Transportation and Distribution

**OUR COMMITMENT**
We will deliver a case of product with 20 percent less carbon emissions by 2020 than in 2007.

**INTRODUCTION**
Transporting our product is one of the smallest elements of our value chain carbon footprint, accounting for seven percent of the total. However, we drive more than 106 million kilometers a year, which makes it important to continue to reduce our kilometers and find new, less carbon-intensive ways of distributing our products. Our aim is to grow our business but not our carbon. Delivering products effectively and efficiently is central to how we operate and achieve this objective.

**OUR STRATEGY**
We focus our efforts on three key areas:
- Driving fewer kilometers by optimizing our logistics network.
- Working in collaboration with our customers and suppliers to remove road kilometers through techniques such as backhauling.
- Reducing the carbon emissions of every kilometer driven by improving vehicle efficiency and by encouraging the adoption of alternative technologies.

**NETWORK OPTIMIZATION**
Working to optimize our network is fundamental to reducing our carbon emissions. Our aim is to operate the most efficient and effective distribution network by identifying opportunities to minimize and remove kilometers driven. This involves three main activities:
- Maximizing local production and deliveries direct from our production sites.
- Collaborating with suppliers to understand opportunities for greater efficiencies.
- Working with our customers to optimize our routes to market.

We continue to develop and expand local capacity and storage at our plants, reducing the need for long-distance freight. Recent projects include capacity investment in Clamart and Marseille in France, Edmonton and Wakefield in Great Britain and Oslo, Norway, as well as increasing storage capacity with automated warehousing at...
our sites in Wakefield, Great Britain and Dongen in the Netherlands.

In working with our suppliers, we consider how materials are delivered to our factories. To minimize transportation, many of our sites are located alongside our can suppliers, enabling the cans to be delivered directly. Similarly, all our PET bottles are blown on site and in recent years we have invested in PET bottle preform manufacture in-house, eliminating the need for transportation.

Cutting kilometers from factory to customer involves collaboration both with our customers and across different parts of the business, from sales forecasting, production planning to route design and vehicle scheduling and utilization. This is underpinned by robust management practices, shared KPIs and joint reporting processes.

In 2013, we achieved a 17% CO₂e (grams) per case delivered which is a reduction of 12% percent since 2007. Network optimization projects in particular, saved more than 5,470,000 road kilometers and 5,400 tonnes of CO₂e.

### BACKHAULING

We continue to expand our backhauling systems, ensuring where possible, that trucks are loaded on both the outward and return legs of a delivery in order to reduce empty journeys (see case study below). In 2013, our backhauling initiatives removed two million road kilometers and 1,900 tonnes of CO₂e.

### ALTERNATIVE TECHNOLOGIES AND FUELS

Close collaboration with our third-party hauliers, which now account for the majority of our deliveries, has led the way in adopting new carbon-reduction technologies and fuels. In 2013, these accounted for just under five percent of our distribution kilometers across Europe. Recent developments include:

#### Eco-Combis

Replacing conventional diesel trucks with longer ‘Eco-Combis’, capable of carrying up to 38 percent more per journey, cuts down the number of road trips and reduces our emissions. In the Netherlands, we have expanded our use of Eco-Combi vehicles to a fleet of ten trucks, reducing emissions per pallet moved by 22 percent.

#### Bio- and dual-fuel trucks

We continue to trial and introduce vehicles using alternative fuels. In Sweden, we have switched from fossil fuels to biodiesel with 75 percent of our trucks running on biofuel. Increasing our use further is currently limited by our early adoption of vehicles meeting the vehicle air quality standard, Euro 6.

In the Netherlands, we introduced the first Eco-Combi truck in the worldwide Coca-Cola System to be powered by dual-fuel. We run a further ten standard trucks fueled by using landfill-derived biogas, a form of energy produced from household waste.

We have also worked closely with hauliers in some of our other territories to trial dual-fuel vehicles. In Sweden, we operate 33 dual-fuel delivery trucks powered by a mix of 75 percent rapeseed-oil biogas and 25 percent regular diesel. Until alternative fuels and truck technologies become more viable, we see dual-fuel vehicles as a key element of our sustainable distribution strategy.

#### Electric vehicles

Electric vehicles can offer benefits for regular, shorter journeys but are limited by the weight they can carry. We have trialled electric vehicles for GLACEAU vitaminwater deliveries in Paris, France, completing more than 1,100 orders in 2013. Similarly, we are trialling the use of electric vans for inner-city routes in Oslo, Norway and for our sales teams in Belgium. We also use electric vehicles in our company car fleet.

### CASE STUDY

#### Backhauling

We have used backhauling for many years to reduce our road kilometers and we continue to expand and develop new routes as new opportunities are identified.

Led by our customer logistics and routing teams, our backhauling program is complex. It requires close collaboration with customers or suppliers, that typically have a site near one of our plants. Project teams work together to combine deliveries with collections to avoid vehicles returning empty.

This way we save overall kilometers and reduce emissions while making our logistics more efficient and creating value for our partners.

We have backhaul arrangements with 28 major customers including Tesco, Asda, Bookers, Casino, Carrefour, Systeme U and similar arrangements with many of our suppliers such as those that supply our cans in Sweden and our pallets in Dunkerque, France.

### Rail

Where long-distance journeys are necessary, we use multi-modal transport where trailers are transported by rail with only short truck journeys at each end of the route. In 2013, we celebrated our 4,000th multi-modal rail delivery in France.

#### Smaller trucks and company cars

We are reducing emissions from our car and van fleet through a variety of measures, from introducing caps on CO₂ g/km to trialing electric and dual-fuel cars.

Vehicle technology is improving with more low-carbon vehicles becoming available. In 2013, we reviewed the vehicles we offer our employees, choosing models with the highest energy efficiency and safety standards and increasing the range of hybrid cars.

Since 2010, we have reduced our car fleet's average CO₂ g/km by 18 percent. In Belgium, where we use smaller trucks, we limit their speed to 80km per hour, which also saves fuel.

### WORKING WITH THE INDUSTRY

To benchmark our progress and demonstrate our commitment to low-carbon vehicles and fuels, we work with industry groups and have joined the Netherlands and Belgium Lean & Green program and the Centre for Sustainable Freight Transport in Great Britain. We are also working with ADEME in France, to help develop a carbon reduction charter and are part of the Haga emissions-reduction initiative in Sweden.

#### Optimizing and driving our emissions

“Collaboration across our network has enabled us to identify a variety of opportunities and unlock carbon emissions savings, from our internal teams focusing on reducing kilometers needed to deliver our products, to developing customer and supplier backhauling partnerships and trialing alternative technologies. Without working together in this way, we wouldn’t have been able to come up with the solutions we needed and achieve what we have.”

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