



2030

Water Strategy Guide

EXECUTIVE SUMMARY





The 2030 Water Strategy Guide

The 2030 Water Strategy Guide provides corporate functions, Operating Units and bottling partners with information required to set high-level water targets that meet our 2030 global goals and deliver on our 2030 water vision.

We will also work to on-board and integrate Joint Ventures and New Ventures, and will engage co-manufacturers and strategic suppliers in the implementation of the strategy.

This guide includes four separate modules – the Executive Summary and three goal-specific modules – which explain the strategic intent and main changes from the current strategy, as well as detailed implementation plans for each major action pillar.

Additional briefing and background papers, as well as training materials on specific issues, will also live on a Connect hub.

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provides an overview of the 2030 water strategy, value proposition and step-by-step approach to set, implement and meet our 2030 water goals and targets

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OUR OPERATIONS

provides detailed information on how to set and meet the 2030 water goals and targets for production facilities

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OUR COMMUNITIES

provides detailed information on how to set and meet the 2030 water goals and targets for vulnerable communities where we operate and source from

04

OUR WATERSHEDS

provides detailed information on how to set and meet the 2030 water goals and targets for priority watersheds where we operate and source from



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Foreword and Acknowledgements



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Foreword

The Coca-Cola System is a global leader in water stewardship with a legacy of ambition, innovation and partnerships to globally ‘Reduce, Recycle, and Replenish’ the water we use. Over the past 10 years, together with our bottling partners, we have set a leading example in shared water management inside and outside the four walls of our business. We are a leading advocate for good water policies and a trusted partner to thousands of experts and civil-society organizations.

As we face multiple and interconnected crises of public health, climate change and declines of natural ecosystems, water emerges as the nexus between individual wellbeing, economic growth, and environmental health. Our 2030 Water Strategy sets a vision to ensure water security for our operations, watersheds and communities. It is founded on the belief that water is a shared resource between communities, business and nature. Our future targets need to recognize the hyper-local nature of water and aim to reduce shared water challenges, enhance community water resilience and improve watershed health.

The 2030 Water Strategy was co-created together with our bottling partners, Global Environmental Council (GEC) network and external stakeholders, and reflects our joint business priorities. Together, we recognize we don’t need to reinvent the wheel, but rather, sharpen our focus and innovate for impact where it matters most.

The 2030 Water Strategy Guidebook explains in greater detail many legacy goals, such as bottling efficiency and global replenishment, that will continue to be important. However, we are also innovating an integrated metric of ‘regenerative water use’, a more place-based prioritization of replenishment interventions, and a more holistic approach to watershed health, including our agricultural supply chain. In communities, we will continue to support safe access to water, with a focus on women and girls, while helping societies adapt to the water-related impacts of climate change.

Most importantly perhaps, we are steering a process, together with our system partners, to set context-based water targets to bring investments to the geographies that need them most, thus increasing both efficiency and effectiveness. This will require enhanced internal system governance and a truly networked organization between corporate teams, Operating Units and bottling partners.

We thank you in advance for your continued commitment to our business leadership on water towards 2030.

Bea Perez

Chief Communications, Sustainability & Strategic Partnerships Officer, The Coca-Cola Company

Nancy Quan

Chief Technical & Innovation Officer, The Coca-Cola Company

“Water is essential to our products and supply chain, as well as to people and the environment. As a total beverage company, we take our responsibility as a leader on water very seriously.”

James Quincey

Chairman & CEO, The Coca-Cola Company

“Our global bottling system depends on reliable and good quality water resources. To grow our business, it is critical that we work together to manage water risks effectively and make a difference in our communities.”

Brian Smith

President & COO, The Coca-Cola Company

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Acknowledgments

The Coca-Cola 2030 Water Strategy Guide was written by a cross-functional team including members of The Coca-Cola Company Corporate, Technical and Sustainability functions and its external partners.

THE COCA-COLA COMPANY TEAM

Ulrike Sapiro from the Global Policy & Sustainability function and Deniz Dogan from the Technical & Supply Chain function are responsible for the development of the strategy and this guidance document on behalf of The Coca-Cola Company, supported by Ian Woodcock and Osita Abana. The document was edited and designed by Coca-Cola Studios.

CONSULTING TEAM

This guide was developed with the help of external partners:

- The Executive Summary and Operations by Paul Reig, from Bluerisk
- Communities by Monica Ellis, C.A. Hersom, Leah Waters, Malick Keita, and Harry Moreland, from Global Water Challenge (GWC)
- Watersheds by Naabia Ofosu-Amaah and Kari Vigerstol, from The Nature Conservancy (TNC) and Wendy Larson and Penelope Moskus, from LimnoTech

Bluerisk

unicef
for every child



THE COCA-COLA COMPANY EXPERT REVIEWERS

A cross-functional team of internal experts provided constructive advice on substance and structure throughout the guide's development. We want to thank all the reviewers for their commitment and contribution.

EXTERNAL EXPERT REVIEWERS

We also had support from external experts throughout the guide's development, namely Nick Martin from Antea Group, representing the Beverage Industry Environmental Roundtable (BIER); Nicole Tanner and David Kuhn from the World Wildlife Fund US (WWF); Steve Metcalfe from Water & Sanitation for the Urban Poor (WSUP) and Sarah Dobson from WaterAid.



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2030 Water Strategy Framework

OUR GLOBAL VISION

Increased water security for all, where we operate, source ingredients and touch people's lives



Regenerative Operations

Reduced local shared water challenges



Healthy Watersheds

Improved watershed health and sustainable supply chains



Resilient Communities

Enhanced community water resilience, focus on women and girls

Key Activities and Goals

- All global facilities adopt **Alliance for Water Stewardship (AWS) principles** and comply with **Coca-Cola water stewardship requirements** (prevent, reduce, safely discharge)
- All 'Leadership Locations' achieve **regenerative water use** (reduce, reuse, recycle, replenish in the local context)

- In all priority watersheds, establish and implement **watershed stewardship plans** to improve shared challenges (quantity, quality, ecosystems, infrastructure, governance)
- Source '**water-sustainable**' ingredients and support landscape solutions

- Provide communities with **water, sanitation and hygiene (WASH)** where we operate, sell and source
- Support communities to **adapt** to the impacts of climate change
- Help communities **recover** faster from crisis situations through water access

Replenish 100% of our water use where it matters most (local regeneration, priority watersheds and communities)

Priority Levers for Change

- **Advocate** for good water governance and engage stakeholders and consumers

- Scale **collective action** and advance shared innovation and science

- **Report and disclose** meaningfully on risks, metrics and progress

▶ For a more detailed framework see Annex

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2030 Water Strategy Guide FAQs

FAQs	Answer
What is it?	A practical guidance document to communicate the strategic intent and help implement TCCS's 2030 Water Strategy to meet The Coca-Cola System's 2030 Water Goals. It consists of four separate Modules, plus Annex.
What is it for?	To understand The Coca-Cola System's 2030 Water Strategy and how to identify priority locations, set location-specific 2030 water targets and implement interventions to achieve them and contribute to the global 2030 Water Goals across Operating Units and bottling partners worldwide.
Who is it for?	This document is for The Coca-Cola System, including the Company, franchise bottling partners, joint ventures, new acquisitions and co-manufacturers, where appropriate. The audience is specifically Operating Unit and Franchise Unit leadership, mid-level leaders in the Company and bottlers' technical and public affairs, communications and sustainability (PACS) teams. We will engage with strategic suppliers, where necessary, in the implementation of this strategy.
What does it include?	It includes the approach and required information to successfully transition to The Coca-Cola System's 2030 Water Strategy by setting relevant and meaningful context-based Water Stewardship Goals and to guide interventions and interactions with shareholders, partners and other stakeholders at the global, facility, watershed and community level.
Who authored it?	It was written by a cross-functional team including members of The Coca-Cola Company corporate technical and sustainability function and its external partners.
What will happen next?	The Coca-Cola System will publish the 2030 global water goals while Operating Units and bottling partners will identify priority leadership locations, communities and watersheds, and implement both the global performance requirements and leadership requirements following the guidance provided herein and in the other related modules.

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Operating Units can, of course, opt to move faster and share their specific KPIs, contextualized targets and pathways with corporate earlier. We will find a way to capture this and transfer to a digital solution when it is ready.

Strategy Transition Timeline

The 2030 Water Strategy is based on contextualizing targets and actions to ensure local relevance. As a result, the full system transition requires the business to work through a 5-step process, from establishing a functioning water governance system with bottling partners, the initial prioritization of locations and contextualized target setting to reporting against targets, as set out in this strategy.

Our Approach

We expect the entire process (steps one through five) to take about one year for a full cycle, with important interim steps:

- Definition of leadership locations and high-stress locations -----> **by Q1 2021**
- Complete main Key Performance Indicators (KPIs) -----> **by Q3 2021**
- Integrate resource needs in business plans -----> **by Q4 2021**
- Execute first full year and publish global water baseline report -----> **in 2022**

We plan to have a first full review and validation at the end of that first year, i.e. in Q1 2022, and then at regular intervals thereafter (bi-annually/annually, to be determined). A full overview of the timeline is in the [Call to Action](#).

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Key Concepts

Terminology	Significance to The Coca-Cola Company and the 2030 Water Strategy
Water security	<ul style="list-style-type: none"> The capacity of a population to safeguard sustainable access to adequate quantities of acceptable quality water for sustaining livelihoods, human well-being, and socioeconomic development, for ensuring protection against water-borne pollution and water-related disasters, and for preserving ecosystems in a climate of peace and political stability. We aspire to go beyond reducing our risks and impacts, and aim to improve the conditions of the watersheds we depend on to ensure long-term access to water for our work, other industries, communities and nature. That’s why our 2030 vision on increasing water security where we operate, source and touch people’s lives.
Shared water challenges	<ul style="list-style-type: none"> Refer to water-related issues, concerns or threats shared by the site and one or more stakeholders within the catchment(s). Examples include physical water scarcity, deteriorating water quality, lack of supply infrastructure and regulatory restrictions on water allocation. We recognize the shared nature of water resources and understand the only way to meaningfully reduce water-related business risks is to invest in solutions at the catchment scale that improve catchment conditions and address shared water challenges, reducing our exposure to physical, regulatory and reputational water-related risks.
Regenerative water use	<ul style="list-style-type: none"> The 2030 Water Strategy introduces regenerative water use as a way to bring together reduce, reuse and replenish into a single metric that drives risk and impact reduction at the site level by optimizing and valuing every drop. We aspire to achieve regenerative water use at leadership locations by driving water use practices that help reverse local shared water challenges by restoring all surface and/or groundwater withdrawn back to its original source for beneficial social, economic and/or environmental uses by others.
Community resilience	<ul style="list-style-type: none"> The ability of a community to adapt to changing conditions, withstand disruption, and rebound after a water-related crisis, such as a natural disaster or disease outbreak. Building resilience begins with community access to safe drinking water and sanitation, recognizes the potential hazards for disruption due to climate change, and understands the underlying vulnerabilities that may affect recovery, guided by Sustainable Development Goal 6 (SDG 6).
Watershed health	<ul style="list-style-type: none"> Watersheds supply water for drinking, agriculture and manufacturing, offer opportunities for recreation and provide habitat to numerous plants and animals. We have developed a strategic watershed health approach to leverage replenishment and water stewardship in priority operating and priority sourcing watersheds and to achieve increased water security. The Watershed Health Framework provides a practical and business-relevant way to measure the ability of the watershed to sustainably support thriving business, communities and nature. It ultimately ties back to our core objectives to manage risk, enable growth and secure our license to operate.
Agricultural resilience	<ul style="list-style-type: none"> Agriculture both contributes to and faces water risks, as it accounts for the majority role in water pollution worldwide, which poses risks to ecosystems, human health and the economy, making it one of the leading causes of watershed degradation. Because of this, agriculture both contributes to and faces water risks. Supporting sustainable management of water and increased resilience by the agricultural sector is therefore critical to the health of watersheds globally and the security of our supply chain. We will work towards determining priority sourcing watersheds, engagement of suppliers and other potential partners and identification of meaningful interventions for local and global supply chains that drive increased agricultural resilience in the face of growing water challenges.

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Business Rationale



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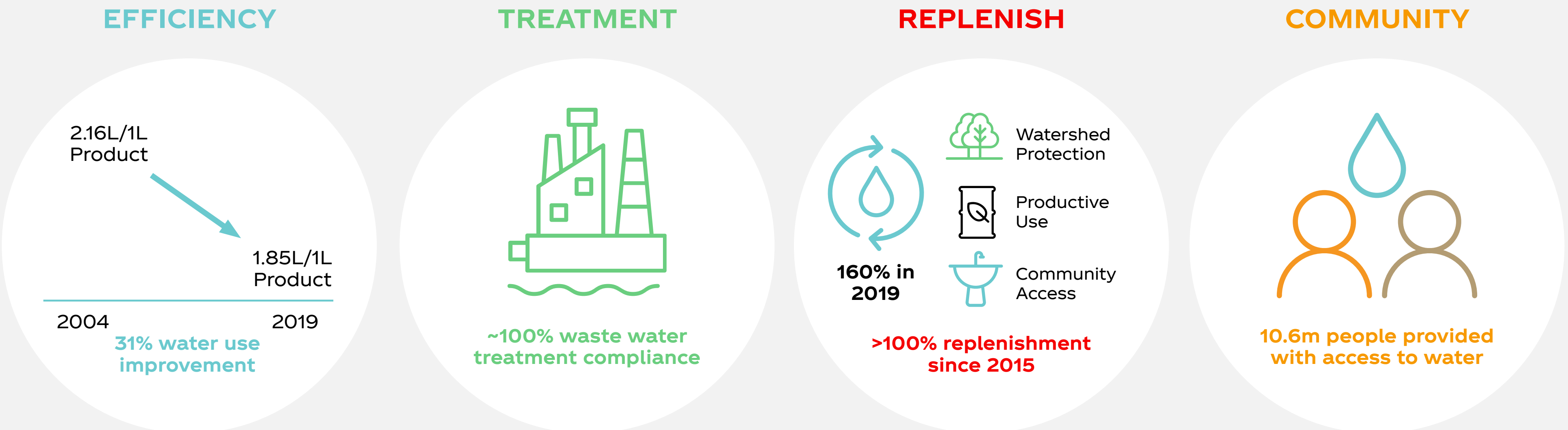
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Business Rationale

The Coca-Cola System (including its bottling operations) uses roughly 295,000 megaliters of water a year, slightly more than the total annual municipal water withdrawals in Nicaragua (FAO Aquastat 2019).

With water being the first ingredient of our products, our ongoing commitment to water stewardship is essential for long-term business growth.

What we achieved so far:



Source: The Coca-Cola Company 2020.

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Achieving water security requires cultural change.

We need to drive a company culture that treats water as a critical resource at the heart of our business and as a shared resource with communities, suppliers, customers and the rest of society.

We will not achieve water security on our own, but we have an important role to play as leaders, conveners, partners and advocates for change.

This requires the right capabilities and investment in water interventions and engagement, as well as strategic alignment between company and bottlers.

OUR STAKEHOLDERS AND PARTNERS EXPECT MORE FROM US

Between 2018 and 2019, The Coca-Cola System (TCCS) held a series of local and regional roundtables with our bottlers, business partners and external stakeholders to review the new science and insights, identify new risks and opportunities and understand changing stakeholder expectations.

Examples of stakeholder feedback:

“You are a leader. You need to be a leader. Keep pushing.”

“Community water access is key to your social license to operate – and to your reputation.”

“Replenish is standard now. Make it locally meaningful. Aim for impact – at scale.”

“Cultivate your operational legacy. Move to system efficiency and future resilience.”

“Supply chain water use is a must. But take time to decide where and how to act.”

In response to what we heard, TCCS co-created our 2030 Water Strategy with the business, our Business Units, bottling partners and stakeholders through a systematic internal and external engagement process over the course of 2018/19, including:

- 34 bottling partners
- 24 external organizations
- 7 multi-stakeholder roundtable engagements
- Multiple regional BU 2030 Water Strategy meetings

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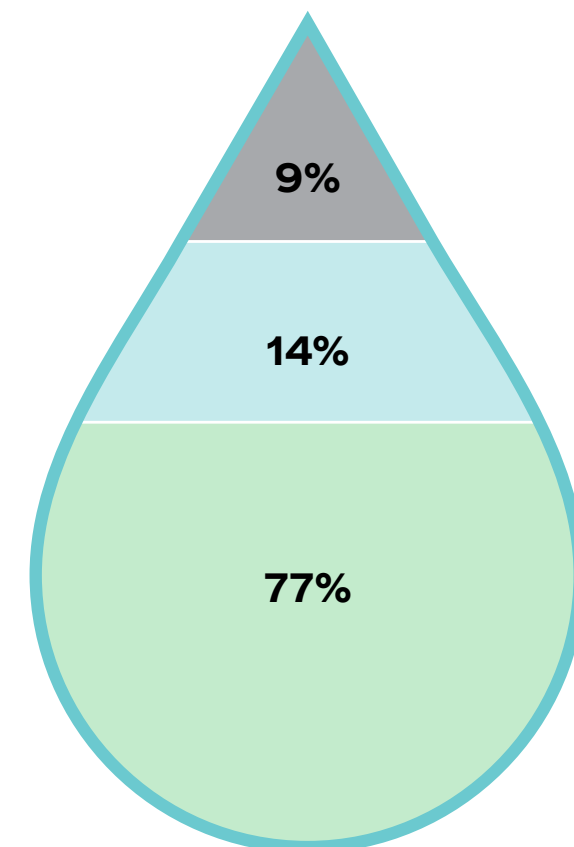
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Water is a critical resource across our value chain.

The 2020 Enterprise Water Footprint Study⁵ provides a clear picture of our system's total value chain water use, including:

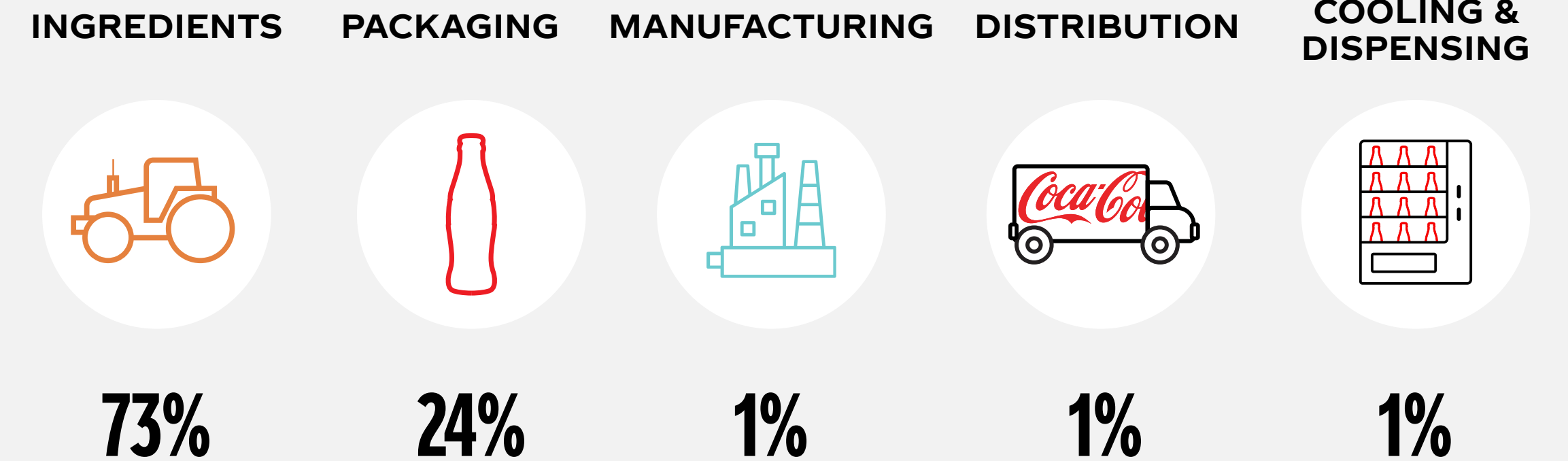
- Grey water footprint (the volume of freshwater that is required to assimilate the load of pollutants)
- Blue water footprint (the volume of surface and groundwater consumed)
- Green water footprint (the volume of rainwater consumed)



⁵ Following the methodology of the Water Footprint Network, Prof. Arjen Hoekstra.

The Coca-Cola Company Enterprise Water Footprint

Source: The Coca-Cola Company & Denkstatt 2020



This study indicates 98 percent of the system's total water footprint is in the supply chain. Largest contributors include:

- Orange juice (21%)
- Corn for High Fructose Corn Syrup (HFCS) (19%)
- Cane sugar (18%)
- Cardboard packaging (17%)

These results explain why we include strategic goals for our supply chain water use in the 2030 Water Strategy. They will also be the basis for further analysis to understand, for example, where the highest water use occurs in areas of water stress, which will inform our selection of global priority sourcing watersheds (see Watersheds module).

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Water risks are increasing worldwide.

WATER-RELATED RISKS AROUND THE WORLD

Water crises are ranked as a top global risk to the economy and society (Source: [World Economic Forum 2020](#))

785M

people globally lack access to safe water (Source: [Water.org 2020](#))

2-10%

expected reduction of national GDPs through poor water policies (Source: [World Bank 2016](#))

56%

gap projected between global water supply and demand by 2030 (Source: [WRI 2020](#))

TOP5

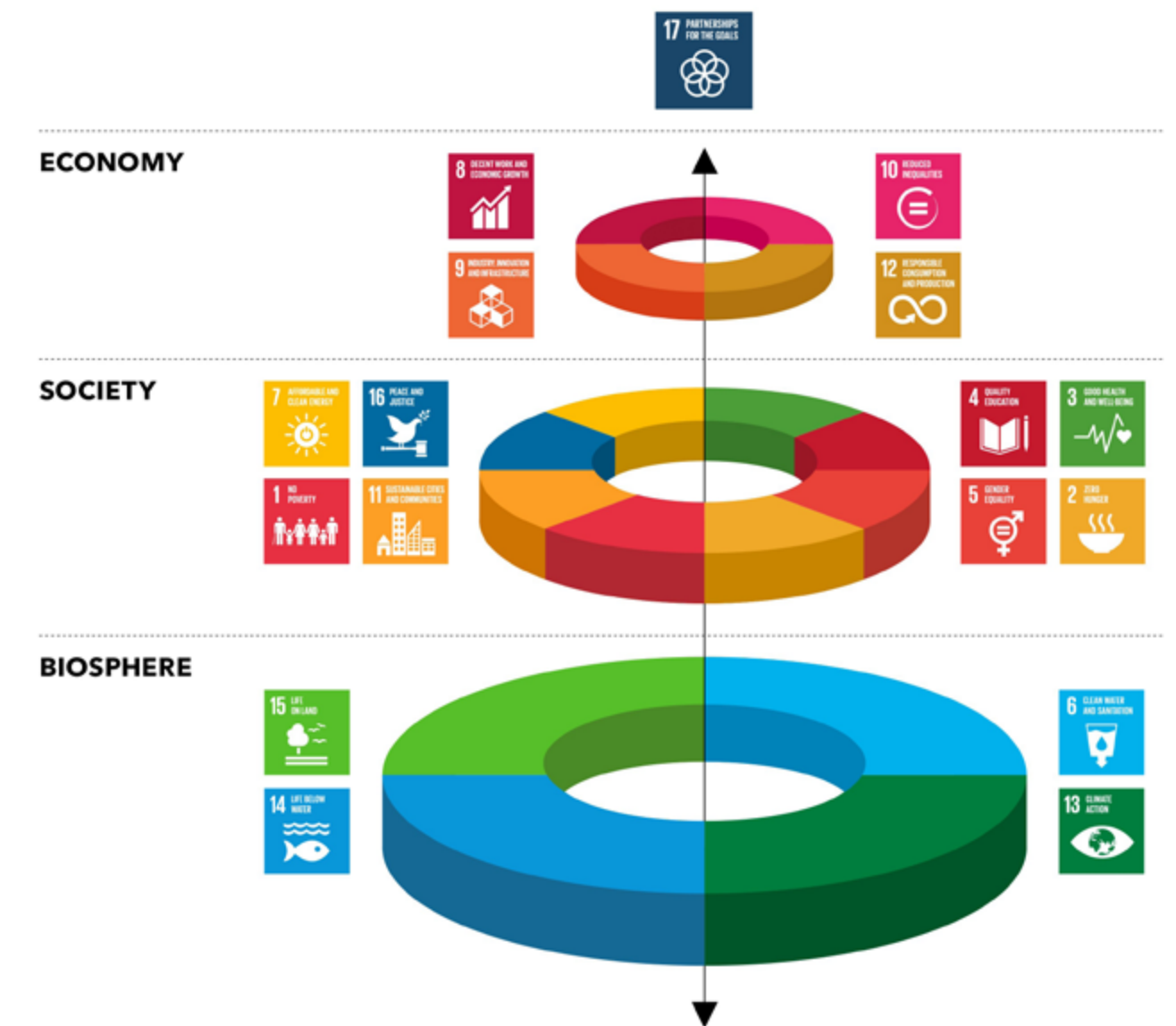
the most likely global risks are water-related (Source: [World Economic Forum 2020](#))

WATER-RELATED RISKS TO THE COCA-COLA SYSTEM

- **Water scarcity impacts our bottling system.** More than one third of our manufacturing facilities (39% of our global production volume in 2019) operate in regions facing high or extremely high water-stress.
- **Water quality continues to deteriorate.** 41% of our global volume in 2019 was produced in locations with high or extremely high water quality challenges.
- **Water is a risk to our business performance.** In our Top 40 Markets by volume, 41% of production volume in 2019 was generated in high or extremely high water-stressed regions.
- **Water scarcity is threatening our agricultural supply chain.** 1.5 million tons of agricultural commodities, e.g. sweeteners and juices, are sourced in high or extremely high water-stressed regions with depleting groundwater resources.
- **Water might limit our business growth plans and social license to operate.** Our business in India and China, home to the growing future middle classes, produces 67% and 46% of volume in 2019 in high or extremely high water-stressed regions, respectively, with high potential for community water conflicts. Both countries are also facing high water quality challenges and are key agricultural commodity sourcing regions with water-stress.

WATER IS THE FOUNDATION OF THE SUSTAINABLE DEVELOPMENT GOALS (SDGs)

Whilst all 17 SDGs are equally critical, they also interconnect and relate to each other. Access to clean water and sanitation (SDG 6), for example, is one of the preconditions for public health, economic development and sustainability.



Source: Stockholm Resilience Center

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Water risks impact our business across the value chain.

Whilst water risks are global and affect our entire value chain, the specific challenges are hyperlocal.

Global shared water challenges as defined by UN SDGs	TCCS water-related risks	Business impacts from water-related risks across our value chain		
		Raw material sourcing and supply chain	Operations	Markets
<ul style="list-style-type: none"> • Access to safe water, sanitation, and hygiene • Water quality • Water quantity • Water governance • Important water-related ecosystems • Extreme weather events 	Physical Risks	e.g., drought or flood-induced power outages, commodity price spikes or delays	e.g., increased operational expenditure for water treatment and extraction, disruptions due to supply shortages	e.g., drop in sales due to lower production volume driven by restrictions
	Regulatory Risks	e.g., increased supplier costs due to changing water and wastewater regulation	e.g., reduced water allocation, increased taxes and fees	e.g., customer and consumer demands drive new product standards that raise costs
	Reputational Risks	e.g., potential violations of the human right to water, sanitation and hygiene by suppliers	e.g., loss of social license to operate due to competition for water with local communities	e.g., public outcry regarding water intensity of product damages brand

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Business Value Proposition

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Business Value Proposition

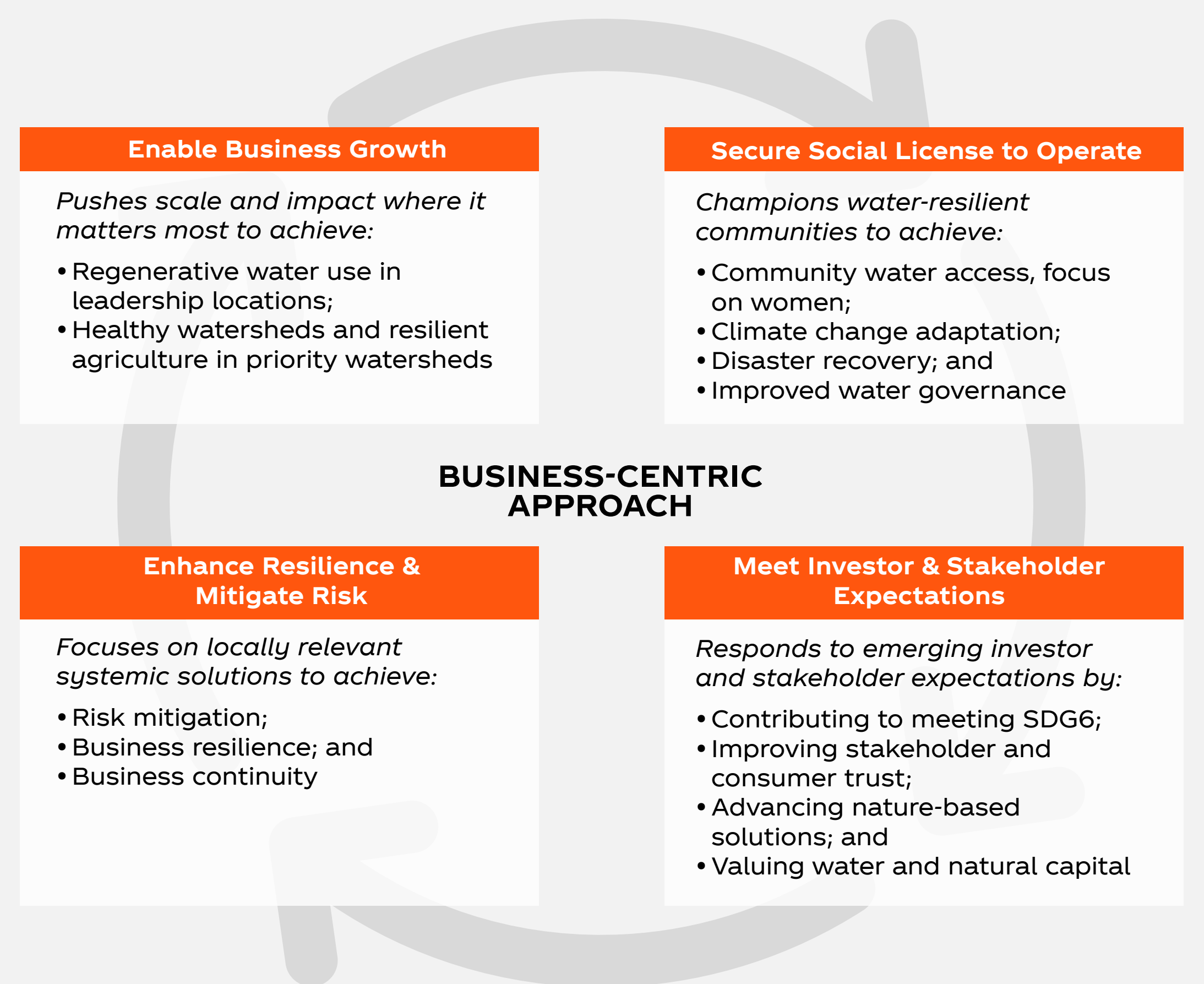
The 2030 Water Strategy provides a business-centric approach that delivers value to the business, investors, communities, customers and the environment, and further supports The Coca-Cola System’s efforts on climate, sustainable agriculture and community empowerment.

FOCUS ON BUSINESS RISKS AND OPPORTUNITIES

Water risks translate into financial risks: In the 2020 CDP Water submission, the company disclosed that 19 of the company-owned bottling facilities are operating in areas of high water-stress. In India alone, the financial risk to the business from water-stressed facilities was between **\$758 million** and **\$1.2 billion**. Similarly, the potential impact of water risks in one supply chain (US corn) was between **\$1.6 billion** and **\$4.6 billion**.

The food and beverage industry is particularly vulnerable to these risks, which is why investors list water as one of the top three sector sustainability risks.

The 2030 Water Strategy delivers against four business objectives:



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Our targets will be driven by local context.

Our understanding of water-related risk, engagement across the system, and evaluation of past performance empowers Operating Units and bottling partners to shape responses and solutions in line with our overarching 2030 global water goals by:

- Encouraging prioritization of investment to most relevant regions and communities
- Defining contextualized targets that address local risks
- Targeting actions on replenishment and enabling other relevant watershed interventions

The 2030 Water Strategy helps Operating Units and bottling partners focus work where it matters most and deliver local solutions that respond to the watershed context, specifically:



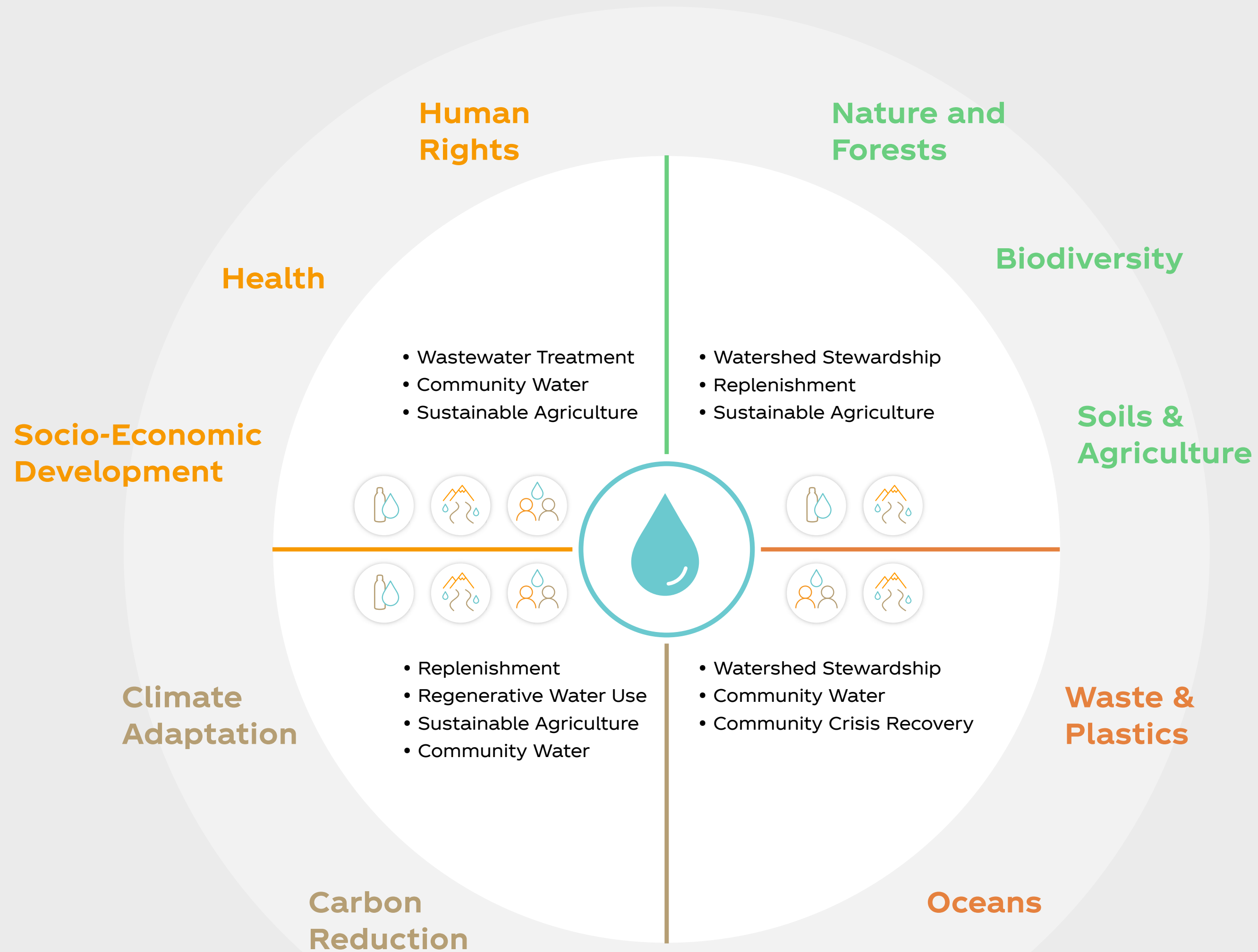
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Water Goals Benefit Other Sustainability Goals



Water is connected to other social, environmental and economic issues that are a priority for the company.

WATER AND CLIMATE

Improving how we manage water helps The Coca-Cola System mitigate and adapt to the impacts of climate change and increases our business resilience. Key resources on these issues are being added, including:

- 2020 Coca-Cola Climate Guidebook
- 2020 WWF Climate Resilience Toolkit
- 2020 WWF Water Stewardship and Resilience Report

Inside circle: Water for Life Priority Pillars and Actions

Outside circle: TCCC sustainability priorities and issues that are positively impacted by our work on water

Note: Effective Risk Management and System Governance on Water are foundational to ensure these connections

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Six Actions for Implementation

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Six Actions for Implementation

The strategic approach to setting targets that reflect the local context requires increased local joint business ownership, digitized and agile data management and a robust local-to-global governance structure.

ACTION 1

SET UP OR STRENGTHEN INTERNAL WATER GOVERNANCE STRUCTURES

In the fast-evolving business and risk context, it is critical that we strengthen our internal water governance process on corporate and Operating Unit levels, and in close collaboration with our bottling partners.

Corporate-level Governance Structure

Corporate-level Water Steering Committee	
Operating Units	Corporate
Representatives from: <ul style="list-style-type: none"> • PACS • Sustainability • Risk Management • Procurement 	Representatives from: <ul style="list-style-type: none"> • PACS • Sustainability • Technical • Ingredients

Key Objectives

- Provide oversight of 2030 Water Strategy rollout across Operating Units and bottling partners
- Validate and review Operating Unit water targets and Key Performance Indicators (KPIs) (in 2021 and then bi-annually)
- Regular system-wide review of progress and priorities (annual)
- Oversee internal and external communication, reporting and disclosure needs, including bottler data requirements (annual)
- Share best practices, tools and knowledge across The Coca-Cola System (annual)

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Operating Unit-level Governance Structure

OU-level Water Steering Committee		
Bottling Partner/s	TCCC OU	
<p>Representatives from:</p> <ul style="list-style-type: none"> • PACS • Sustainability • QSE/Technical • E&T • Risk Management • Procurement 	<p>Representatives from:</p> <ul style="list-style-type: none"> • PACS • Sustainability • Technical • Ingredients 	
<p>Key Objectives</p> <ul style="list-style-type: none"> • Provide oversight of 2030 Water Strategy rollout for Operating Units and bottling partners • Aggregate and share Operating Unit targets and Key Performance Indicators (KPIs) (in 2021 and then bi-annual), using digitized solution for the aggregation, ideally integrated with The Coca-Cola System’s data management process • Regular system-wide review of progress and priorities (annual) • Oversee internal and external communication, reporting/disclosure needs, including bottler data requirements (annual) • Share best practice, tools and knowledge across Operating Units (annual) • Follow internal water governance as per KORE, ES-RQ-235 and corporate guidance on to update FAWVA and SVA as per risk schedule, reporting, monitoring and participating in FAWVA • Monitoring water-related risks and vulnerabilities on an ongoing basis to ensure adequate adaptation and response to changing business, stakeholder and watersheds conditions (annual) 		
Every Year	Every Two Years	Other
<ul style="list-style-type: none"> • Operating Unit and corporate system-wide review of progress and priorities • Operating Unit and corporate internal and external communication, reporting and disclosure • Operating Unit and corporate to share best practice, tools and knowledge • Operating Unit to monitor water-related risks and vulnerabilities to ensure adequate adaptation and response to changing business, stakeholder and watershed conditions 	<ul style="list-style-type: none"> • Operating Units to aggregate and share Operating Unit targets and Key Performance Indicators • Corporate to validate and review targets and Key Performance Indicators 	<ul style="list-style-type: none"> • Operating Units to update FAWVA and SVA as per risk schedule, reporting, monitoring and participating in FAWVA

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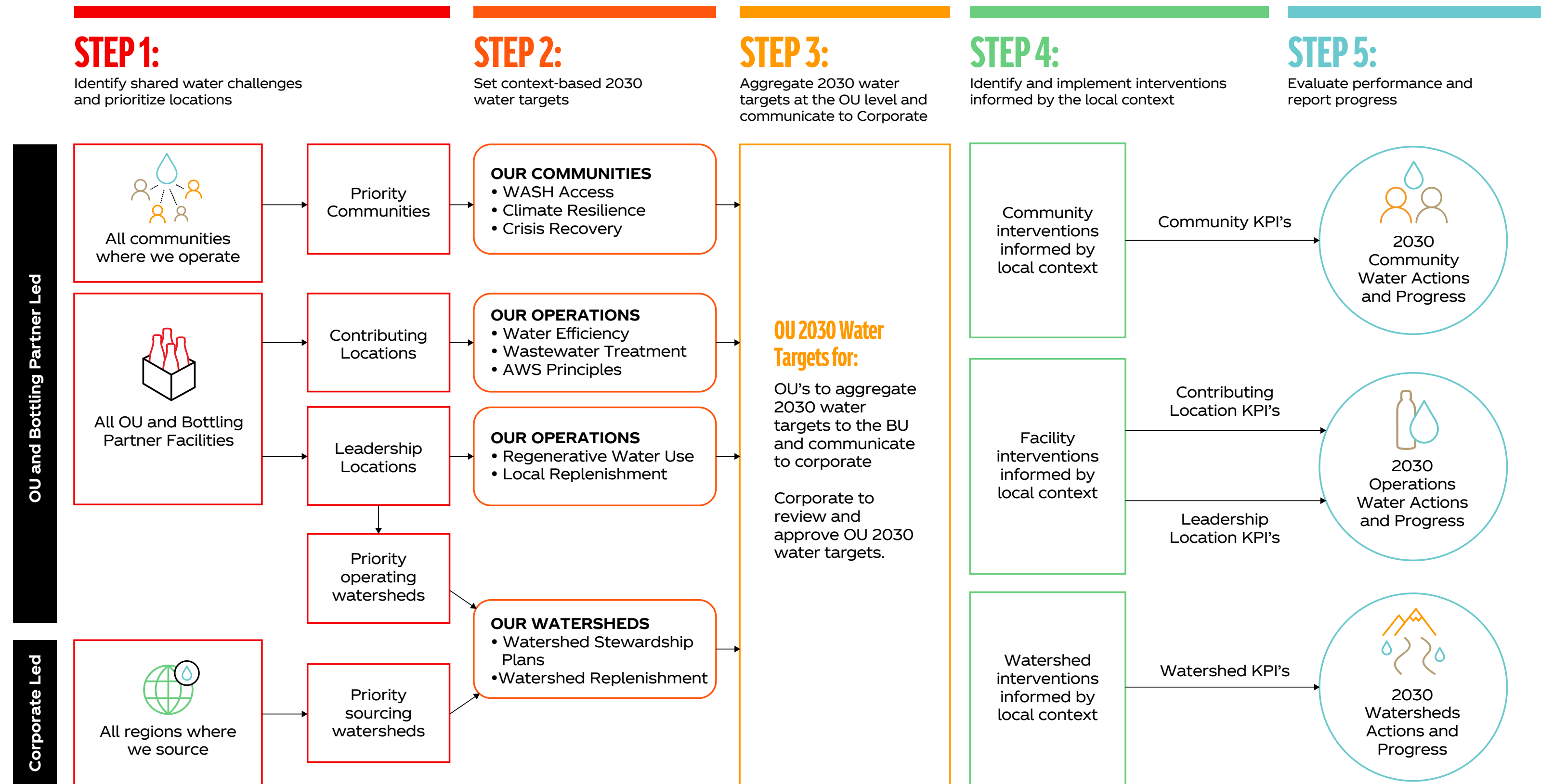
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ACTION 2

APPLY THE 5-STEP APPROACH FOR PRIORITIZATION, TARGET SETTING AND IMPLEMENTATION



The intricate nature of shared water challenges inevitably leads to interlinkages between our operations, communities and watersheds. The Operations, Communities and Watersheds modules guide Operating Units and bottling partners in understanding what targets are required at what operating locations and how these support our commitments to communities and watersheds.

More information about roles and responsibilities is in the **Call to Action**.

Together with bottling partners, Operating Units will apply this 5-step process to set targets for:

- Our Operations
- Our Communities
- Our Watersheds

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ACTION 3

SECURE APPROPRIATE RESOURCING

The 2030 Water Strategy relies on adequate funding and resourcing across the business to meet increasing water challenges, including improving our in-house capabilities:

- Technical knowledge and expertise to maintain effective water risk management
- Capabilities to engage stakeholders, communities and partners on effective interventions and collective actions
- Expert resources to engage policy makers on water regulations and to ensure business compliance
- Investment in operational water management, watershed protection and communities

While securing these resources is a challenge, they will help to minimize costs embedded in business, lessen financial and regulatory risks and ensure continuity of supply.

We have the opportunity to unlock efficiencies and new funding, including but not limited to:

- Strategic alignment and system investments between company and bottlers
- Fair return on water investments by considering the 'True Cost of Water' or full 'Value of Water' as well as co-benefits and Natural Capital generation
- Shared burden through collective action to support replenish and watershed health commitments creates scale and opens new co-funding routes
- Leveraging replenishment investments as nature-based solutions for the growing financial market for commercial Green Financing
- Exploring Community WASH and climate adaptation financing through Social Impact financing instruments
- Coca-Cola Foundation investment to leverage third-party and development funding
- Water in the supply chain engages economic development and agriculture supply chain investors

Additional information on resourcing and financing available in the Resources section at the end of the Watersheds module.

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ACTION 4

SET RELEVANT AND CREDIBLE TARGETS

Depending on the level of maturity of our business – for example, water use in operations versus water use in the supply chain – targets can be set at different levels. They can be quantitative or process-oriented, depending on the degree of certainty and information available when the targets are set and the desired outcome or end state the target aims to achieve.

	DEFINITION	CHARACTERISTICS	EXAMPLES
QUANTITATIVE TARGETS	Specifies the change required for company performance to respond meaningfully to the local catchment context at each location	Set when there is a high degree of certainty in the change that is required and sufficient information to support it	Regenerative water <ul style="list-style-type: none"> • Water efficiency • Global replenishment of direct water use
PROCESS-ORIENTED TARGETS	Drives processes requiring company performance to respond meaningfully to the local catchment context at each location	Set when there is certainty in the desired outcome but not in the magnitude or type of change required	<ul style="list-style-type: none"> • Watershed stewardship plans in priority watersheds • Advanced water management practices for ingredients grown in priority sourcing watersheds

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ACTION 5

INTEGRATE TRANSVERSAL ACTIVITIES (PRIORITY LEVERS FOR CHANGE)

As important as defining what we will do, we want to explain how we will work to achieve increased water security around the world. To that end, three priority levers for change sit as transversal activities across the 2030 Water Strategy.

These levers will guide our actions and be incorporated into the company’s global water goals and reporting. They will be *integrated into how we do business.*

Global Priority Levers for Change

ADVOCACY

Strong governance is essential in managing shared water resources sustainably and ensuring an equitable distribution of resources across sectors and the environment.

As a result, TCCS will advocate for inclusive public water policy and governance, at a local level, in priority watersheds, and at a global level, to support sustainable development around the world.

COLLABORATION

The shared nature of water resources requires collective action to address shared water challenges and reduce risk.

TCCS will seek to advance water security in priority watersheds where we operate and source from through internal collaboration and collective action with external stakeholders.

TRANSPARENCY

Water-related science and information is fundamental to effective governance of water resources.

As a result, we will aim to share relevant catchment data and transparently disclose water-related risk and performance information.

Global Examples

- World Bank’s 2030 Water Resources Group
- United Nations General Assembly (UNGA)
- The World Economic Forum Annual Meeting in Davos, Switzerland

- UN Global Compact CEO Water Mandate Water Resilience Coalition
- The Nature Conservancy’s WaterFunds
- SAI Platform and Bonsucro Standard

- CDP Water Disclosure
- Watershed Health Reports (new)
- UN Global Compact CEO Water Mandate Water Action Hub

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ACTION 6

IDENTIFY AND DRIVE IMPACTFUL INTERVENTIONS

Interventions refer to all actions Operating Units and bottling partners can take to meet their 2030 water targets. Interventions can be internal, within Coca-Cola system facilities, or external in the watersheds and communities.

Some of the most common interventions include the following water stewardship actions:

- Improve water supply reliability (e.g. operational efficiency measures, water reuse or agricultural water demand reductions)
- Land conservation and restoration
- Increase water access
- Improve water quality (e.g. wastewater treatment, agricultural best management practices, stormwater management)
- Aquatic habitat restoration
- Water governance activities

Identifying interventions should be informed by local context and guided by the following criteria to help Operating Units and bottling partners meet their 2030 water targets and, in turn, our global water goals.



MEANINGFUL

Interventions will address local shared water challenges, reduce business risk and aim to optimise co-benefits.



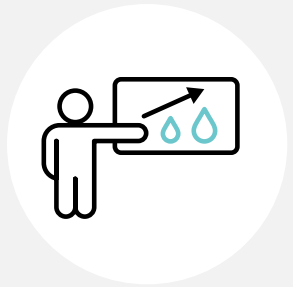
CREDIBLE

Interventions will go beyond legal compliance and be aligned with the business and stakeholder priorities.



AMBITIOUS

Water is essential for our beverage business. Interventions will reflect leadership ambition across our entire value chain.



MEASURABLE

Progress against targets must be easily demonstrated and communicated at scale across TCCS using recommended KPIs.



ADVOCACY

Interventions support inclusive public water policy and water governance priorities.



COLLABORATIVE

Interventions will be identified and implemented collaboratively with external partners and stakeholders and deliver shared outcomes.



TRANSPARENCY

Water-related information is critical to support effective water governance. Interventions will share and disclose critical water-related information.

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Call to Action



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Call to Action

As a global beverage company, water is at the heart of our business. Coca-Cola is also a major user of agricultural commodities and, as such, water is critical to our supply chains. Also, as a global consumer brand, water is critical to our reputation.

As we close the 2010-2020 water strategy cycle and understand the growing risks and expectations for our business, the 2030 Water Strategy provides a framework for action to mitigate risks, grow our business and secure our license to operate.

Unlike any other sustainability strategy, it is critical that Operating Units take a leadership role in prioritizing action, set meaningful contextualized targets and lead the implementation on local level.

This guide provides you with the background information and processes you need to take that journey successfully and it is critical that you begin this journey immediately.

The corporate team is here to help and support. We are working on methodologies, tools and trainings to support your important work. Please get in touch if you have questions, feedback and requirements.

Strategy: Ulrike Sapiro, usapiro@coca-cola.com

Technical: Deniz Dogan, ddogan@coca-cola.com

Global: Yammer Group 'Water Security'

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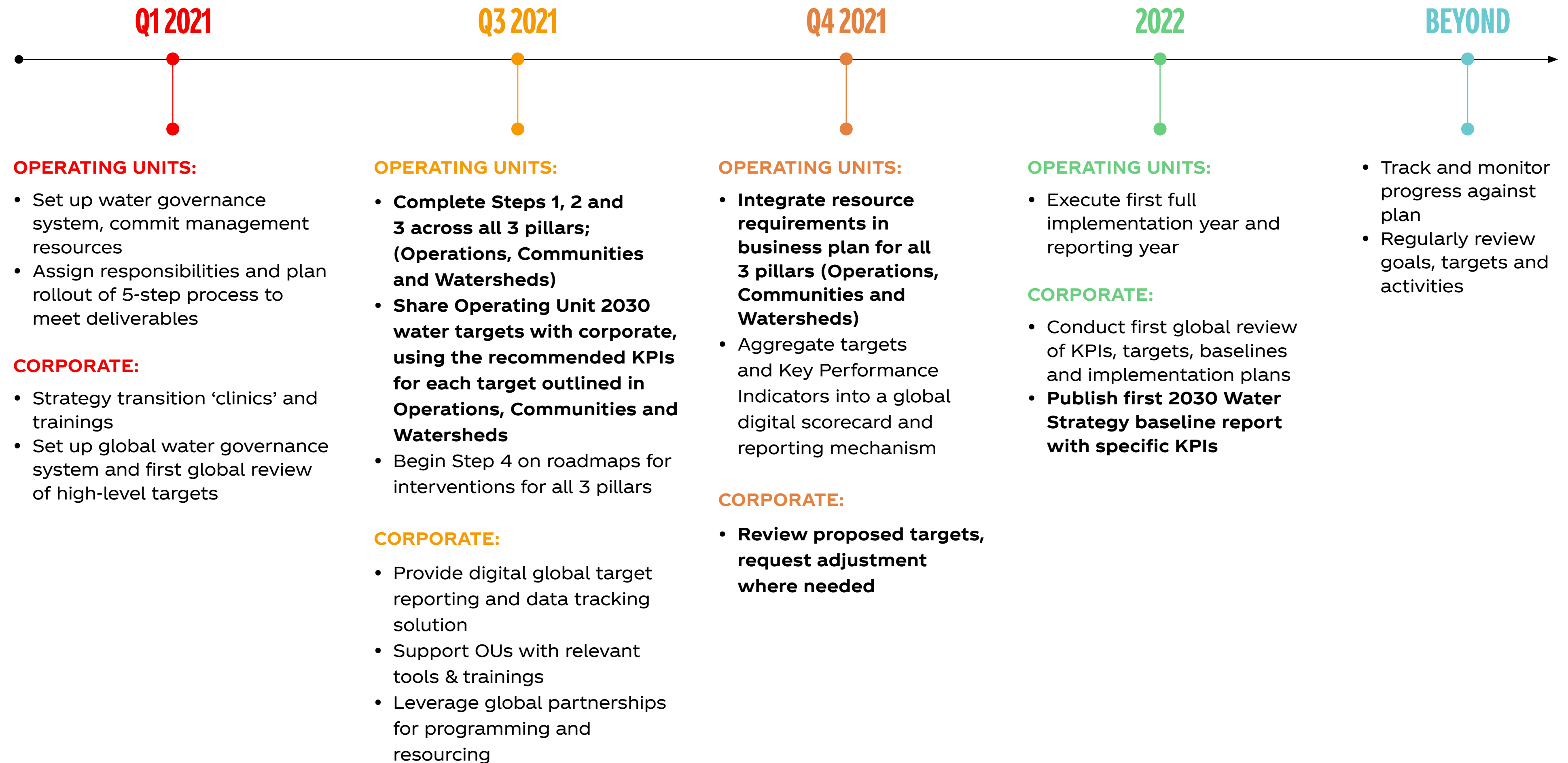
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Timeline

The overall timing and expectations for delivery are as follows:



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Roles and Responsibilities

	Operating Units	Corporate
Governance and Coordination	<p>Develop a cross-functional Operating Unit-level steering committee to continuously review the water risk landscape, priorities and targets; track and report progress to corporate.</p> <p>Review and amend standards and requirements for suppliers they manage.</p> <p>Update Source Water Vulnerability Assessments and Water Management Plans (WMPs) per KORE requirement.</p> <p>Participate in FAWVA per risk schedule, report and monitoring.</p>	<p>Develop a cross-system and cross-functional steering committee to continuously review our risk landscape, water footprint materiality, priorities and targets; track progress; share best practices; and identify new tools and insights required across the business.</p> <p>Lead engagement with data digitalization leads to confirm a suitable data sharing and aggregation tool (by end of Q2 2021).</p> <p>Leverage technology/digitalization to align data collection systems, governance, reporting and best practice sharing to support water strategy (i.e. Source Vulnerability Assessment risk outputs digitalization roadmap, advance reporting in water metrics/KPIs).</p> <p>Enhance our sustainable water management by aligning internal Source Water Vulnerability Assessment study and requirements with leading industry stewardship standards (e.g. AWS) - global data collection, reporting and disclosure.</p> <p>Include the enhanced Access to Water requirements in our global policies, including workplaces in our system (KORE), our suppliers (SGP), and agriculture standards (PSA) in alignment with WASH4WORK.</p> <p>Define global metrics and ambition for how TCCS will contribute to and scale TCCS's 3 Priority Levers for Change: advocacy, collaboration and transparency.</p>
STEP 1: Identify priority locations.	Identify leadership and contributing locations, vulnerable communities and priority operating watersheds, following the guidance outlined in Modules 2, 3 and 4.	Identify priority sourcing watersheds for agricultural ingredients managed through CEPG and G2G, in close collaboration with the relevant Operating Units and procurement, following the guidance outlined in Module 4.
STEP 2: Set 2030 water targets.	Set contextualized 2030 water targets to meet the 2030 global water goals, following the guidance outlined in Modules 2, 3 and 4.	Support and guide Operating Units target setting providing global context, stakeholder expectations and leadership guidance.
STEP 3: Aggregate and share 2030 Water Targets at the OU level.	Aggregate and share OU 2030 water targets with Corporate, using the recommended KPI's for each target outlined in Modules 2, 3, and 4 to enable global consolidation.	Review and approve 2030 Operating Unit water targets.
STEP 4: Identify and implement interventions informed by the local context.	Identify and implement interventions informed by the local context that address shared water challenges and increase water security.	Share and leverage global partnerships and networks to support implementation; explore third-party financing opportunities.
STEP 5: Evaluate performance and report progress.	Evaluate performance and report progress towards meeting the targets at a facility and Operating Unit level.	Track progress and coordinate external communications. Lead global reporting and disclosure. Ensure ongoing internal water governance.

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Annex

The Coca-Cola System (TCCS) is transitioning to a new 2030 Water Strategy with a global vision to ensure water security where we operate, source from and touch people’s lives.

THE COCA-COLA SYSTEM 2030 WATER STRATEGY FRAMEWORK AT-A-GLANCE

2030 WATER VISION	Increase water security for all where we operate, source and touch people’s lives by improving water availability, quality, accessibility and governance.		
Desired Outcomes	Reduced shared water challenges	Enhanced community water resilience	Improved watershed health and agricultural resilience
Global Goals	OUR OPERATIONS: Achieve ‘Regenerative Water Use’ in leadership locations and maintain high operating standards on water everywhere	OUR COMMUNITIES: Improve access to water and sanitation and increase community climate adaptation and recovery	OUR WATERSHEDS: Replenish our water use and measurably contribute to watershed health in priority operating and sourcing watersheds
High-level Targets	<ul style="list-style-type: none"> 100% regenerative water use in all leadership locations 20% water efficiency improvement in high stress locations vs 2015 	<ul style="list-style-type: none"> 100% of priority communities supported with access to water & sanitation with focus on women and girls 100% WASH provision in Coca-Cola bottling system and supply chain 	<ul style="list-style-type: none"> 100% watershed stewardship plans and replenish interventions in priority watersheds 100% advanced water management practices for ingredients grown in priority sourcing watersheds
100% global replenishment through contextualized interventions			
Key Activities	<ul style="list-style-type: none"> All locations adopt AWS¹ principles, regularly perform risk assessments², improve water efficiency and treat 100% of wastewater All leadership locations regenerate their water use through local reuse, recycling and replenish 	<ul style="list-style-type: none"> All system locations and suppliers adopt and implement the WASH4WORK framework Bottlers and company work with partners to help provide access to WASH to priority communities Bottlers and company help communities adapt to the water-impacts of climate change and recover faster from crisis situations 	<ul style="list-style-type: none"> All priority operating watersheds establish and implement watershed stewardship plans based on shared water challenges All priority sourcing watersheds comply with water-enhanced sustainable sourcing³ and support collective action for watershed health
Business Objectives	Mitigate water risk and build business resilience	Enhance social license to operate and support brand value	Enable business growth and ensure supply chain continuity
Global Priority Levers for Change	• Report and disclose meaningfully ⁴	• Advocate for good water governance	• Scale collective action and science

¹Alliance for Water Stewardship (AWS)

²Facility Water Vulnerability Assessments (FAWVA) and Source Vulnerability Assessment (SVA)

³Compliance with Principles for Sustainable Agriculture (PSA) and adoption of farm-level Alliance for Water Stewardship

⁴We will report our activities against these levers for change in our regular reporting. Standard (AWS)