid 4.3% more than women on average. Conversely in Hong Kong, women are paid almost 10% more than men on average.

Looking Forward

We are in the process of developing our Diversity and Inclusion Policy that not only will outline our commitments to gender equality, but also extend this commitment to employees of different races and generations as well as those with disabilities. We will be engaging male leaders to advocate and sponsor the women around them as part our Male Allies programme. These Male Allies will work collectively to advocate gender equality throughout Swire Coca-Cola and their personal networks.

[11] https://www.weforum.org/reports/the-global-gender-gap-report-2018

SAFETY

2018 has seen a year of more substantive reporting reflecting the efforts of the business to develop an open and honest reporting culture. This is especially true in the territories which were part of the re-franchising process over 2017.

Two successful targeted Safety Awareness Programmes were implemented in Mainland China and the U.S, which will carry on over 2019. We believe both of these programmes will deliver further reductions in Lost Time Incidents as the programmes mature.

The 2018 Lost Time Injury Rates in Hong Kong and Taiwan saw increasing trends compared with 2017, and sadly, we had three fatalities in 2018, up from one in 2017.

Protecting the health and safety of our staff is critically important and we aim to achieve zero harm by creating a safe working environment. We take into consideration the cultural differences across our different markets to better understand working environments so that we implement suitable safety initiatives to reduce incidents.

Managing Health and Safety

Within bottling plants, management is responsible for implementing the Occupational Health and Safety Assessment Series standard OHSAS 18001, a requirement set by the Swire Pacific Health and Safety Committee. Each bottling plant has an assigned safety manager to address concerns and identify areas for improvement. Our health and safety performance is tracked through our Monthly Safety Report, where information from each market is consolidation and reported to the Supply Chain Director and Managing Director (refer to p.59 of our 2017 Sustainable Development Report for details on our safety governance structure).

Health and Safety Capacity Building

The Coca-Cola Company's Quality Safety and Environmental (QSE) Council is made up of TCCC and representatives from the bottling companies, including Swire Coca-Cola, who meet once a year. At these meetings, The Coca-Cola System provides strategic direction to TCCC on safety, quality and environment-related matters. Peter Mills, Director of Supply Chain at Swire Coca-Cola has been the co-chair of the QSE council since 2017.

Separately, we continued participating in the annual John Swire & Sons and Swire Pacific Health and Safety Conference. This event

creates a learning platform for a diverse group of operating companies within the Swire Pacific Group to come together and share best practices, innovative health and safety measures, as well as management techniques.

Safety-related Metrics

Metrics	Mainland China	Hong Kong	Taiwan	U.S.
Total number of employees	20,618	1,518	873	6,848
Number of sales and marketing staff	11,093	240	260	3,730
Number of bottling plants	18	1	1	6
Number of distribution centres	228	0	3	48
Number of owned vehicles	911	274	131	1993

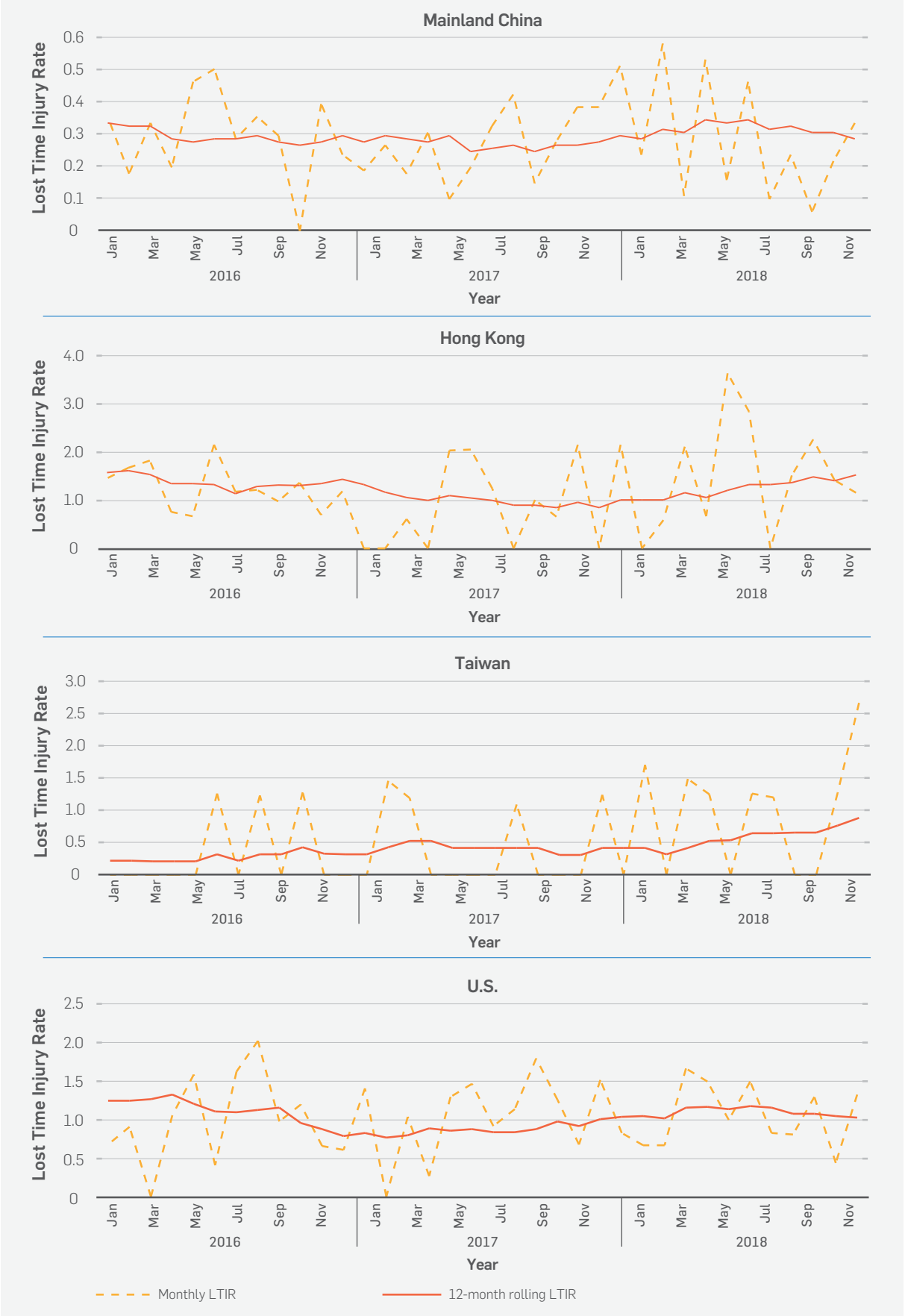
Safety performance can be influenced by the number of staff and types of activities they are involved in. The information presented in the table above provide an overview of metrics relevant to our safety performance. For example, sales and marketing staff in Mainland China commute to customer locations on motorbikes. Thus, a high number of sales staff in Mainland China could imply a higher likelihood of motorbike traffic incidents.

Measuring Our Safety Performance

Our employees' openness and honesty are integral components to create the safety culture we desire, it also supports collecting the data we need for proper analysis. This contributes significantly to improving our management approach and this is why we must foster company culture that encourages communication of these indicators. Swire Coca-Cola measures incidents in a number of ways. We record total Lost Time Incidents (LTI) as well as the severity of these; Lost Day Rate (LDR), and the frequency of these; Lost Time Incident Rate (LTIR). Lastly, we report a frequency indictor, Total Injury Rate (TIR).

We present our LTIR performance with the last two years' specific LTIR rates for each market so that we maintain the quality of information that would otherwise be eroded if presented as a consolidated LTIR across all four markets. Lost Time Incidents are reported in respect to local environments and cultures, hence the following four graphs are best viewed over their own two-year window.

Lost Time Injury Rate Performance (Frequency): 2016 to 2018



The LTIRs in Hong Kong and Taiwan have increased.

Based on our analysis of the reported incidents, in Hong Kong, this has primarily been due to improper tool usage and individual carelessness. Our data also indicated that approximately 30% of the injured employees had less than one year of service with the company.

Breakdown of Lost Time Injury Rates in Hong Kong

Function	Lost Time Injuries	
	2017	2018
Manufacturing	2	11
Logistics	14	10
Others	0	8
Total	**16**	**29**

As such, preventive measures are being implemented in 2019 which will cover extensive training for new employees and to introduce Pristine Condition. (More information on Pristine Condition can be found in the section below). In Taiwan, the rise in LTIs was driven by employees traffic accidents to and from work, which in 2017 was out of our scope. It should be noted that the Kaohsiung facility in Taiwan was closed in April 2018.

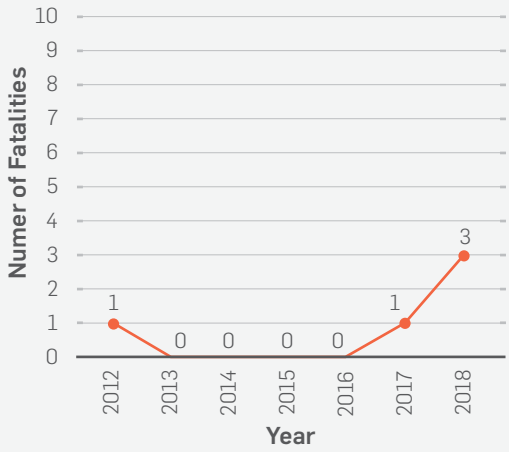
Breakdown of Lost Time Injury Rates in Taiwan

Function	Lost Time Injuries	
	2017	2018
Manufacturing	2	2
Logistics	0	3
Others	2	3
Total	**4**	**8**

Fatalities

We report on any work-related fatality directly related with the operations of Swire Coca-Cola. This covers our staff, contractors, customers or other third parties. Regretfully, there were three fatalities in Swire Coca-Cola this year, all of which were in Mainland China. One took place inside a bottling plant, while the other two were off-site, traffic-related accidents. A full internal investigation was carried out on the fatality that took place inside our bottling plant. The post incident and corrective actions summary meeting was conducted and all corrective actions have been shared across the company. The two traffic-related fatalities were Swire Coca-Cola contractors who were traveling at speed while their truck was overloaded. This was investigated by the local authorities and corrective actions have been communicated to our contracted hauliers.

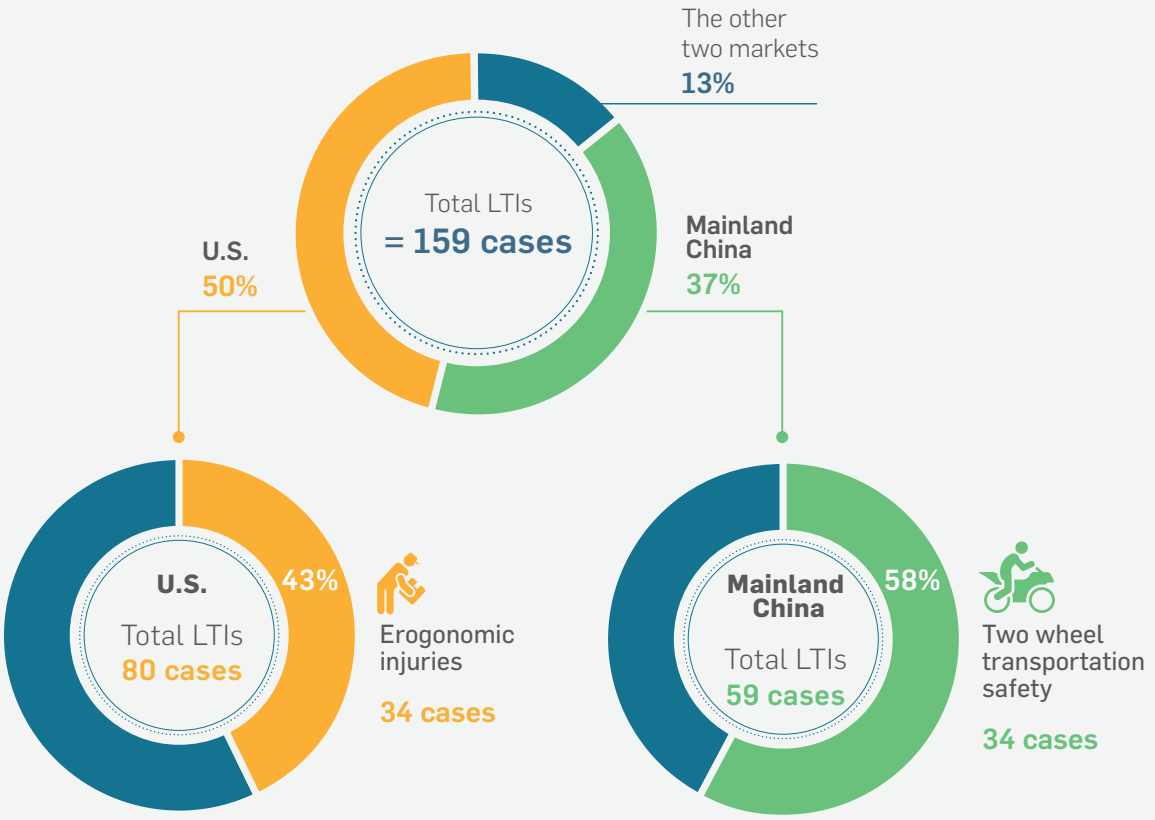
Numer of Fatalities from 2012 to 2018



Safety Awareness Programmes

The programmes we implement to strive towards zero harm reflect historic safety performance and findings from incident reports. Due to the safety data we amassed over 2017, we rolled out two specific Safety Awareness Programmes to target the two main concerns to drive positive change.

2017 Lost Time Injuries by Market [12]



Pristine Condition – U.S.

In the U.S., we implemented Pristine Condition in 2018 to reduce ergonomic injuries caused by manual handling which in 2017 was responsible for 43% of the LTIs. Four employment categories are especially affected by these injuries: warehouse loaders, driver merchandisers, merchandisers and field service technicians / cooler movers.

Pristine Condition is based upon principles of weightlifting with a focus on four essential

Two-wheel Defensive Driving Safety Training Programme – Mainland China

In 2017, there were 59 LTIs related to vehicle, motor and electric bike on the road, which equaled to 58% of the LTI cases in that year. Thirty-four of these 59 cases were related to two-wheel vehicles and injured employees were mainly from the sales and marketing team. To address this, a defensive driving training programme was launched in 2018 to reduce the risk of collision by anticipating dangerous situations, despite adverse conditions or the

[12] Mainland China data includes the legacy and new territories excluding Xian for full year 2017, while data for the U.S. data includes legacy territories from the whole of 2017 and new territories only from the refranchising date in mid-July 2017. Hong Kong and Taiwan saw no changes over 2017.

techniques. Training is provided through videos, complemented with follow up observations and coaching by frontline leaders to drive improvement.

We conducted over 4,000 observations and coaching assessments in 2018. We are seeing tangible results from our safety performance indicators when comparing our performance from July to December 2017 with those from July to December 2018. During this period, we saw 38 LTIs related to manual handling whereas in the same six-month window in 2018, we saw 18 LTIs of similar nature, which equates to a 36% reduction of LTIs related to manual handling.

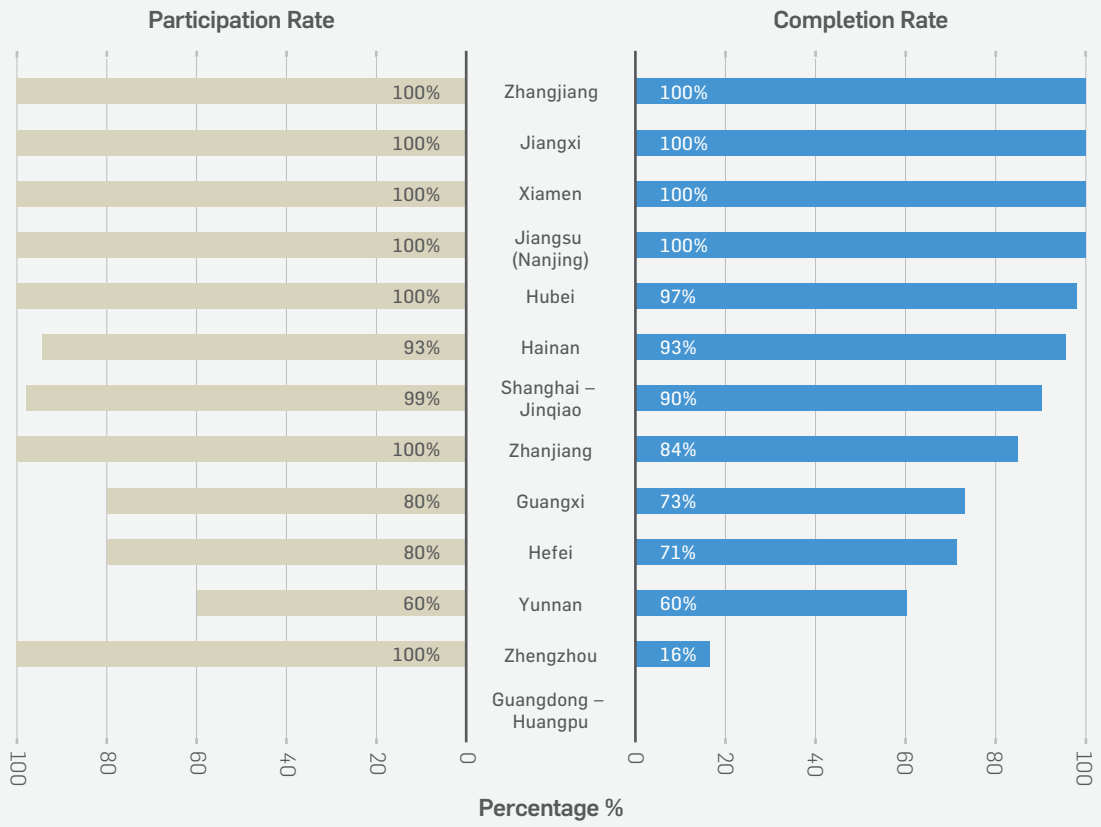
pristine condition

mistakes of others. The programme's objective is to increase the safety awareness and safe driving skills of two-wheel vehicle drivers of our sales and marketing team in Mainland China.

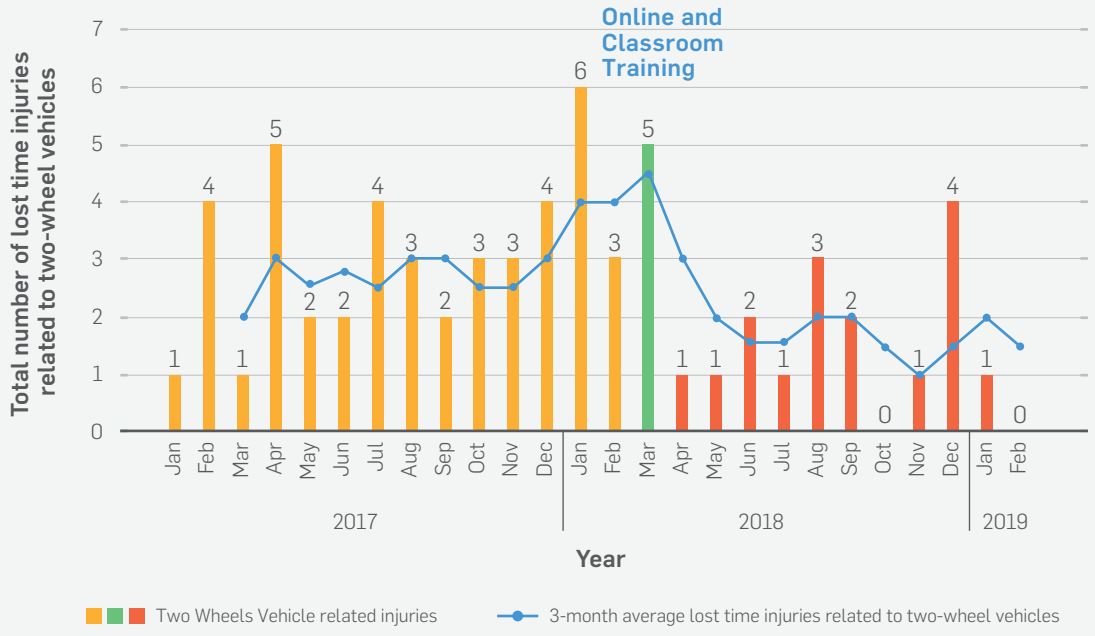
Our Mainland China Quality Safety and Environment team developed two parts of defensive driving course: on-line training by using a mobile application which includes training videos, tests through "Konnector" platform, and in-person classroom training led by external experts. This commenced in March 2018. Refer to P.76 for training completion rates.

As of January 2019, about 7,000 employees from Sales and Marketing team completed online training, and more than 7,300 employees participated classroom training. Since this programme has been launched, LTIs caused by two-wheel vehicle accidents have reduced drastically. Between April 2018 and February 2019, the number of total incident cases related to two-wheel vehicle was 16, while in the 11 months prior to this was 34, this translates to a 47% reduction in LTIs.

Online Training Progress (as of Jan 2019)



Lost Time Injury Trends - Two Wheels Vehicle Related



Traffic Management Pilot Projects

We completed the two traffic management pilot projects at our Nanjing and Hangzhou bottling plants where on-site traffic was organised systematically to (a) separate pedestrians from traffic, (b) create a one-way only managed traffic flow, (c) improve visual management, and (d) to track safety and permit checks on arrival. This was successful and as such, we aim to implement similar traffic management measures across more of our bottling plants in the coming years.

Hangzhou Traffic Management Pilot Project

Before

After

Looking Forward

Open and honest reporting underpins the safety culture which we are fostering at Swire Coca-Cola. There is still more work to be done, and integrating this culture across our contractors remain a particularly challenging aspect of this journey.

Furthermore, developing our leading indicators in parallel with the company progressing its Continuous Improvement journey, as well as cross-referencing safety metrics to turnover rates and targeted training, remain as priority, as does formerly implementing safety training into the formal training regime as staff rise through the company.

We often see high turnover rates in roles which are more risk prone, for example, sales and marketing staff that are frequently on the road in Mainland China. We need to do better here, but it will take time. Meanwhile, the Two-wheel Safety Training Programme and Pristine Condition remain exciting programmes which we will continue to push and report results against.

PRODUCT CHOICE AND LABELLING

Swire Coca-Cola continues to offer consumers a diverse portfolio of beverages across our four markets. Our approach to product choice and labelling follows that of The Coca-Cola Company's "Our Way Forward". We work with The Coca-Cola System to make improvements both inside and outside the bottle.

We introduced "Coca-Cola Plus" in Hong Kong and Mainland China, a sugar-free and calorie-free beverage containing dietary fibre. "Sprite Plus" was also launched in Mainland China along with a new non-sweetened tea brand, Authentic Tea House.

Across the globe, people are becoming increasingly conscious about the nutritional content of the foods and beverages they consume. In 2015, the World Health Organization (WHO) issued a guideline recommending adults and children limit daily sugar intake to no more than 10% of total energy consumed. At the same time, we are seeing our consumers' tastes evolving and their preferences for beverages has become more diverse reaching beyond soft drinks and juices.

Our Commitment

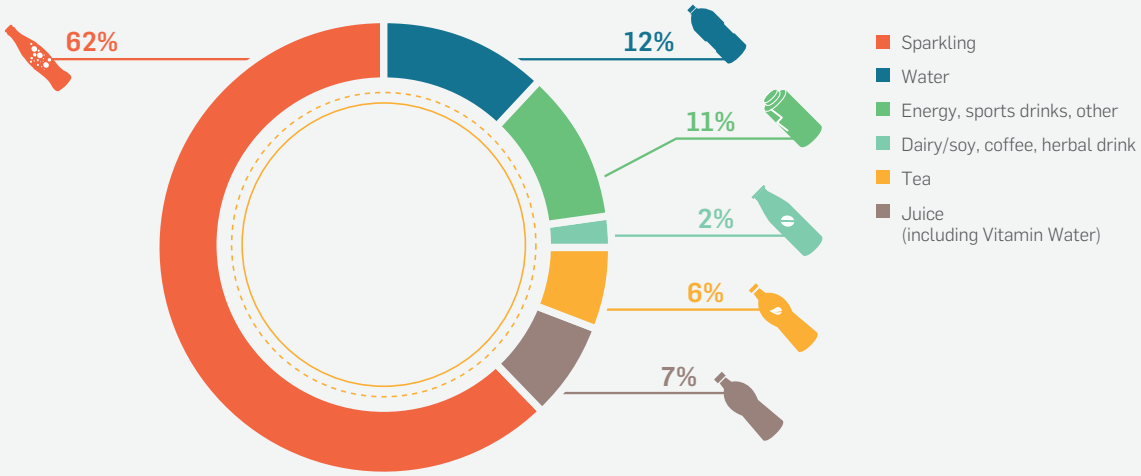
Swire Coca-Cola supports the recommendation by the WHO We are committed to providing consumers with choice and information when

it comes to their beverage needs. We believe consumers should have the options to choose from a diverse selection of beverages tailored to their preferences both in terms of taste and nutrition. We support this by providing them easy access to information on ingredients and nutrition content that they need to make these decisions. To help consumers carry out a healthy lifestyle, we are committed to supporting TCCC in exploring ways to reduce sugar content without compromising taste as well as different ways to make beverages more nutritious.

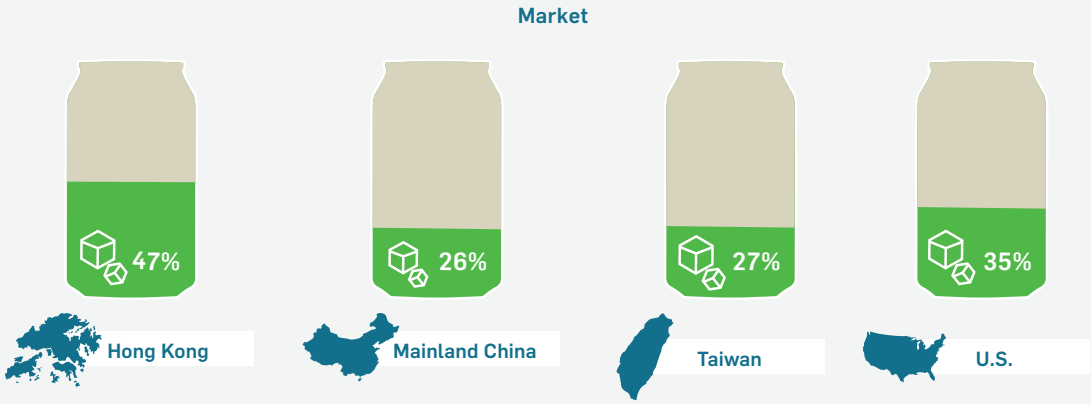
Our Beverage Portfolio

Swire Coca-Cola has been transforming our beverage portfolios to meet consumer taste in different geographies. We have done so by incorporating new product types including teas, dairy products and more. We manufacture and distribute 61 beverage brands across four markets ranging from sparkling flavours, energy/sports drink, juices, teas, dairy/soy-based/herbal drinks, coffee and water.

2018 Overall Product Mix by Sales Volume



2018 Percent of No- and Low-Sugar Beverages by Sales Volume



The proportion of low/no-sugar beverages we produce differ by market. This is dictated by consumer preferences at each location.

Our Approach – 'Our Way Forward'

In line with TCCC's "Our Way Forward" strategy, we made the decision to become a total beverage company, giving people around the world more of the drinks they want and how they want them – whether that means less sugar, more natural sources, or organic. We are working together with The Coca-Cola System to make improvements both inside and outside the bottle.

Inside the bottle

TCCC controls all beverage formulas that we manufacture and distribute. As such, our role is to produce beverages according to TCCC's requirements. TCCC is reformulating recipes to reduce sugar and calories as well as exploring ways to make beverages more nutritious by adding vitamins, minerals and electrolytes. At the same time, new sugar alternatives are being explored to reduce sugar while maintaining the taste consumers love. We are continuing to diversify our product portfolio to meet evolving tastes, including new low/no-sugar beverage options.

In Mainland China and Hong Kong, we introduced "Coca-Cola Plus", a sugar-free and calorie-free beverage containing five grams of dietary fibre per bottle in 2018. Drinking "Coca-Cola Plus" with food will help suppress fat absorption and moderate the levels of triglycerides in the blood after eating. In Mainland China, we also launched "Sprite Plus", which has similar functional benefits as "Coca-Cola Plus".

In Mainland China, we expanded the number of low/no-sugar beverages to offer consumers with more healthier alternatives. Between 2017 and 2018, our number of low/no-sugar beverages grew from 28 to 41. A new non-sweetened tea brand, "Authentic Tea House" was also launched in 2018, during which we introduced three different flavours.

Number of No- and Low-Sugar Products

Market	2017	2018
Hong Kong	75	86
Mainland China	28	41
Taiwan	58	58

Outside the bottle

Offering smaller packaging sizes makes it easier for consumers to control sugar intake. In Mainland China, we are already packaging some Coca-Cola Trademark products in 250ml cans, called slim cans.

We voluntarily provide easy to find caloric information so consumers can make informed decisions conveniently. We ensure all nutritional information is factual, meaningful, easy to understand, and that all product labels fully comply with local regulations and requirements. In the U.S., we provide the caffeine content along with calories-per-serving and serving-per-container.

In Hong Kong, we are working towards implementing the Government's new labelling scheme for beverages qualified as no-sugar or low-sugar. Twenty-one of our products are qualified and we will be slowly adapting these logos onto our labels.

Looking Forward

Swire Coca-Cola will continue working with TCCC to incorporate new formulas to reduce the sugar content in our beverages. We will continue to expand our beverage portfolio by increasing the number of beverage options we manufacture, especially in Mainland China. This would be specifically targeted towards introducing new low/no-sugar beverage options. Another area that will need our attention is product labelling. We will continue to embrace new labelling trends – especially around consistency in disclosure on collection, recovery and recycling, as well as recycled content of the primary packaging.

Responsible Marketing

We have aligned ourselves with TCCC's Responsible Marketing Policy and are committed to responsible marketing of our products. We respect the role of parents and caregivers and will not advertise our products in media targeting children under the age of 12 including television shows, print media, websites and social media. We do not advertise our products in primary schools.

PRODUCT QUALITY AND FOOD SAFETY

We place great emphasis in maintaining the quality of our products so that consumers feel confident that each time they consume a Coca-Cola beverage, they meet their hydration needs while feeling satisfied. We have processes and management systems in place to support us in meeting these high-quality requirements and to ensure our products comply with relevant local rules and regulations.

Under The Coca-Cola System, we are also expected to meet the standards outlined in the Coca-Cola Operating Requirements (KORE). KORE outlines requirements and policies, specification and programmes to ensure product safety and quality, occupational safety and health and environmental standards. KORE is reviewed regularly to ensure standards are relevant and up-to-date. In addition to abiding with the requirements of TCCC, we ensure compliance with local regulations and standards of our operating markets.

Quality and Food Safety Management Systems

We implement internationally recognised management systems at all our bottling plants. Our co-packers and manufacturing partners are also required to obtain the same International Organization for Standardization (ISO), Food Safety System Certification (FSSC) and Occupational Health and Safety Assessment Series (OHSAS) certifications as us. These include:

- ISO 9001 Quality Management – to ensure consistent, good quality products
- ISO 14001 Environmental Management System – to minimise negative environmental impacts arising from our operations
- ISO / FSSC 22000 Food Safety Management System – to ensure the manufacturing process is sufficient to maintain the safety of the food or beverage being produced
- OHSAS 18001 – to ensure sufficient systems are in place for occupational health and safety

As an operating company under Swire Pacific, our compliance and management systems are also aligned with Swire Pacific's standards. We report our performance to both Swire Pacific and TCCC.

Total Product Management System

We integrate the Total Product Management (TPM) System across our entire operations, covering procurement, manufacturing, warehousing, and distribution to customers. This system identifies the processes to protect products from being damaged or contaminated. First, the system assesses how bottling plants are managing and handling products at different stages. Then, the management team uses these findings to derive annual TPM plans. These plans determine the governance structure, routines and review processes necessary for better handling and management of products to ensure quality and product safety.

Cases of Non-compliance

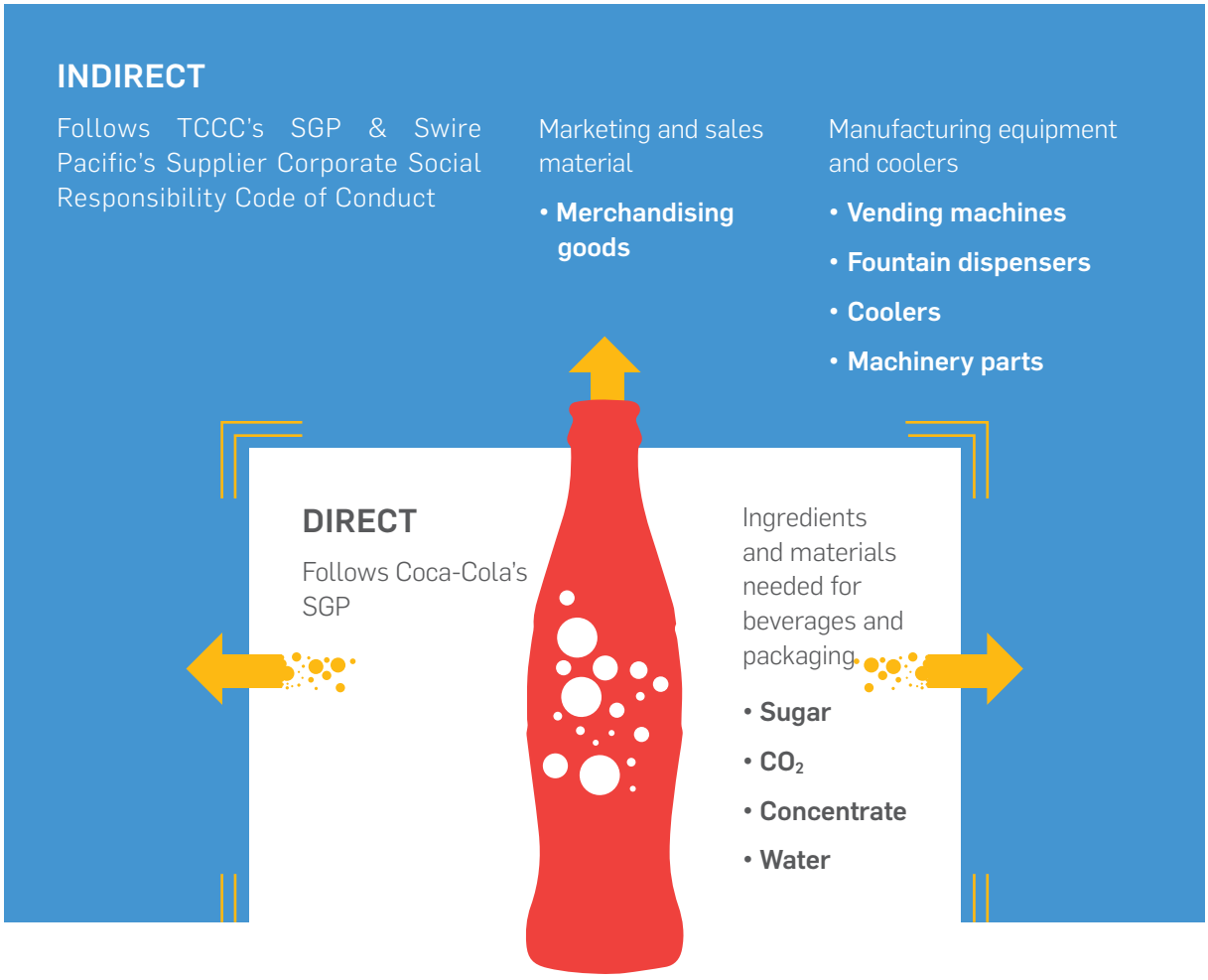
There were two voluntary recalls in the U.S. during 2018.

- The first incident was for foreign material - metal shavings due to in process screen failure. Root cause analysis procedure identified that while checking of the screen's condition was in place, replacement of the screen did not occur when a hole was observed. The corrective actions taken to prevent reoccurrence include updating the procedure manual, as well as retraining, and re-designing the screen so that checking of the screen's condition and replacing the screen is easier to do.
- The second recall was the result of a supplier who mistakenly provided us with discontinued 12-pack wrap labels. A root cause analysis procedure was conducted and a corrective action plan was implemented to prevent discontinued materials from entering our supply chain.

PROCUREMENT AND SOURCING

With our consumers' demand for accountability, there is a need for us to be transparent with our commitments and to operate with integrity and quality along our value chain. We take responsibility to only source goods that are obtained in a way that does not degrade the natural environment, and only procure services from supplier who have accountable workplace practices.

TCCC's Suppliers Guiding Principles (SGP) provide an overarching set of standards we expect from our suppliers covering workplace policies, health and safety, human rights, environmental protection and business integrity. All bottlers within The Coca-Cola System, including Swire Coca-Cola, must follow the SPG. This governance model helps to ensure supply chains within The Coca-Cola System uphold the pledge of quality, safety and sustainability beyond legal compliance.



We categorise procured goods into two groups: Direct goods include raw materials which are used for manufacturing or packaging our beverages, and indirect goods are items for marketing these beverages. The procurement of both direct and indirect goods involving TCCC must follow the SGP. In addition, all raw materials are sourced from a list of suppliers that have been approved by TCCC to better ensure manufactured beverages meet TCCC's standards.

Under The Coca-Cola System, our major suppliers must undergo third-party audits to assess their sustainability performance. This audit process is simultaneously intended to encourage improved performance over time. The comprehensiveness of the audit process helps us to better understand our suppliers' sustainability progress whilst simultaneously encouraging improved performance over time.

In addition to the SGP, we abide to the Swire Pacific Supplier Corporate Social Responsibility Code of Conduct. We apply these two documents in parallel given their similarities: both documents address regulatory compliance, forced and child labour, health and safety, environmental issues, and compensation and working hours. Beyond the SGP, under the Swire Pacific Supplier Corporate Social Responsibility Code of Conduct, suppliers are also encouraged to provide clear, accurate and appropriate reporting of their progress towards achieving their own sustainable development objectives.

Collaboration with Other Bottlers in Mainland China

In 2004, Swire Coca-Cola formed a consortium with neighbouring bottlers in Mainland China to collaboratively manage suppliers and the procurement process. Its objective is to pool resources and knowledge between bottlers to better manage the procurement process. This arrangement encourages transparency amongst bottlers where supplier information is shared to prioritise those who are acting in line with the SGP. Through this agreement, full transparency of information from all participating companies becomes mandatory and decisions for actions must be in full agreement with all parties.

MOVING FORWARD

To be a leading business in our world today, companies are expected to have a thorough understanding of how they influence the environment and communities around them. This requires developing and delivering a clear sustainability strategy with clear KPIs and targets at set dates in the future. Furthermore, it should be a future-proof strategy which covers material areas of the 17 United Nations Sustainable Development Goals. Until now we do not have such strategy, but we are working on this and we aim to have this availaibe in next year's report.

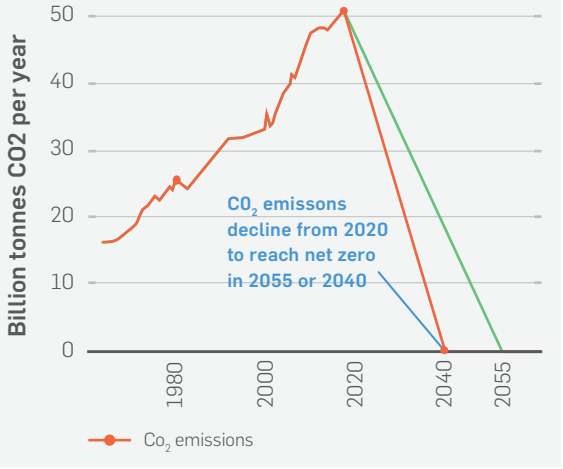
In this report, we have shared our stories on how we are currently tackling our key environmental, safety and social issues along the lifecycle of beverage production. 2018 has been an important year with the growth we saw from the refranchising in 2017. Our absolute environmental metrics increased, but at the same time many efficiency metrics improved.

Plastic packaging – and single-use plastics – remain highly topical and equally controversial, and we expect this topic to grow in awareness and publicity over 2019 and onwards.

In late 2018, the Intergovernmental Panel on Climate Change (IPCC) released a report mapping out the threshold of a "1.5°C warmer than pre-industrial levels" as the new benchmark, which in 2019 has been adopted as 'the new gate' by the Science Based Target Initiative.

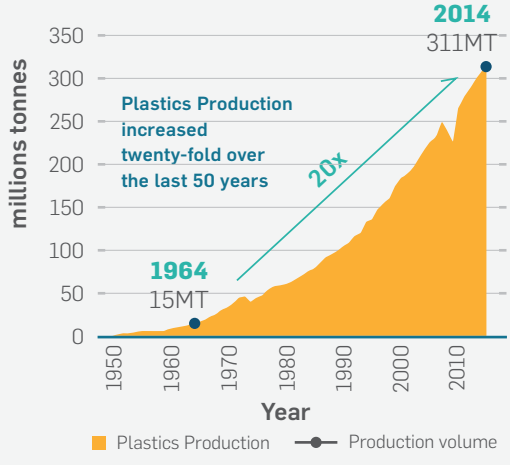
It was an unprecedented year of extreme weather events with devastating tropical storms, record droughts and forest fires. The public has finally become aware of the drastic rate of biodiversity loss over the last 40 years. Experts anticipate this to worsen as the world continues to face climate change and a growing human population, which will in turn will affect our quality of life as the natural ecosystem becomes disrupted. At the

Global Carbon Emissions



Source: World Bank, IPCC

Plastics Production increased twenty-fold over the last 50 years



Source: Ellen MacArthur Foundation

same time, we see there is a much deeper level of awareness across the investor community to request companies to openly disclose non-financial performance. Companies' ability to tackle climate change impacts are slowly becoming the new normal.

There is much work to be done in 2019 and we hope to deliver on a number of key initiatives regarding topics most material to our business. We aim to:

- Publish a clear Sustainable Development Strategy which straddles the environmental, safety and social aspects of our business, with clear targets, specific timelines, and KPIs to track progress.
- On the forefront of reducing carbon emissions, we plan to construct a pilot study on whether we can develop a Science-based Target to the SBTi, which does not hinder the growth we are trying to achieve – specifically in Mainland China as the portfolio expands as well as the numbers of CDE.
- Linked to the above, make major progress into managing our CDE portfolio as per pages 34 to 36 in this report.
- We aim to develop a pilot study to incorporate climate-related financial disclosure metrics in company risk management.
- Packaging, especially single-use plastic packaging, remains a high priority area and we hope the world can develop suitable and verifiable metrics around collection and processing of post-consumer packaging.[13]
- In Hong Kong, to deliver phase II of #DWW, the strategy realization phase.
- Across all of our bottling plants, actively reduce the waste they produce – and to find homes for reprocessing these fractions, so minimising waste to landfill.
- Look to start a pilot purchasing power agreement (PPA) in the U.S. to be able to access electricity from 100% renewable sources.

Despite the work that Swire Coca-Cola has done in the context of sustainable development, we see vast opportunities to increase our capacity in the coming years. Next year marks our third year of reporting and we look forward to sharing our progress with you.

William Davies
General Manager, Sustainability

[13] TCCC declared that they bought 3 million tonnes of PET resin in 2018. So less than 1% of the annual 350m tonnes a year of plastic packaging entering the environment, but still meaningful. Swire Coca-Cola acquired 3 million tonnes of PET resin in 2018.

REPORTING STANDARDS AND SCOPE OF REPORT

The scope and methodologies for data collection and calculations are outlined in this section. Data is collected and consolidated from each bottling plant and analysed at our headquarters.

Co-packers are third-party contract bottlers who produce and supply beverages. Below is a list of bottling plants that we work with at each market.

In Hong Kong:

- Coca-Cola Bottlers Manufacturing Holdings Ltd.

In Mainland China:

- Coca-Cola Bottlers Manufacturing Holdings Ltd.
- Guangzhou Shengbabao Mineral Water Beverage Co. Ltd.
- Changzhou Pengshi Water Co. Ltd.
- Kunshan Brilliant Fujing New Material Technology Co. Ltd.,
- Nanchang Zhongfu Container Co. Ltd.
- Zhanjiang Zhongfu Container Co. Ltd.
- Haikou Fu Li Food Co. Ltd.
- Taicang Taifu Water Co. Ltd.
- Wuxi Zhonglian Beverage Co. Ltd.

In Taiwan:

- Production volume of King Car Group,
- Taiwan Hon Chuan Group and
- Donjo Biotech Co., Ltd.

Imported suppliers in the U.S. are those that form the National Product Supply Group (NPSG).

Water

Data on water use, recycled and replenished covers bottling plants wholly owned by Swire Coca-Cola. All water used by Swire Coca-Cola comes from municipal and groundwater.

Production volume refers to the volume (unit cases) of beverages we manufactured.

Manufacturing volume refers to the water used to support our production process but does not end up inside our beverages. This includes water used for cleaning and sanitation, rinsing and water use in our bottling plants.

Water Use Ratio is calculated by the total volume of water use (L) divided by production volume (L) in Swire Coca-Cola's manufacturing operations. This is in line with TCCC's KORE manufacturing standards.

The total **volume of water replenished** is defined as water that has been treated and returned to the natural systems. For some replenishment projects, we collaborate with TCCC and other local NGOs and therefore cannot take 100% of the credit for the replenishment volume.

Carbon

The carbon emission data disclosed in this report covers our Core Business Operations at bottling plants wholly owned by Swire Coca-Cola. We report on Scope 1 and 2 GHG emissions from our Core Business Operations, this includes emission from three areas: manufacturing, distribution and CDE.

Scope 1: direct emissions generated from fuel combustion in boilers in or owned and managed bottling plants, owned and operated vehicles, and fugitive emissions from refrigerants used in our Cold Drink Equipment (CDE).

Direct emissions from stationary source are generated from natural gas, Towngas, diesel and liquefied petroleum gas we use at our bottling plants.

Distribution covers our owned and managed vehicles we use for delivering beverages from bottling plants to our customers or distribution centres. This covers direct emissions from diesel and gasoline used by our our vehicles. We do not include the emissions from transporting beverages from customers to consumers in our scope.

Ozone depleting substances include consumption of HFCs in our owned CDE. Emission factors refer to the 'Guidelines to Account for and Report on Greenhouse Gas Emissions and Removals for Buildings in Hong Kong'.

Scope 2: indirect emissions from purchased electricity, steam and Towngas in owned and operated bottling plants. It does not include emissions from purchased electricity at distribution centres that are not located in manufacturing sites, sales centres, electricity purchased by co-packers, CCBMH, and other third parties involved in distribution. It also does not include the electricity consumed by CDE at our customers' premises.

We calculate Scope 1 and Scope 2 carbon emissions in accordance with the WRI/WBCSD Greenhouse Gas (GHG) Protocol. Our carbon dioxide equivalent calculations include CO2, CH4 and N2O. We use emission factors relevant to the source data including China Light and Power Emission Factor 2017 and Hong Kong Environmental Protection Department GHG Guidelines 2010 Edition for Hong Kong operation, Baseline Emissions Factors for Regional Power Grids in China, Department for Environment Food and Rural Affairs (Defra), 2017 for Taiwan operation and U.S. EPA eGRID 2017.

Our data is consolidated from metered sources, bills and supplier invoices at our owned and managed bottling plants.

Energy consumption

Our energy source includes electricity, fuel used to power boilers, natural gas, Towngas and purchased steam. Records of energy consumed are collected from bills from our bottling plants and offices. Energy, fuel and fugitive gas data is collected and converted to carbon equivalents (CO_2e) and multiplied by publicly available greenhouse gas emission factors depending on the location. This includes China Light and Power Emission Factor 2017, Baseline Emissions Factors for Regional Power Grids in China, 2015 Edition, Department for Environment Food and Rural Affairs (Defra), 2015 Guidelines to Defra (Version 2.0) and U.S. EPA eGRID 2018, Hong Kong Environmental Protection Department GHG Guidelines 2010 Edition.

Energy Use Ratio is the average amount of energy used during the manufacturing process to produce one litre of beverage. It is calculated by the total manufacturing energy use (MJ) divided by production volume (L). This includes the use of diesel, natural gas, liquid petroleum, steam, electricity and town gas.

Packaging

Primary, secondary and tertiary packaging used in our manufacturing and distribution process are included in our reporting scope. We draw from our procurement data to determine the amount of each type of raw material used for primary, secondary and tertiary packaging.

Primary packaging includes vPET, BioPET, glass, aluminium, caps/closures, Bag-in-Box (BIB), carboy and aseptic fibre pack.

Secondary packaging includes corrugated box, paper tray, shrink foil and labels.

Tertiary packaging includes crate and stretch (the plastic film wrapped around beverages when being transported on pallets)

Waste

Waste Disposal

Hazardous wastes, sludge, tea and soy bean slag as well as commercial /industrial waste generated from at our owned and managed bottling plants. It is calculated from invoices from waste collection contractors from each bottling plant.

Waste Recycling

The amount of waste recovered and recycled for reuse as raw material, incinerated for energy recovery and composting. It is calculated from invoices from waste collection contractors from each bottling plant.

Gender Equality

The total number of employees is calculated based on data as of 31 December 2018. This includes employees under permanent contract and employees under temporary and fixed term contracts. This only includes employees hired and employed by us and thus does not include employees of our co-packers and CCBMH.

Percentage of women at each category of seniority is separated into the following categories:

- Top/senior management
- Middle/junior management and supervisory
- Customer-facing staff
- Non-customer facing operational / technical staff
- Supporting functions (human resources, public affairs, finance, etc.)

The percentage of women within each category is calculated by:

$$\text{Percent of women in category} = \frac{\text{Number of women in category Y}}{\text{Total number of employees in category Y}} \times 100$$

Safety

The data related to health and safety is calculated based on data as of 31 December 2018. This includes employees under permanent contract and employees under temporary and fixed term contracts. This only includes employees hired and employed by us and thus does not include employees of our co-packers, contractors and dispatch workers in Mainland China.

Lost time injury rate (LTIR) is calculated by:

$$\text{LTIR} = \frac{\text{Number of LTIs} \times 200{,}000}{\text{Number of Hours Worked in the reporting period}}$$

The calculation is based on 200,000 hours (100 direct employees working 40 hours per week for 50 weeks)

Lost day rate (LDR) is calculated by:

$$\text{LDR} = \frac{\text{Number of Workday lost} \times 200{,}000}{\text{Number of Hours Worked in the reporting period}}$$

The LDR is an indication of lost days per 200,000 hours and not the number of lost days per lost time injuries.

Total incidents recorded (TIR) is calculated by:

$$\text{TIR} = \frac{\text{Number of (Medical Treatment Cases + LTIs)} \times 200{,}000}{\text{Number of Hours Worked in the reporting period}}$$

Fatalities reported include deaths of Swire Coca-Cola's own employees conducting work-related tasks. It also includes deaths caused by incidents during which our contractors are doing work for Swire Coca-Cola. It should be noted that for the data point which we obtained limited assurance, we only verified the fatalities of our own employees.

Product Choice

The scope of which we report on includes all beverages that we distribute and market. This includes beverages produced by us at our wholly and partially owned (CCBMH) bottling plants as well as beverages within our contract that are produced by our co-packers.

Proportion of no/low-sugar at each market refers to the percentage of sales volume (unit case) which we sale that fall within contains no sugar or are considered as low-sugar products, this include reduced sweetness versions of teas and juices.

AWARDS AND RECOGNITION

2017 and 2018 Awards

Bottling plant/ location	Name of award	Awarding organisation
Hong Kong		
Hong Kong	Silver Award of Hong Kong Awards for Environmental Excellence 2017	Environmental Campaign Committee
Hong Kong	Caring Company 2018	The Hong Kong Council of Social Service
Hong Kong	Social Capital Builder Logo Award, Social Capital Builder Awards	Community Investment and Inclusion Fund
Hong Kong	Consumer Caring Scheme	GS1 Hong Kong
Hong Kong	Quality Food Traceability Scheme 2018 - Diamond Enterprise Winner	GS1 Hong Kong
Mainland China		
Zhanjiang	2018 China Beverage Association - Energy Saving Enterprise Award	China Beverage Industry Association
Zhanjiang	Zhanjiang Love Enterprise Award	Zhanjiang Cultural and Ethical Progress Committee; Zhanjiang Committee of the Communist Youth League; Zhanjiang Volunteers Federation
Zhanjiang	Zhanjiang Integrity Enterprise Award	Zhanjiang Cultural and Ethical Progress Committee; Zhanjiang Bureau of Commerce; Zhanjiang Adminstration Bureau for Industry and Commerce; Zhanjiang Integrity Association
Zhejiang	Coca-Cola Zhejiang Sports Top Ten Awards. Coca-Cola "We Care" Mass Communication Award	Coca-Cola China
Zhejiang	"Chun Yue" Youth Fire Safety Best Project Award	Hangzou Fire Department
Zhejiang	Zhejiang Foreign Investment Enterprise - Social Responsibility Award	Department of Commerce of Zhejiang Province
Zhejiang	Top Ten Enterprise of Zhejiang's Beverage Industry	Zhejiang Beverage Industry Association
Zhejiang	"Drinks People Love" Award	Zhejiang Beverage Industry Association
Zhejiang	Zhejiang's Top Ten Drinks - Awarded to Minute Maid	Zhejiang Beverage Industry Association
Zhejiang	Water-saving enterprise in China's beverage industry - Excellence Award	China Beverage Industry Association
Zhejiang	Energy-saving enterprise in China's beverage industry - Excellence Award	China Beverage Industry Association
Zhejiang	China's Outstanding Enterprise Award for Standardization of Commercial and Trade Logistics	China Beverage Industry Association
Zhejiang	"Hangzhou Logistics Standardization Pilot Excellent Project	Hangzhou Logistics Standardisation Leading Group
Zhejiang	Water-saving enterprise in China's beverage industry - Excellence Award	China Beverage Industry Association
Zhejiang	Energy-saving enterprise in China's beverage industry - Excellence Award	China Beverage Industry Association

Bottling plant/ location	Name of award	Awarding organisation
Huizhou	Water-saving enterprise in China's beverage industry - Excellence Award	China Beverage Industry Association
Huizhou	Energy-saving enterprise in China's beverage industry - Excellence Award	China Beverage Industry Association
Huizhou	A-level Food Safety in Catering Service	Huizhou Food and Drug Administration
Huizhou	Advanced Group Award	Huizhou Zhongkai High-tech Zone Fire Safety Committee
Huizhou	Public Welfare Unit Award	"Huizhou United Front Volunteer Brigade Huizhou Aixiangsui Public Welfare Service Center
Huizhou	Water-saving enterprise in China's beverage industry - Excellence Award	China Beverage Industry Association
Huizhou	Energy-saving enterprise in China's beverage industry - Excellence Award	China Beverage Industry Association
Henan	Water-saving enterprise in China's beverage industry - Excellence Award	China Beverage Industry Association
Henan	Energy-saving enterprise in China's beverage industry - Excellence Award	China Beverage Industry Association
Henan	Green Factory Award	Ministry of Industry and Information Technology
Henan Weihe	Water-saving enterprise in China's beverage industry - Excellence Award	China Beverage Industry Association
Henan Weihe	Energy-saving enterprise in China's beverage industry - Excellence Award	China Beverage Industry Association
Xiamen	Water-saving enterprise in China's beverage industry - Excellence Award	China Beverage Industry Association
Xiamen	Energy-saving enterprise in China's beverage industry - Excellence Award	China Beverage Industry Association
Shanghai Shenmei	5-Star Rating for Corporate Sustainability	Shanghai Pudong New Area Jinqiao Management Committee
Hubei	Energy-saving enterprise in China's beverage industry - Excellence Award	China Beverage Industry Association
Hubei	Energy-saving enterprise in China's beverage industry - Excellence Award	China Beverage Industry Association
Hubei	2017 Excellence in Safety Award	Wuhan Economic and Technological Development Zone Management Committee Hannan District People's Government
Hubei	Leading Company in Consumer Rights Protection	Wuhan Economic and Technological Development Zone Management Committee Hannan District People's Government
Hubei	Outstanding Economic Contribution Company	Wuhan Economic and Technological Development Zone Management Committee Hannan District People's Government
Jiangsu	Green Factory Award	Ministry of Industry and Information Technology
Jiangsu	Energy-saving enterprise in China's beverage industry - Excellence Award	China Beverage Industry Association
Jiangsu	Energy-saving enterprise in China's beverage industry - Excellence Award	China Beverage Industry Association
Jiangsu		Jiangsu Provincial Department of Culture and Tourism
Hainan	Hainan Food Safety Award	Hainan Food Safety Association

Bottling plant/ location	Name of award	Awarding organisation
Hainan		
Yunnan	Yunnan "Top Ten Green Food" Enterprise	Yunnan Provincial People's Government
Yunnan	LEED Gold Certification	Leadership in Energy and Environmental Design
Hefei	Energy-saving enterprise in China's beverage industry - Excellence Award	China Beverage Industry Association
Hefei	Energy-saving enterprise in China's beverage industry - Excellence Award	China Beverage Industry Association
Hefei	Heifei Safety Culture Enterprise	Hefei Safety Production Committee
Hefei	Anhui Integrity Enterprise	Anhui Provincial Department of Human Resources and Social Security
Hefei	2018 Anhui Enterprise Awards - Best Employer Award	
Hefei	2018 Model Workers' Home, Excellent Volunteer Organization	"Economic Development Zone General Union
Taiwan		
Taoyuan	ISO14001 Environmental Performance Management Model Award	Taiwan SGS Verification and Enterprise Optimisation Business Group
Taoyuan	Taiwan Enterprise iSport Award	Sports Administration, Ministry of Education
U.S.		
Utah	Industry Leader in Water Stewardship	The State of Utah, Slow the Flow department

External Initiatives

Market	Title	Year
Hong Kong	Hong Kong Green Organisation	2018
	Hong Kong Registration - Food Waste Recycling	2018
	Sustainable Product Supplier	2018
Mainland China	Guangdong Food Safety Society	2017
	China Beverage Association	2017
Taiwan	Beverage Industry Association	2018
U.S.	Rain Barrel Project - with TCCC and The River Network	2017
	Clean Utah - a programme of Utah DEQ	2016

Members of Association

Market	Association	Title
Hong Kong	Green Cross Group	Member
	The Hong Kong Beverages Association	President
	The Single-Use Beverage Packaging Working Group	Member
	Hong Kong Food, Drink & Grocery Association	Member
	GS1 - The Global Language of Business	Board of Director
	Efficient Consumer Response	Chairman
	The Goods Vehicle Fleet Owners Association Limited	Executive Committee Member
	Drink Without Waste	Member
Mainland China	Jiangxi Fire Protection Association	Board of director
	Zhanjiang Foreign Investment Association	Board of director
	China Beverage Industry Association	Member
	Zhejiang Foreign Investment Enterprise Association	Member
	Zhejiang Beverage Association	Vice president
	Hangzhou Food Industry Assocation	Member
	Guangdong Quality Inspection Association	Member
	Guangdong Food Safety Society	Member
	Guangdong British Chamber of Commerce	Member
	American Chamber of Commerce of South China	Member
	Guangdong Food Industry Association	Member
	China Beverage Industry Association	Director
	Henan Association for Foreign Investment	Vice president
	Henan Enterprise Association	Vice president
	Zhengzhou Enterprise Association	Vice president
	Zhengzhou Food Industry Association	Vice president
	Zhengzhou Consumer Association	Member
	Xiamen People Foreign Friendly Association	Director
	Xiamen Quality Control Association	Member
	China Beverage Industry Association	Director
	Anhui Foreign Investment Enterprise Association	Member
	Shanghai Beverage Industry Association	Vice president
	Shanghai Food Association	Vice president
	Shanghai Foreign Investment Enterprise Association	Member
	Shanghai Pudong Foreign Investment Enterprice Association	Member
	Shanghai Jinqiao Economic and Technology Development Zone Enterprise Association	Director
	Shanghai Industrial Economic Union	Member
	Pudong JinQiao CSR Council	Director
	Hubei China Beverage Industry Association	Director

Market	Association	Title
Mainland China	Wuhan Waishang Investment Enterprise Association	Director
	Wuhan Beverage Industry Association	Director
	Hefei China Beverage Industry Association	Director
	Anhui Foreign Investment Enterprise Association	Member
	Jiangsu Beverage Association	Vice president
	Jiangsu Foreign Investment Association	Vice president
	Hainan Entrepreneurs Association	Member
	Hainan Food and Beverage Association	Member
	China Beverage Industry Association	Member
	Yunnan Foreign Investment Enterprise Association	Vice president
	Yunnan Industrial Enterprise Association	Member
	Yunnan Consumer Association	Member
Taiwan	Taiwan Food Industry Development Association	Executive Director
	Taipei Nurses Association	Member
	European Chamber of Commerce Taiwan	Member
	Taiwan Beverage Industry Association	Director
U.S.	American Beverage Association	Member
	State Beverage Association	Member
	Coca-Cola Bottling Association	Member
	Bonnevilla Environmental Foundation	Partner
	Utah Open Lands	Partner
	Trout Unlimited	Partner
	The River Network	Partner
	Colorado Water Trus	Partner
	UCAIR (Utah Clean Air Partnership)	Partner
	Business for Water Stewardship	Partner
	Change the Course	Member
All markets	Ellen MacArthur Foundation's New Plastics Economy - Global Commitment	Member

GRI STANDARDS CONTENT INDEX

GRI Standard	Disclosure Number and Title	Section	Page no./ Explanation/ Reasons for Omissions
GRI 101: Universal Disclosures 2016			
GRI 102: General Disclosures 2016			
102-1	Name of the organisation	About This Report	P.6
102-2	Activities, brands, products, and services	Swire Coca-Cola Overview	P.7
102-3	Location of headquarters	Swire Coca-Cola Overview	P.8
102-4	Location of operations	Swire Coca-Cola Overview	P.8
102-5	Ownership and legal form	Swire Coca-Cola Overview	P.6
102-6	Markets served	Swire Coca-Cola Overview	P.7
102-7	Scale of the organisation	Swire Coca-Cola Overview	P.7
102-8	Information on employees and other workers	Performance Tables	P.103
102-9	Supply Chain	Procurement and Sourcing	P.84
102-10	Significant changes to the organisation and its supply chain	-	Kaoishung bottling plant in Taiwan has been removed from the scope of this report. This bottling plants is no longer part of Swire Coca-Cola as of mid-2018
102-11	Precautionary principle or approach	Achieving Sustainable Development	P.13
102-12	External initiatives	Performance Tables	P.93
102-13	Membership of associations	Performance Tables	P.94
102-14	Statement from senior decision maker	Message from our Managing Director	P.4
102-16	Values, principles, standards, and norms of behaviour	Achieving Sustainable Development	P.13
102-18	Governance structure	Swire Coca-Cola Overview	P.13
102-40	List of stakeholder groups	Swire Coca-Cola Overview	P.12

GRI Standard	Disclosure Number and Title	Section	Page no./ Explanation/ Reasons for Omissions
102-41	Collective bargaining agreements	-	In Hong Kong, there is no legal framework for collective bargaining with trade unions. In Mainland China, we are normally required to liaise with official trade union. Employees can present grievances and report improprieties and breaches of the Code of Conduct through established channels
102-42	Identifying and selecting stakeholders	Achieving Sustainable Development	P.12
102-43	Approach to stakeholder engagement	Achieving Sustainable Development	P.12
102-44	Key topics and concerns raised	Achieving Sustainable Development	P.12
102-45	Entities included in the consolidated financial statements	-	Please see Swire Pacific's Annual Report 2018 for details
102-46	Defining report content and topic boundaries	Reporting Standards and Scope of Report	P.88
102-47	List of material topics	Achieving Sustainable Development	P.12
102-48	Restatements of information	-	Emissions generated from purchased steam has been added to this year's report. Scope 1 emissions from ozone depleting substances generated from our Cold Drink Equipment has been restated due to a change in calculation method. Scope 1 and Scope 2 carbon emissions from Towngas are restated to adopt the newest emission factor.
102-49	Changes in reporting	-	No significant changes
102-50	Reporting period	About This Report	P.6
102-51	Date of most recent report	-	The 2017 Sustainable Development Report covered the reporting period between 1 January 2017 and 31 December 2017
102-52	Reporting cycle	About This Report	P.6
102-53	Contact point for questions regarding the report	About This Report	P.6
102-54	Claims of reporting in accordance with the GRI Standards	About This Report	P.6
102-55	GRI content index	GRI Standards Content Index	P.96
102-56	External assurance	About This Report; Swire Coca-Cola Overview; Appendix	P.6; P.22; P.107

GRI Standard	Disclosure Number and Title	Section	Page no./ Explanation/ Reasons for Omissions
Material Topics			
GRI 200: Economic Topics 2016			
GRI 204: Procurement Practices 2016			
GRI 103	Management Approach 2016	Procurement and Sourcing	P.84
204-1	Proportion of spending on local suppliers	-	Under The Coca-Cola System, Swire Beverages's supplier list is already been predetermined by The Coca-Cola Company. Swire Beverages selects suppliers from this list only.
GRI 300: Environmental Topics 2016			
GRI 301: Materials 2016			
GRI 103	Management Approach 2016	Packaging and Waste Management	P.46
301-1	Materials used by weight or volume	Packaging and Waste Management; Performance Tables	P.48; P.101
GRI 302: Energy 2016			
GRI 103	Management Approach 2016	Carbon	P.35
302-1	Energy consumption within the organisation	Carbon; Performance Tables	P.35-36; P.100
302-3	Energy intensity	Carbon	P.35
GRI 303: Water 2016			
GRI 103	Management Approach 2016	Water Stewardship	P.28
303-1	Water withdrawal by source	Water Stewardship; Performance Tables	P.27; P.101
303-3	Water recycled and reused	Water Stewardship	P.28
GRI 305: Emissions 2016			
GRI 103	Management Approach 2016	Carbon	P.36
305-1	Direct (Scope 1) GHG emissions	Carbon; Performance Tables	P.36; P.41-43; P.100
305-2	Energy indirect (Scope 2) GHG emissions	Carbon; Performance Tables	P.36; P.40; P.101
305-6	Emissions of ozone-depleting substances (ODS)	Performance Tables	P.100
GRI 306: Effluents and Waste 2016			
GRI 103	Management Approach 2016	Packaging and Waste Management	p.57
306-2	Waste by type and disposal method	Packaging and Waste Management; Performance Tables	P.57; P.105

GRI Standard	Disclosure Number and Title	Section	Page no./ Explanation/ Reasons for Omissions
GRI 307: Environmental Compliance 2016			
GRI 103	Management Approach 2016	Product Quality and Food Safety	P.82
307-1	Non-compliance with environmental laws and regulations	Product Quality and Food Safety	P.83
GRI 400: Social Topics 2016			
GRI 403: Occupational Health and Safety 2016			
GRI 103	Management Approach 2016	Safety	P.70
403-2	Types of injury and rates of injury, occupational diseases, lost days, and absenteeism, and number of work-related fatalities.	Safety; Performance Tables	P.72-74; P.104
GRI 405: Diversity and Inclusion 2016			
GRI 103	Management Approach 2016	Gender Equality	P.66
405-1	Diversity of governance bodies and employees	Performance Tables	P.103
GRI 413: Local Communities 2016			
GRI 103	Management Approach 2016	Community Engagement	P.59-60
413-1	Operations with local community engagement, impact assessments, and development programs	Community Engagement; Performance Tables	P.59-64; P.104
GRI 417: Marketing and Labeling 2016			
GRI 103	Management Approach	Product Choice and Labelling	P.80-81
417-1	Requirements for product and service information and labelling	Product Choice and Labelling	P.80
GRI 419: Socioeconomic Compliance 2016			
GRI 103	Management Approach 2016	Product Quality and Food Safety	P.82
419-1	Non-compliance with laws and regulations in the social and economic area	Product Quality and Food Safety	P.83
Additional material topics not covered by the topic-specific Standards			
Sugar			
GRI 103	Management Approach 2016	Product Choice and Labelling	P.78
Indicator	Proportion of portfolio with no- or low-sugar options in each market	Product Choice and Labelling	P.79
Indicator	Number of no- and low-sugar products	Product Choice and Labelling	P.80
Food Safety and Product Quality			
GRI 103	Management Approach 2016	Product Quality and Food Safety	P.82
Indicator	Cases of non-compliance with relevant laws and regulations	Product Quality and Food Safety	P.83

PERFORMANCE TABLES

Environmental Performance

	Unit	Mainland China	Hong Kong	Taiwan	U.S.	Overall Total
Energy - Direct						
Stationary Source						
Diesel	MJ	13,434,086	0	0	0	13,434,086
Towngas	MJ	0	72,028,021	0	0	72,028,021
Natural gas	MJ	181,937,913	0	38,798,080	203,057,421	423,793,413
Liquid petroleum gas	MJ	8,858,400	0	0	0	8,858,400
Mobile source						
Diesel	MJ	136,035,606	33,096,390	20,552,747	323,447,383	513,132,126
Gasoline	MJ	13,547,548	3,709,090	6,311,001	137,635,459	161,203,098
Energy - Indirect						
Electricity	MJ	1,200,899,853	99,702,115	31,573,715	201,339,706	1,533,515,389
Steam	MJ	319,485,758	0	0	0	319,485,758
Total Energy Consumption	**MJ**	**1,874,199,165**	**208,535,616**	**97,235,543**	**865,479,968**	**3,045,450,293** (R)
Greenhouse Gas including Carbon						
Scope 1 - Direct GHG emissions from stationary source						
Diesel	metric tonnes	909	0	0	0	909
Towngas	metric tonnes	0	3,823	0	0	3,823
Natural gas	metric tonnes	9,307	0	1,985	10,386	21,678
Liquid petroleum gas	metric tonnes	583	0	0	0	583
Scope 1 - Direct GHG emissions from mobile source						
Diesel	metric tonnes	9,177	2,259	1,398	21,992	34,826
Gasoline	metric tonnes	856	287	397	8,681	10,221
Scope 1 - Total Direct GHG emissions	**metric tonnes**	**20,832**	**6,369**	**3,780**	**41,059**	**72,040**
Fugitive emissions from refrigerants						
Ozone depleting substances	metric tonnes	7,512	901	868	2,179	11,460

Note:

- Emissions from ozone depleting substances generated from our Cold Drink Equipment has been restated due to a change in calculation method compared to 2017

	Unit	Mainland China	Hong Kong	Taiwan	U.S.	Overall Total
Scope 2 - Indirect GHG emissions						
Steam	metric tonnes	17,509	0	0	0	17,509
Towngas	metric tonnes	0	888	0	0	888
Electricity	metric tonnes	286,743	14,124	5,711	22,886	329,464
Scope 2 - Indirect GHG emissions	**metric tonnes**	**304,252**	**15,012**	**5,711**	**22,886**	**347,861**
Total GHG emissions (excludes emissions from ozone depleting substances)	**metric tonnes**	**325,084**	**21,381**	**9,491**	**63,945**	**419,901 (R)**
Water						
Total municipal water consumption	m^3	10,329,390	753,180	307,545	2,475,300	13,865,415 (R)
Total groundwater consumption	m^3	190,228	0	0	0	190,228
Total water consumption	m^3	10,519,618	753,180	307,545	2,475,300	14,055,643
Waste						
Recycling - Paper & carton	Kg	424,320	1,907,365	46,521	1,708,202	4,086,408
Recycling - Glass	Kg	113,801	1,542,338	58,480	54,669	1,769,288
Recycling - Cap	Kg	15,658	28,535	0	0	44,193
Recycling - Plastic	Kg	164,915	1,714,255	34,814	2,054,076	3,968,060
Recycling - Metal	Kg	145,104	1,345,373	7,122	1,249,230	2,746,829
Recycling - Aluminim	Kg	15,532	125,446	1,046	515,286	657,310
Recycling - PET	Kg	72,113	1,116,380	23,744	17,055	1,229,292
Recycling - Wood / Pallet	Kg	155,210	327,072	19,395	3,404,000	3,905,677
Recycling - Sludge	Kg	58,820	589,430	109,980	0	758,230
Recycling - Tea residue	Kg	38,490	0	0	0	38,490
Recycling - Foodscraps	Kg	0	191,652	0	0	191,652
Recycling - Lubricants & Oil	Litres	3,954	0	0	0	3,954
Hazardous waste (liquid)	Litres	550	19,182	0	0	19,732
Hazardous waste (solid)	Kg	1,775	71,613	500	0	73,888
Commercial / Industrial wastes	Tonnes	1,053	7,423	131	381,584	390,191
Waste - Sludge	Tonnes	181	3048	0	0	3229

	Unit	Mainland China	Hong Kong	Taiwan	U.S.	Overall Total
Packaging - Primary Packaging						
vPET	Tonnes	164,092	3,848	6,045	16,116	190,101
Bio PET	Tonnes	0	357	0	5,759	6,116
New Returnable Glass	Tonnes	4,233	521	0	0	4,754
Aluminium	Tonnes	26,998	3,984	1,743	25,090	57,815
Closures - PP	Tonnes	0	127	0	3,222	3,349
Closures - HDPE	Tonnes	13,764	286	611	0	14,661
Aseptic fibre packs	Tonnes	0	1,047	193	0	1,240
Primary packging - total weight	**Tonnes**	**209,087**	**10,170**	**8,592**	**50,187**	**278,036**
Packaging - Secondary & Tertiary Packaging						
Corrugated box, paper tray	Tonnes	11,974	3,563	2,763	14,141	32,441
Shrink flim	Tonnes	16,701	439	837	581	18,558
Label	Tonnes	2,800	1,011	2,051	456	6,318
Secondary packaging - total weight	**Tonnes**	**31,475**	**5,013**	**5,651**	**15,178**	**57,317**

Note:

- Kaohsiung bottling plant in Taiwan has been excluded
- (R) Denotes sustainability data verified by Deloitte Touche Tohomatsu. Please refer to the Independent Limited Assurance Report for further details.
- In 2018 we engaged a third-party to carry out independent assurance of selected KPIs. As a result, a number of updates have been made to the data collection and quality, which may affect comparability with 2017 data

Social Performance

	Mainland China	Hong Kong	Taiwan	U.S.	Overall Total
Workforce Profile					
Number of employees under permanent contract					
Male	14,861	992	625	5,870	22,348
Female	5,757	394	206	978	7,335
Total number of permanent employees	**20,618**	**1,386**	**831**	**6,848**	**29,683**
Number of employees under temporary and fixed term contract					
Male	0	74	21	0	95
Female	0	11	21	0	32
Total number of temporary employees	**0**	**85**	**42**	**0**	**127**
Total number of employees	**20,618**	**1,471**	**873**	**6,848**	**29,810**
Proportion of workforce by age group					
Under 30 years old	5,042	258	93	1,904	7,297
30 to 50 years old	14,536	961	587	3,601	19,685
Over 50 years old	1,040	214	151	1,343	2,748
	20,618	**1,433**	**831**	**6,848**	**29,730**
Proportion of workforce by employment category					
Top/senior management	92	34	12	13	151
Middle/junior management and supervisory	1,451	310	197	1651	3,609
Customer facing staff	11,653	130	191	3340	15,314
Non-customer facing operational/ technical staff	6,069	858	225	1844	8,996
Other	1,353	101	206	0	1,660
	20,618	**1,433**	**831**	**6,848**	**29,730**
Gender Equality					
Number of females in the workforce	5,757	405	227	978	7,367
Proportion of female in the workforce	28%	29%	25%	14%	25%
Number of female employees by employment category					
Top/senior management	16	9	3	13	41
Middle/junior management and supervisory	387	132	61	172	752
Customer facing staff	3,659	37	39	391	4,126
Non-customer facing operational/ technical staff	837	693	17	402	1,949
Other	858	49	86	0	993
	5,757	**920**	**206**	**978**	**7,861**

	Mainland China	Hong Kong	Taiwan	U.S.	Overall Total
Proportion of female employees by employment category					
Top/senior management	17%	26%	25%	100%	27%
Middle/junior management and supervisory	27%	43%	31%	10%	21%
Customer facing staff	31%	28%	20%	12%	27%
Non-customer facing operational/ technical staff	14%	81%	8%	22%	22%
Other	63%	49%	42%	-	60%
Number of Board Members					
By gender					
Male	0	1	0	0	1
Female	0	0	0	0	0
By age group					
Under 30 years old	0	0	0	0	0
30 to 50 years old	0	0	0	0	0
Over 50 years old	0	1	0	0	1
Safety					
Number of fatalities (1)	0	0	0	0	0 (R)
Lost time injury rate	0.29	1.52	0.89	1.03	0.54 (R)
Community Engagement					
Cash donations (HKD)	$592,888	$84,092	$254,148		$931,128
No. of charity events	115	4	8		127
Number of employees on volunteering team	3,763	49	0		3,812
Volunteering hours outside of office hours	42,391	1,075.75	0		43,467
Volunteering hours during office hours	18,046	2	0		18,048
Total volunteering hours	**60,437**	**1,077.75**	**0**		**61,515**

Note:

- Kaohsiung bottling plant in Taiwan has been excluded
- (R) Denotes sustainability data verified by Deloitte Touche Tohomatsu. Please refer to the Independent Limited Assurance Report for further details.
- In 2018 we engaged a third-party to carry out independent assurance of selected KPIs. As a result, a number of updates have been made to the data collection and quality, which may affect comparability with 2017 data

(1) The number of fatalities reported here refer to work-related fatalities of Swire Coca-Cola's own employees

APPENDIX

Summary of Waste from Hong Kong Facilities

Waste Details	Waste Generation (avg.) (kg/month)	What Do Waste Vendors Do With It?	Status	2018 Status			
				Q1	Q2	Q3	Q4
Aluminum	1289	The waste will be baled and sold to China	Recycle	Recycle	Recycle	Recycle	Recycle
Carton/ Paper	35360	The waste will be baled and sold to China	Recycle	Recycle	Recycle	Recycle	Recycle
PE Film / Shrink Film	2177	Winson: The waste will be baled and sold to China Chun Kee: The PE film will be recycled as the raw PE material in HK	Recycle	Recycle	Recycle	Recycle	Recycle
Carboy Closure	1504	The waste will be baled and sold to China	Recycle	Recycle	Recycle	Recycle	Recycle
Other non-PET Plastics (include HDPE, red empty Trays etc.)	14380	The waste will be baled and sold to China	Recycle	Recycle	Recycle	Recycle	Recycle
Metal (other than Aluminum & CDE)	8288	The waste will be baled and sold to China	Recycle	Recycle	Recycle	Recycle	Recycle
CDE	6133	The waste will be baled and sold to China	Recycle	Recycle	Recycle	Recycle	Recycle
PET Bottles	20986	Tsz Chi: The PET will be baled and sold to Lau Choi Kee Hankang: The PET will be recycled as bundling strap	Recycle	Recycle	Recycle	Recycle. The vendor was switched to Hankang after 03 July 2018	Recycle
Glass	9483	Baguio: the glass will be crushed and recycled as part of the ingredient for the glass brick manufacturing	Recycle	Recycle	Recycle	Recycle. The vendor was switched to Baguio after 03 July 2018	Recycle

Waste Details	Waste Generation (avg.) (kg/month)	What Do Waste Vendors Do With It?	Status	2018 Status			
				Q1	Q2	Q3	Q4
Wooden Pallet (intact)	12525	The pallet will be reused	Recycle	Recycle	Recycle	Recycle	Recycle
Damaged Wooden pallet	4335	The pallet will be broke down as fuel	Recycle	Landfill	Landfill. Feasibility study for recycling	Recycle	Recycle
Organic Waste (60% water) (include Soya / Tea Leaf Residue)	39580	The Organic Waste will be sent to ORRC to make biogas	Recycle	Landfill	Landfill	Recycling after 01 September 2018	Recycle
Sludge cake (70% water)	20450	Landfill/ The sludge cake will be sent to ORRC to make biogas, the trial period will be	Recycle	Landfill	Landfill	Landfill	Recycling after 01 October 208
Garbage	42238	Landfill	Landfill	Landfill	Landfill	Landfill	Landfill

Limited Assurance Letter

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INDEPENDENT PRACTITIONER'S LIMITED ASSURANCE REPORT

To the Board of Directors of
Swire Beverages Limited

We have been engaged by the Directors of Swire Beverages Limited ("SB") to perform a limited assurance engagement in relation to the certain sustainable development data (the "Data Points") for the year ended 31 December 2018 (the "Reporting Period") and contained in its Annual Report 2018, as set out below.

Data Points
The details of the Data Points selected by SB are listed below:

Environmental
1. Total energy consumption
2. Total greenhouse gases emissions by weight (CO_2e) (Scope 1 & 2)
3. Total water consumption - municipal

Social
1. Total number of fatalities
2. Total lost time injury frequency rate

The Data Points were identified with the symbol [R] in the Data Point table set out in Appendix I.

Reporting Criteria
The Data Points are presented in accordance with the criteria set out in the GRI and HKEX ESG Reporting chapter under the heading Reporting Standards and Scope of Report in SD Report 2018 (the "Reporting Criteria").

Our Independence and Quality Control
We have complied with the independence and other ethical requirements of the Code of Ethics for Professional Accountants issued by the International Ethics Standards Board of Accountants, which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behavior.

Our firm applies International Standard on Quality Control 1 and accordingly maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Responsibilities
Deloitte Touche Tohmatsu
It is our responsibility to express a limited assurance conclusion on the Data Points based on our work performed and to report our conclusion solely to you, as a body, in accordance with our agreed terms of engagement and for no other purpose. We do not assume responsibility or accept liability to any other person for the contents of this report.

Swire Beverages Limited
The Directors are responsible for the preparation and presentation of the Data Points in accordance with the Reporting Criteria. This responsibility includes designing, implementing and maintaining internal controls relevant to the preparation and presentation of the Data Points, applying an appropriate basis of preparation, making estimates that are reasonable in the circumstances and ensuring the accuracy and completeness of the Data Points.

Reporting Framework
We conducted our work in accordance with the International Standard on Assurance Engagements 3000 (Revised), "*Assurance Engagements other than Audits or Reviews of Historical Financial Information*", and the International Standard on Assurance Engagements 3410, "*Assurance Engagements on Greenhouse Gas Statements*" (the "Standards"), issued by the International Auditing and Assurance Standards Board.

The Standards require that we comply with ethical requirements, and plan and perform the engagement to obtain limited assurance as to whether any matters have come to our attention that cause us to believe that the Data Points do not comply in all material respects with the Reporting Criteria.

Objectives
The overall objectives of our procedures were to assess whether the Data Points were prepared in all material respects, in accordance with the Reporting Criteria.

Procedures Performed
Our work comprised the following limited procedures:

- Interviews with relevant management and personnel involved in providing information relating to the Data Points for inclusion in the SD Report;
- Sample testing of documentary evidence at SB's corporate level and site level;
- Analytical procedures; and,
- Recalculation.

We have not performed any procedures in relation to other data included in the SD Report 2018. In addition, our work performed is not for the purposes of expressing an opinion on the effectiveness of SB's internal controls.

The procedures performed in a limited assurance engagement vary in nature and timing from, and are less in extent than for, a reasonable assurance engagement. Consequently, the level of assurance obtained in a limited assurance engagement is substantially lower than the assurance that would have been obtained had a reasonable assurance engagement been performed.

Inherent Limitations
Non-financial performance information, including the Data Points, is subject to more inherent limitations than financial information given both its nature and the methods used for determining, calculating, sampling and estimating such information. This could have a material impact on comparability. Qualitative interpretations of relevance, materiality and the accuracy of such information are subject to individual assumptions and judgements.

Conclusion
Based on the procedures we have performed and the evidence we have obtained, nothing has come to our attention that caused us to believe that the Data Points have not been prepared, in all material respects, in accordance with the Reporting Criteria.

Deloitte Touche Tohmatsu

Deloitte Touche Tohmatsu
Certified Public Accountants
Hong Kong
06 March 2019

Environmental Performance			
	Unit	**Total**	
Total Energy Consumption	MJ	3,045,450,293	R
Total GHG Emissions	metric tons	419,901	R
Total municipal water consumption	m3	13,865,415	R
Social			
Number of fatalities		0	R
LTIR		0.54	R

Note:

1. Report all bottling plants, exclude Kaohsiung plant, Taiwan.

R. Denotes sustainability data tha has been reported on by Deloitte Touche Tohomatsu. Please refer to the Independent Limited Assurance Report for further details.

Swire Coca-Cola Hong Kong Further Commitments to Reduce Single-Use Packaging

We at Swire Coca-Cola Hong Kong (SCCHK) remain fully committed to the "Drink Without Waste" (#DWW) initiative. We believe that the successful implementation of solutions to single-use beverage packaging waste management in Hong Kong requires effective collaboration between the Government, industry and NGOs, as well as strong community support. We intend to actively play our part in this important initiative.

We fully support the goals and strategies outlined in the Position Paper. In addition, we make the following commitments:

1. Reduce

We are fully committed to aggressively increasing the availability of alternative solutions to single-use beverage packaging. We target to invest over HK$150 million in production equipment and packaging, over the next Five years, to support the growth of refillable and reusable beverage packaging in our portfolio. These Initiatives will include:

(a) Increase the mix and role of more environment-friendly packaging options, across our total portfolio. That is, in addition to the multi-use beverage packaging already in our portfolio, we will increase the usage of returnable glass bottles, carboys (bulk water bottles) and post-mix dispensers, as follows:-

- We currently sell 750,000 cases of returnable glass bottles per year, more than 90% of which are collected, returned to our own manufacturing facility, washed, re-filled and re-sold. Over the next FIVE years, we target to increase our returnable glass bottle business by over 150%, whilst maintaining collection and re-filling levels at more than 90%.
- We currently sell more than 45 million litres of finished beverage via post-mix tanks annually. 100% of these metal post-mix tanks are collected, returned to our own manufacturing facility, washed, re-filled and re-sold. We target to increase sales of postmix by 25% over the next FIVE years.
- We currently sell more than 14 million cases of products, across our total portfolio, in aluminium cans annually, of which approximately 80% are collected and recycled (per the Deloitte report). We target to increase sales of this pack type by more than 10% over the next FIVE years, by investing in new production lines and by adding a greater variety of shapes and sizes to our range. In addition, we will work with government, NGOs, recyclers and suppliers with an aim to increase collection and recycling rates to more than 95% and ensure that our own cans contain more than 50% recycled aluminium by the end of 2020.
- We target to substantially increase our carboy bulk water dispensers by 15% over the next TEN years tapping into the great potential of homes and offices across Hong Kong and offering these customers yet another green packaging alternative for drinking water of guaranteed good quality. A great example of our strong commitment to packaging sustainability, over 98% of our carboy bulk bottles are collected and returned to our own manufacturing facility after use for washing, re- filling and sales redeployment.

(b) We aim to place approximately 300 commercial dispensing solutions offering water and other beverages (e.g., Bonaqua hot and cold water station*) at suitable locations across Hong Kong by the end of 2019, in addition to the TWO trial units already placed in the market, subject to Government support in respect of relevant licensing procedures;

** These dispensers use carboy bulk water bottles, which are 100% collected, returned to our own manufacturing facility, washed, re-filled and re- deployed.*

(c) Provide "bottle-less" water/beverage support for special events and activities that we sponsor, organise or in which we participate, to ensure that there will be minimal waste from single-use packaging under our "green sponsorship" policy;

2. Redesign

We are firmly of the view that good product packaging design is also very important, to contribute to waste reduction. We aim to significantly improve our technical recycling rate for our primary packaging as follows:

(a) Full range of HK-produced Bonaqua bottled water to use 100% rPET by the end of 2019;

(b) All HK-produced carbonated drinks in PET packaging will use 25% rPET by the end of 2020;

(c) No PVC on, or as part of, our PET/rPET bottles, closures and labels;

(d) We currently use and commit going forwards to use no compostable or biodegradable plastic within our PET bottles until such time as we can prove that local industrial compostable or biodegradable infrastructure exists, and that the collection processes can maintain strict segregation between these types of plastics and the non-compostable/biodegradable plastics.

Further Targets

(e) Work closely with the liquid carton suppliers, driving towards more renewable and responsibly sourced materials, phasing out items such as plastic straws as soon as feasible; and

(f) By the end of 2020, we will phase out our Aquarius powder currently offered in an aluminium pouch and replace with alternative packaging types, given the limitations to recycling this type of pack;

(g) Further reduce packaging weight, building on our achievements in the past few years, making our product packaging substantially lighter*, subject to consumption safety requirements and available technologies.

** Since 2010, we have reduced the packaging weights across our product range as follows:*

- *PET Water: 23% - 39%;*
- *PET Sparkling Soft Drinks: 3% - 12%;*
- *PET Still Products: 5% - 12%*
- *Closures across all PET bottles: 46%*
- *Aluminium Cans: 8%*

3. Recover

Recovering waste is an essential step to ensure that the waste reduction loop is complete. Recycling will not be possible if we overlook the importance of how to properly recover the items disposed of as waste. We will continue to work with all parties concerned, to help promote recovery via public education, innovative business solutions and alternative packaging options/materials. Our initiatives will include:

(a) Continue to support the Government and work with NGOs/green/community/welfare groups to promote public awareness of the importance of proper source separation without which collection and recycling efforts would be greatly undermined;

(b) Commit over HK$2 million in developing collection facilities, mechanisms (this will include usage of Reverse Vending Machines) and networks, with our vending machine placements at sensitive areas such as public beaches, country parks, hiking trails, etc., to facilitate better recovery; and

(c) Continue to support green public education initiatives such as a "cash return" community trial scheme for plastic bottles and other education efforts in 2019- 2020, to help raise public awareness.

4. Recycle

Effective recycling is key to ensuring that waste recovered will be put to meaningful use, rather than going to landfills. Using recycled materials wherever practical will also reduce our need for new supplies of raw materials. We will continue with our efforts in this regard including ongoing initiatives as follows:

(a) Maintaining our collection rates for our returnable glass, above 90%;

(b) Continue to send all recyclable office and operation wastes to recyclers;

(c) Commit to strongly encourage the development of local PET recycling facilities in Hong Kong by whatever means possible, as we strongly believe local recycling of PET in Hong Kong as it is an essential step towards creating a closed loop model for recycled PET in Hong Kong, and to realize any producer responsibility scheme (PRS).

(d) Support an industry-led PRS for Hong Kong, subject to Government approval; and

Whilst we will fully support the Government's proposed Municipal Solid Waste charging scheme, we passionately believe that this scheme MUST be accompanied by significant improvements in sorting and collection infrastructure and practices, making it simple and convenient for everyone to separate their recyclables and to have confidence, that these materials will be duly collected and recycled.

5. Others

(a) Publish an annual Sustainable Development Report stating our essential packaging, collection and recycling information.

(b) Adopt a minimal/zero waste policy for all charity, sports, educational and community events we participate in and/or sponsor.

(c) Continue with our sponsorship and support initiatives encouraging everyone to actively take part in reducing waste. Commit to volunteering in recyclables collection programmes, cleaning up our country parks/hiking trials and beaches with our partners, at least one time every quarter.

(d) Promote sustainability practices at our HK offices and facilities, such as eliminating single-use PET bottled water, plastic straws and other plastic food & beverage packaging, and ensuring that our HK production facility continues to implement a "landfill-free policy" in respect of office waste by end of 2019.

(e) Work closely with The Coca-Cola Company, as its partner in Hong Kong, towards achieving its bold and ambitious goal under its "World Without Waste" vision announced on 19 January 2018, to collect and recycle the equivalent of 100% of the packaging of the products it sells AND have at least 50% of primary packaging made from recycled materials by 2030.

(f) Commit to work with the NGOs of HK in making sure single-use plastics are diverted from landfill and or incineration, and domestically processed where it makes financial sense, in raw materials which can be used in other manufacturing processes.

(g) Commit to remain part of the #DWW group and work on the Strategy Realization process.

(h) Commit to work in good faith in partnership with the HK SAR Government to deliver on the stated goals of #DWW.

Neil Waters
Director & General Manager
Swire Coca-Cola HK

15th November, 2018

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Glossary

Aseptic Fiber Pack	A type of primary packaging which is multi-layer (paper and other). This packaging type can go by the trade names of Tetra Pak and Combibloc among others.
Aseptic line	Aseptic processing is a process by which a product is sterilized and then filled cold in a sterile container and filling conditions.
BIB	Bag-in-box (BIB) refers to a type of primary package which contains beverage syrup used in fountains dispensers. Type LDPE - type 4 - plastic bladder in a cardboard box.
Carboy	Primary packaging containing large volumes of water used in dispensers, it is make up of Type 7 plastic.
CCBMH	Coca-Cola Bottlers Manufacturing Holdings Limited
CDE	Cold Drink Equipment (CDE) includes vending machines, coolers and fountains.
CFC	Chlorofluorocarbons (CFC) are fully halogenated paraffin hydrocarbons that contain only carbon, chlorine, and fluorine, produced as volatile derivative of methane, ethane, and propane. Chlorofluorocarbons have been widely used as refrigerants, propellants and solvents. Because CFCs contribute to ozone depletion in the upper atmosphere, the manufacture of such compounds has been phased out under Montreal Protocol, as they are being replaced with other products such as hydrofluorocarbons (HFCs).
CIP	Clean in place (CIP) refers to the cleaning and sanitation of production equipment when changing production lines from filling one type of beverage to another.
CO2	Carbon Dioxide, and in the CDE context, an alternate form of refrigerant that does not contribute to ozone depletion.
CO2e	Carbon dioxide equivalent (CO2e) is a measure of the global warming potential of releases of the six greenhouse gases specified by the Kyoto protocol. These are carbon dioxide (CO2), methane (CH4), nitrous oxide (N20), hydrofluorocarbons (HFCs), perfluorocarbons (PFCs), and sulphur hexafluoride (SF6).
Direct Goods	A category of raw materials which are used for manufacturing or packaging beverages.
Dispatch worker	Personnel engaged by a labour dispatch company and dispatched to bottling factories to take up temporary, auxiliary or substitute positions.
Dispenser	The device that dispenses carbonated soft drinks. The device combines flavored syrup or syrup concentrate and carbon dioxide with chilled and purified water to make sparkling drink.
EBIT	Earnings before interest and tax
EBITDA	Earnings before interest tax, depreciation and amortization
EUR	Energy Use Ratio (EUR) is the amount of energy used to produce one litre of beverage.
Euro V / Euro VI	The European emission standards for private car and heavy duty vehicle with a design weight of more than 3.5 tonnes.
Full time employee	A 'full-time employee' is defined according to national legislation and practice regarding working time (e.g., national legislation defines that 'full-time' means a minimum of nine months per year and a minimum of 30 hours per week).
GDP	Gross domestic product
GHG	Greenhouse gases (GHG) are types of gases that trap heat in the atmosphere.
GRI	Global Reporting Initiative (GRI) is an international independent standards organisation that helps businesses understand and communicate their impacts on environmental and social issues.

GRMC	Group Risk Management Committee
HC	Hydrocarbon (HC) refrigerants are categorised as having zero ozone depletion potential and absolutely minimal global warming potential and so offer a more environmentally friendly alternative to CFCs, HCFCs, and HFCs.
HDPE	High-density polyethylene (HDPE) is type 2 plastic that is used for closures and closure rings on PET plastic bottles.
HFC	Hydrofluorocarbons (HFC) are organic compounds that contain fluorine and hydrogen atoms. Commonly used in air conditioning and as refrigerants in place of the older chlorofluorocarbons. They do not contribute to global warming and do not harm the ozone layer.
HFO	Hydrofluoro-Olefin (HFO) refrigerants are categorized as having zero ozone depletion potential and low global warming potential and so offer a more environmentally friendly alternative to CFCs, HCFCs, and HFCs.
Hot fill	Hot fill is a process by which a product is sterilised and then filled at a high temperature in order to sterilize the inside of the container.
Indirect Goods	A category of materials procured for the marketing of beverage products.
LEED	Leadership in Energy and Environmental Design (LEED) is a rating system devised by the United States Green Building Council.
Lightweighting	Redesigning of the primary packaging to reduce the weight of packaging materials.
Lost Day	Occurs when, in the opinion of the physician of record, the employee cannot work. Lost Days are counted as calendar days where counting begins the first day following the injury and ends when the person returns to full duty, receives a permanent job transfer, leaves employment.
Lost time injury	A work-related injury, that results in one or more lost days or lost shifts.
Manufacturing Volume	The amount of water used to manufacture beverages, including the water used for cleaning. It excludes the water that is used inside beverages.
Market	Used in reference to geographic areas, a country in which Swire Coca-Cola does business.
Medical treatment injury	A work related injury or illness that requires medical treatment beyond standard first aid.
NEPC	The New Plastics Economy Global Commitment
NPSG	National Product Supply Group (NPSG) - is a coalition of bottlers working together to optimise collaboration between bottlers within the Coca-Cola System in the USA.
Other (Packaging)	Packaging material including festive merchandise packaging, giveaways during holiday periods and marketing materials associated with shop signage, coolers, note books, clothing, umbrellas, and others.
Part-time employee	A 'part-time employee' is an employee whose working hours per week, month, or year are less than 'full time' as defined above.
Permanent contract employee	A contract for full-time or part-time employee for an indeterminate period (except in Mainland China were fixed term staff is counted as permanent employee).
PET	Polyethylene terephthalate (PET), type 1 plastic, and in this context is the raw material for soft drink plastic bottles.
rPET	Recycled PET
Pouch	A type of primary packaging which is a multilayer foil, squeezy in nature and generally with a plastic screw top. It could also be a package with a tear top if containing powder.

PP	Polypropylene (PP) is a type 5 plastic that is often the raw material we use to make labels.
Primary Packaging	The packaging layer that first envelops the beverage product and contains it (i.e. bottle, label, closure, closure ring).
Production Volume	The volume (unit cases) of beverages manufactured.
Sales Volume	Physical Unit Cases of beverages sold.
Scope 1 Emission	Direct greenhouse gas emissions from sources owned or controlled by the company (i.e. vehicles and boilers)
Scope 2 Emission	Greenhouse gas emissions from indirect sources such as purchased electricity used within our operations and facilities.
Scope 3 Emission	Referred to as other indirect greenhouse gas emissions. They are a consequence of the activities of the company, but occur from sources not owned or controlled by the company.
Secondary Packaging	Used to group individual beverage containers together.
SGP	The Suppliers Guiding Principles (SGP) is a document by Coca-Cola which provides an overarching set of standards we expect from our suppliers covering workplace policies, health and safety, human rights, environmental protection and business integrity.
SwireTHRIVE	A group-wide environmental sustainability strategy which will have an impact on every part of Swire's operations. With the notion that "When we help the world in which we operate to thrive, so do we", the "SwireTHRIVE" strategy comprises six key target areas for improvement that have been identified as being material to our businesses. They are: Carbon, Waste, Water, Sustainable Materials, Biodiversity and Climate Resilience. These goals are due for delivery by 2030, with initial emphasis on 2020 milestones.
Waste waster sludge	Semi-solid by-product generated from the wastewater treatment process.
TCCC	The Coca-Cola Company Limited
Temporary contract employee	A contract of limited duration and terminated by a specific event, including the end of a project or work phase, return of replaced personnel, etc.
Tertiary Packaging	Packaging which is used for bulk handling (steel drums, slip trays, pallets etc).
Tier 2	The U.S. Federal standards on emissions in the automotive sector, Tier 2 standards, which are fuel-neutral thus applying equally to petrol, diesel and alternative-fuel vehicles, were agreed in 1999 with an implementation period running from 2004 until 2009. Tier 2 applies more stringent limitations on emissions from a wider range of vehicles including medium-duty passenger vehicles (MDPV) which are specified as being vehicles used for the purpose of personal transportation that have a gross vehicle weight rating (GVWR) of more than 8,5000lbs but less than 10,000lbs.
Tier 3	The U.S. Federal standards on emissions in the automotive sector, Tier 3 standards, which were adopted in 2014 for implementation from 2017, tighten up on sulphur limits for petrol but follow the structure of Tier 2 standards with the certification bins and fleet average standards. Standards are also more stringent and emission durability/ vehicle lifespan was also increased to 150,000 miles from 120,000 miles. Tier 3 standards cover all new vehicles that fall into the categories of Tier 1 and Tier 2 as well as all heavy-duty vehicles with a GVWR of less than 14,000lbs.
TPM	Total Product Management system (TPM) is integrated across our entire operations including procurement, manufacturing, warehousing, and distribution to consumers. It identifies the necessary processes to protect products from being damaged or contaminated.
WUR	Water Usage Ratio (WUR) is the amount of water used to produce one litre of beverage.