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Partnering to Protect Our Freshwater Resources

Annual Review 2013



The Coca-Cola Company

“We are witnessing unprecedented demands on natural resources around the world. Continuing with business as usual puts everything at risk, including the viability of business. These problems can only be solved by working together, and our work with Coca-Cola has proven that collaboration can amplify and accelerate the impact we need.”

Carter Roberts

President and CEO
World Wildlife Fund

“As we face a resource-stressed world with growing global demands on food and water, we must seek solutions that drive mutual benefit for business, communities and nature. Working with WWF continues to challenge our Company to advance our sustainability programs. WWF’s expertise will be instrumental in reaching our environmental performance goals, some of which they help us set.”

Muhtar Kent

Chairman and Chief Executive Officer
The Coca-Cola Company

Because water is essential to nature, communities and business, World Wildlife Fund (WWF) and The Coca-Cola Company launched a transformative partnership to conserve and protect freshwater resources around the world in 2007. Our commitment to freshwater conservation has produced significant results, and has led to an expanded partnership through 2020. Our ambition is to achieve even greater impact by helping address the natural resource challenges that impact fresh water.

CLICK ON THESE
WATER ICONS



OUR WORK

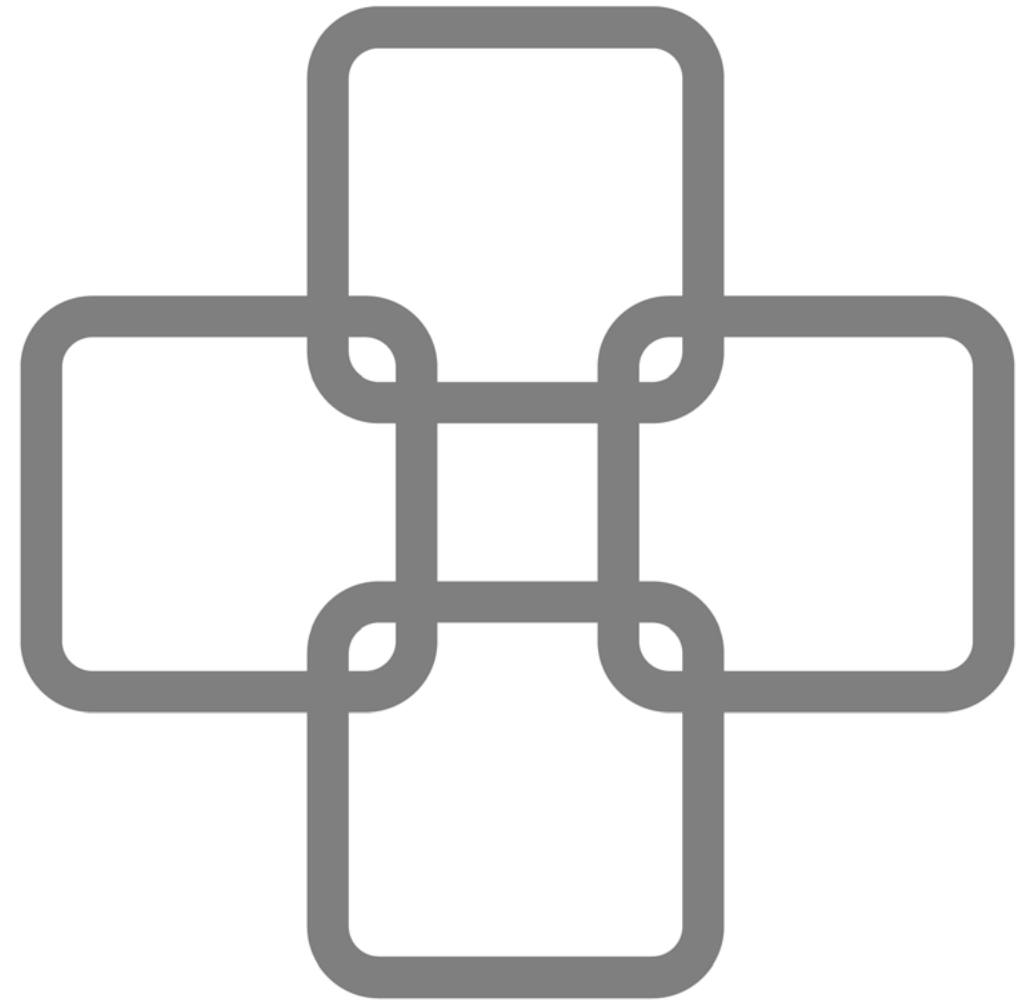




EXPANDING OUR IMPACT

Through 2020, **Coca-Cola and WWF** will more deeply engage across the Company's value chain; involve additional partners to achieve greater scale and impact; and spark commitments from businesses, governments, and consumers to take action to value, conserve and protect the planet's natural resources, with a focus on fresh water. This requires going beyond freshwater conservation, to tackle the forces that impact fresh water.

In a resource-constrained world, balancing the needs of business, communities and nature is imperative. Responding to this challenge, we pledge to:





RENEWING FRESHWATER RESOURCES & STRENGTHENING LIVELIHOODS AROUND THE MESOAMERICAN REEF

The [Mesoamerican Reef](#), the second largest barrier reef in the world, houses coral, marine turtles, mollusks and fish. It also supports more than 2 million people in the region through fishing and tourism. Unfortunately, as the human population along the reef's coast has increased, so have the negative impacts from commercial development, industrial processes and agricultural production.

In the valleys and flatter regions of Guatemala and Honduras, wastewater from factories, large-scale farms and communities carries harmful pollutants out toward the reef. Higher up, in the foothills and mountains, poor farming techniques increase soil erosion, burdening the waterways with excess sediment that chokes the corals and spurs harmful algae growth.

To help preserve the region's natural resources, Coca-Cola and WWF are working from the mountain ridges to the coral reef, across all of our work streams, and with various regional stakeholders including private companies, regional nonprofits and local farmers, like José Gómez.

Gómez, one of the first farmers to collaborate with our partnership, lives in one of the small communities on Sierra del Merendón, a rural belt of mountains in northern Honduras. He embraced a suggested technique called intercropping, in which farmers plant multiple kinds of crops in a single row to strengthen the plot's ability to retain the soil and increase the number of harvest periods per year. Gómez adopted other recommended improvements too, including cre-

ating raised circles of soil around tree trunks to help protect the roots from erosion and cutting notches into the hillside to catch water that might otherwise wash straight down the field.

Gómez recognized that the partnership's agricultural projects did not just aim to protect the mountain's forests and rivers -- they also aimed to boost the productivity of the farms. And it didn't take long to see the benefits.

To measure the effectiveness of the new farming techniques, the partnership is monitoring changes in soil erosion and assessing how particular methods enable the hillsides to retain more water over time. Additionally, through two weather monitoring stations, we are gathering data that can help determine how much fresh water is being captured, inform decision making about irrigation and crop cycles, and establish severe-weather early warning systems. This work has already led to reductions in pesticide toxicity, and water and fertilizer use.

Further down the mountains, partners are working to help improve Coca-Cola's impact on the region. Cervecería Hondureña is a franchised Coca-Cola bottling plant located in a quiet outskirt of the city of San Pedro Sula, Honduras. Each month, Cervecería processes between 45 and 48 million liters of Coca-Cola beverage products, along with a number of local Honduran brands. The plant has embraced a number of measures to minimize its impact. These included tactics such as raising awareness among employees about the need to reduce water consumption and become more water-efficient, in combination with investments, like replacing machinery along production lines to improve water efficiency.

As a result, that is precisely what Cervecería has done - improved its water efficiency. At the beginning of Cervecería's work with the partnership, the plant's water efficiency index was 2.37, meaning it used 2.37 liters of water for every liter of finished beverage it produced. By 2012, the index had fallen to 1.93. The target for 2014 is 1.60, which would save 60 percent of the water used in the manufacturing process.

But it doesn't end there. The water that Cervecería uses goes to its unique wastewater treatment plant. After several processing cycles, the organic solids purged from the water become nutrient-rich compost, and the methane released becomes energy. Biogas recovered from this cycle powers the water treatment process and saves Cervecería Hondureña 17 percent of the energy needed to produce beverages. The quality of the water that filters through Cervecería's wastewater treatment plant exceeds national quality standards.

In addition, Cervecería Hondureña's wastewater treatment plant also irrigates a nursery that's part of the Fundación Cervecería Hondureña. The trees grown in the nursery are donated to reforestation efforts in parks and along riverbanks, as well as to schools and other nonprofits.

A few years ago, just around the corner from the nursery, the five-block stretch of Río Piedras, one of the local rivers, was a garbage dump filled with trash. The foundation cleared it and reforested the banks, which are now dense with greenery.

The impact was contagious. After witnessing the Río Piedras transformation, a fertilizing company nearby is looking to replicate the work on land around its own facilities. And, other companies have been reaching out to WWF for advice on similar projects.



To help preserve the region's natural resources, Coca-Cola and WWF are working from the mountain ridges to the coral reef, across all of our work streams, and with various regional stakeholders including private companies, regional nonprofits and local farmers like Gómez.



FROM DEMONSTRATION TO TRANSFORMATION: BUSINESS, GOVERNMENT AND CIVIL SOCIETY JOIN FORCES ALONG THE YANGTZE

This year, WWF, Coca-Cola and the government of Hunan Province in China announced a landmark partnership focused on the Liuyang tributary that will help transform the **Yangtze River**, the third-longest river in the world, into a healthy, resilient freshwater basin. Home to a variety of ecosystems and endangered species, the Yangtze is one of China's most valued rivers. For thousands of years, people have used it for water, irrigation, sanitation, transportation, food and business... and nearly half a billion people continue to do so today.

A River Sings

Of particular importance is the area where the Xiang River meets the Liuyang River, the main source of irrigation for the region and the namesake of an important national song celebrating the birth of Mao Zedong, the founding father of the People's Republic of China. Here, Coca-Cola and WWF will launch their first pilot project as part of the Yangtze's **Water+** commitment.

The projects, which will receive support from the Hunan provincial government, will demonstrate on-the-ground, sustainable river solutions that can serve as models for other projects in the region. They include a water conservation project at the source, sustainable tea production and community engagement projects midstream, multi-stakeholder water stewardship projects in nearby industrial parks, and wetland conservation projects throughout the area.

By 2016, the Liuyang River demonstration projects will result in shareable best practices. Leveraging lessons learned, WWF, Coca-Cola and local authorities hope to scale up the work to three-to-five additional rivers in the Yangtze River basin. The transformative goal is to protect more than 500,000 acres of wetland habitats and secure safe drinking water for more than 5 million local citizens by 2018.

Together, WWF, Coca-Cola and the Hunan provincial government will promote sustainable development in three key areas of the basin:

XIANG RIVER

a tributary to the Yangtze and one of China's most polluted rivers

CHANG-ZHU-TAN CLUSTER

three cities growing at the intersection of two major economic belts and the Xiang River

DONGTING LAKE

China's second largest freshwater lake and the outlet for most of the rivers in Hunan

Each area holds significant cultural, economic and ecological importance to the region.

Coming Together

Signed by WWF and the "Two-Oriented Committee" (TOC) of Hunan Province, the memorandum of understanding (MoU) recognizes the unique value WWF brings as the government develops its sustainability targets and processes - including the specific value for businesses such as Coca-Cola that operate in the region.

It also targets top priorities for **WWF's work with Coca-Cola**.

"This is where all of our goals come together," say Judy Takats, Senior Program Officer at WWF. "By formalizing WWF's relationship with the provincial government, we are involving additional partners to achieve greater conservation impact and integrating the value of nature into public and private decision-making processes. By working directly with bottling partners and suppliers, the projects proposed under this partnership will more deeply engage Coca-Cola's value chain. And through our successes, we hope to spark commitments from other businesses as well as consumers."

PARTNERING ACROSS THE GOLDEN TRIANGLE

Water is key to economic and social development, yet changing climate patterns, population growth and the overuse of resources are all contributing to a global water crisis. Businesses, government and civil society are increasingly aware of the associated challenges and risks, but it is a problem that will not be solved in isolation.

Those partnerships that connect across the “golden triangle” of business, government and civil society have the greatest potential to lead to meaningful progress and results for people, nature and business. WWF and Coca-Cola are implementing this approach in river basins around the world.

Our Progress

With the expansion of our [partnership in 2013](#), WWF and Coca-Cola identified 11 geographies to direct our efforts through 2020. Working together, we have committed to help conserve some of the world’s most important places. We are focusing our efforts on the catchments of the Mesoamerican Reef and the Yangtze River.

Along with our focal basins, we are working together in nine additional geographies, including the river basins of the Amazon, Koshi, Mekong, Rio Grande/ Rio Bravo and Zambezi; the catchments of the Great Barrier Reef; and watersheds in the Amur-Heilong, Atlantic Forests and Northern Great Plains.

Each of these regions provides an opportunity to address pressing conservation challenges and threats, as well as to learn valuable lessons. We plan to replicate successful approaches to contribute to global freshwater conservation efforts and, hopefully, inspire others to act.

Our teams in all 11 geographies are planning, piloting and/or expanding innovative models that meet the challenges unique to their basins.





BRINGING BACK THE RIO GRANDE/RIO BRAVO IN BIG BEND

COLLABORATIVE CROSS-BORDER AND CROSS-SECTOR PARTNERSHIPS HELP TO RESTORE AN ICONIC BINATIONAL RIVER

The Chihuahuan Desert, one of the most bio-diverse deserts in the world, straddles the U.S.-Mexico border. Its natural beauty, growing economy and blossoming cities are fueled by the **Rio Grande, known as the Rio Bravo in Mexico**. But the river's water is already 150 percent over-allocated, mostly for agriculture, and the future looks grim. The region is predicted to become hotter and drier as climate change intensifies. Combined with growing populations and diversifying demands, it's more important than ever to protect the Rio Grande/Rio Bravo.

Some, like Big Bend National Park's river ranger Mike Ryan, are passionate about working together to conserve the river for future generations. Growing up less than five miles from the river, Ryan has long appreciated its charm, power and role in sustaining life. As a park ranger, Ryan is primarily responsible for law enforcement and protecting Park visitors. However, he spends whatever extra time he can find assisting the Park's and partnering scientists, conservationists and managers as they restore the river after decades of decline.

"In the beginning, we did smaller projects in-house," Ryan recalls. "They were more ad hoc than planned, and were rarely coordinated with the sister parks on the Mexican side of the river."

One of the biggest challenges is giant cane. A thirsty, invasive plant, giant cane has taken over the shores of the Rio Grande/Rio Bravo. It holds soil along the channel's edge—soil that normally would be washed downstream. As a result, the banks are growing, which makes the channel narrower. This destroys precious habitats, reduces water retention and increases the

susceptibility of riverside towns and infrastructure to flood damage.

Eradicating giant cane is a large part of our work in the region. "The Coca-Cola Company and WWF partnership amplified the momentum and empowered us to do more work, and to work together," Ryan says.

We now have a true "golden triangle" of partners representing all sectors on both sides of the border. In addition to Big Bend National Park, the U.S. Geological Survey and the U.S. Fish & Wildlife Service are coordinating with Mexican governmental agencies including the National Commission of Natural Protected Areas (CONANP) and National Water Commission (CONAGUA). Coca-Cola and local bottling partners bring the private sector to the table. WWF represents civil society, alongside nearby communities, local nonprofits and academic institutions.

Together, we are working to eradicate the giant cane and other detrimental invasive species, replanting native species in riparian areas, collecting much-needed scientific data, and creating a positive story of bi-national cooperation in this border region. Partners on both sides of the river

share best practices and work closely together—from planning through implementation to evaluation—to maximize progress on both sides of the river.

"When we started working more as a partnership, I had a feeling we would be successful. But I didn't realize our impact until recently," Ryan explains. "I'm not a scientist, so I have to see progress to believe it. When I see sand bars crumbling, the cane receding, and the right species returning, I know we're on the right track."



In addition to his responsibilities as a Park Ranger, Ryan has become a key part of the Partnership's work in the 200-mile stretch from Big Bend National Park to Amistad Reservoir.

ENGAGING A GLOBAL SUPPLY CHAIN

Every bottle of Coca-Cola represents a global operation that depends on a vast network of suppliers, distributors, retailers, consumers, recyclers, communities and partnerships. To succeed in meeting our partnership goals, we are engaging across the Company's entire value chain.

Collaborating with key stakeholders, we are working together to continue progressing on sustainability initiatives that include agriculture, operations, packaging and refrigeration. By extending the Company's environmental sustainability commitments to its value chain, the Company hopes to deliver tangible and lasting benefits to the environment and society, as well as business.

Our Progress

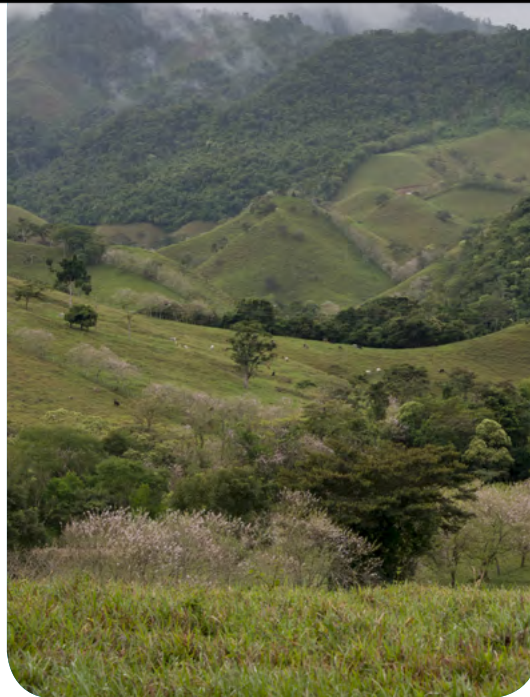
In July 2013, WWF and Coca-Cola announced ambitious **performance goals** to improve agriculture, climate, packaging and water efficiency impacts. These efforts include the following 2020 targets:

- **Sustainable Sourcing:** Coca-Cola will work to sustainably source its key agricultural ingredients including cane sugar, beet sugar, high-fructose starch-based syrup (primarily corn), tea, coffee, palm oil, soy, pulp and paper fiber, oranges, lemons, grapes, apples and mangoes.
- **Climate Protection:** Coca-Cola will work to reduce the carbon in 'the drink in your hand' by 25 percent. This will include making comprehensive carbon footprint reductions across its manufacturing processes, packaging formats, delivery fleet, refrigeration equipment and ingredient sourcing.
- **Renewable Packaging:** Coca-Cola will work with WWF to assess the environmental and social performance of plant-based materials for potential use in renewable packaging.
- **Water Efficiency:** Coca-Cola will work to improve water efficiency in its manufacturing operations by 25 percent through operational improvements across the Coca-Cola system, compared to 2010.

VALUE CHAIN

OUR GOAL

Measurably improve
environmental performance
across the Company's value chain



REDUCING THE CARBON FOOTPRINT OF COCA-COLA'S BEVERAGES

In July 2013, as part of our new partnership environmental goals, Coca-Cola committed to reduce the carbon footprint of its beverages by 25 percent by 2020. Work is underway to reduce the greenhouse gas emissions across the entire value chain of our products through comprehensive reductions in manufacturing processes, packaging formats, delivery fleet, refrigeration equipment and ingredient sourcing.

By reducing emissions generated by not only bottling plants and distribution fleet but Coca-Cola's entire value chain, it is estimated that Coca-Cola will be able to prevent more than 20 million metric tons of CO₂ emissions by 2020. That's four times the Coca-Cola system's annual carbon emissions from manufacturing, and the equivalent of taking an estimated 3.8 million cars off the road for a year.

To assist with emissions reductions, in 2011, the partnership developed and launched the **Top 10 Energy Savings Practices campaign**. The program equips bottlers and plant managers with 10 high-return, low-risk energy-saving practices they can readily implement. Each practice delivers high financial return

and contributes significantly toward achieving climate targets. By end of 2013, 591 of the Coca-Cola system's nearly 900 manufacturing facilities were implementing the practices. A total of 154 facilities have completed the entire Top 10 challenge, and 325 have made at least 80 percent progress.

Reinforcing the climate commitment and supporting the Top 10 campaign, Coca-Cola and WWF created a "climate ambassadors" group dedicated to championing the system-wide goal and providing training and other assistance to help the Company, bottlers and suppliers strive to reduce emissions.

Coca-Cola's expanded climate goals also supported the company's ongoing membership in WWF's Climate Savers program. As part of the Climate Savers program, the partnership set two goals for reducing climate emissions that apply to the Company's global manufacturing operations: (1) reduce emissions by 5 percent in developed countries by 2015, and (2) stabilize emissions system-wide, even while the Company grows. These targets are measured against a 2004 baseline year.

WORKING TO BE RESPONSIBLE WATER STEWARDS

Water is an essential and indispensable part of Coca-Cola's success and survival, as it is to every single species on the planet. With the world's freshwater supply under stress, it is a shared responsibility to find ways to conserve and sustainably manage local water sources. This understanding drives Coca-Cola's (the Company and its nearly 300 bottling partners operating in more than 200 countries) **water stewardship programs** and guides much of the partnership's work.

In addition to our freshwater goal, we aim to make operational advancements to improve our water stewardship programs and progress.

Coca-Cola aims to improve its water efficiency by 25 percent, as compared to its 2010 baseline of 2.26 liters of water used per liter of product produced. WWF is supporting this goal by providing guidance and expertise to Coca-Cola as it identifies opportunities to reduce water use and conserve within its operations. In 2012, Coca-Cola reduced its water use to 2.12 liters of water per liter of product produced, a 5.9 percent improvement over the 2010 baseline. This brings Coca-Cola's overall **water efficiency improvement** to

21.4 percent since 2004 – the original baseline for the partnership's 2007 goal of 20 percent improvement by 2012.

Additionally, Coca-Cola has reaffirmed its goal to become water neutral, partly by way of replenishing all the water it uses in its beverages and their production back to communities and nature by 2020. In 2013, Coca-Cola announced it was on track to meet its water balance goal by replenishing 68 percent of its sales volume through 509 community water partnership projects in more than 100 countries. The remainder of its water use from manufacturing operations is returned to nature as treated wastewater at a level that supports aquatic life.

The Company also remains focused on water risk management. It is actively conducting source water vulnerability assessments and implementing source water protection plans for its nearly 900 bottling plants across more than 200 countries, and engaging with communities and governments to address local water issues.



PURSuing AND ACHIEVING SUSTAINABLE SOLUTIONS FOR PLASTICS

Over the last 15 years, life science technology and agricultural production systems have progressed dramatically. Today, we can envision a future where the production of chemicals and materials needed by society depends on renewable carbon from plants instead of fossil carbon. This new industrial production system has been labeled the “bioeconomy.”

However, while the bioeconomy reduces the carbon intensity of many everyday materials, it also means a shift toward using agricultural and forestry feedstocks in industrial production. Cultivating these materials to meet the growing demand of a bioeconomy could lead to habitat fragmentation, biodiversity loss, water insecurity and increased pollution from fertilizers and pesticides. If these risks are addressed, responsibly and efficiently produced plant-based plastics can provide more viable solutions over fossil-based resources.

In November 2013, WWF and Coca-Cola joined nine leading global brand companies to convene the **Bioplastic Feedstock Alliance (BFA)**. The purpose behind the BFA was to support the responsible development of plastics made from plant material, helping build a more sustainable future for the bioplastics in-

dustry. Together with the Ford Motor Company, H.J. Heinz Company, Nestle, Nike, P&G, Unilever and Danone, the partnership will address the potential impacts of the development of renewable materials on land use, food security and biodiversity.

WWF and Coca-Cola are working with these companies to guide the responsible selection and harvesting of feedstocks—such as sugarcane, corn, bulrush, and switchgrass—used to make plastics from agricultural materials. To guide the development of more sustainable bioplastics, the alliance brings together experts from industry, academia and civil society to develop and support informed science, collaboration, education, and innovation. By involving companies from across the food, beverage, automotive and apparel industries, this collaborative effort seeks to drive positive change and provide a competitive alternative to fossil-fuel based plastics.

With the support and purchasing power of multiple brands and consumer products, the time, resources and costs of pursuing sustainable solutions for plant-based plastics can be greatly reduced.

PROMOTING SUSTAINABLE AGRICULTURE

As part of our expanded goals announced in 2013, Coca-Cola committed to sustainably key agricultural ingredients by 2020. These ingredients include cane sugar, beet sugar, high-fructose starch-based syrup (primarily corn), tea, coffee, palm oil, soy, pulp and paper fiber, oranges, lemons, grapes, apples and mangoes.

To maintain headway toward this new goal, Coca-Cola established **Sustainable Agriculture Guiding Principles (SAGP)** for suppliers, with strategic input from WWF. These principles define what we mean when we refer to “more sustainable sourcing,” articulate expectations, and set criteria for human and workplace rights, environmental stewardship and farm management. Together, Coca-Cola, WWF, and other partners are working with suppliers to implement the guidelines throughout Coca-Cola’s system.

Currently, suppliers and those authorized by Coca-Cola are required to meet **Supplier Guiding Principles (SGP)**, which communicate the Company’s values and expectations of compliance with all applicable laws, regulations and other legal requirements, and emphasize the importance of responsible workplace practices that respect human rights. The SAGPs ex-

pand on the SGP and provide guidance to Coca-Cola suppliers of agricultural ingredients. These principles establish the framework for defining the Company’s goal to more sustainable sourcing. In 2015, working closely with partners like WWF, Coca-Cola will begin validating suppliers for compliance and will work with internal stakeholders, suppliers and partner organizations to establish details on the assurance process.

The partnership recognizes that sustainable sourcing poses new challenges and intends to work collaboratively with Coca-Cola suppliers on the journey ahead to ensure that all agricultural ingredients are sourced in a more sustainable fashion. Coca-Cola encourages all suppliers to work continuously toward more sustainable practices and to uphold the SAGPs.



A GROWING PARTNERSHIP: HOW IMPROVED CORN YIELDS IN CHINA ARE REHABILITATING THE WETLANDS – AND VICE VERSA

Just like the kidneys in a human body, the wetlands of the Earth serve the vital function of filtering contamination and flushing out toxins to keep the environment clean. Unfortunately, like the human kidneys, when exposed to severe and ongoing pollution, normal function ceases, and as a result wetlands increasingly accumulate this pollution and pass on those contaminants to the surrounding environment. This is exactly what has been occurring in Songyuan, China, located in the [Amur Heilong River Basin](#).

Wetlands are also vitally important as habitat for flora and fauna. Those in the Amur-Heilong ecoregion, where Songyuan and China's corn belt are located, provide invaluable migratory habitat for the endangered Siberian crane and other wetland bird species. Corn is quickly becoming a staple of the Chinese economy—only the United States produces more. Given China's rapid development and rising need for food, demand for corn will continually increase. Songyuan is one of the largest corn-growing areas in China, part of China's golden corn belt, producing around 17 million tons of corn per year in an area about the size of Nebraska. This region has frequently been impacted by drought, leading to significant variability in corn yield from year to year. Farmers' incomes from agricultural production have remained low and unstable.

To overcome droughts, irrigation is applied via flooding the corn beds at spring sowing, resulting in inefficient and wasteful use of groundwater and stress on the local river basin. This stress is compounded by the runoff from pesticides and fertilizers. Hoping for improved yields, pesticides and fertilizers are over-utilized, contributing to groundwater and surface water pollution.

Coca-Cola is working with WWF, local governments and farmers, major buyers, and academia on a solution to benefit both the river basin and the farmers. Each organization brings a unique set of tools to the table and each will be positively impacted by the project's success.

Through farmer education and training that highlights sustainable practices – from planting, tilling and harvesting, through storage and selling – farmers in Songyuan are increasing yields, reducing environmental impacts, and improving their livelihoods through increased revenues.

The project began with 10 demonstration farms, increased to 30, focusing on improving seed selection and row spacing and testing soil to guide the use of fertilizers. Simple changes like this are already making big differences.

By September 2013, more than 12,500 farmers had been trained. The 20 demonstration farms in that year yielded 10-30 percent more corn per hectare than the average harvest of the past four years, after taking into account the increased rainfall. Compared with non-demonstration farms, the yield was more than 20 percent greater.

Fertilizer-use efficiency has improved, as have farmer incomes. Going into 2014, demonstration farmers will also receive materials and training on drip irrigation to target water application, increase use efficiency, and reduce runoff.

By the end of the three-year project, the goal is for the overall impact of farming in Songyuan to be measurably reduced, benefiting the environmentally sensitive wetland areas and ensuring that the Earth's kidneys continue to function, and that the Siberian crane habitat remains intact.



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INTEGRATING NATURE'S VALUE INTO THE BOTTOM LINE

Each year, Earth's water systems produce trillions of dollars' worth of free goods and services essential to a well-functioning global economy. However, this value has largely been left unaccounted for in business decisions and market transactions. Fortunately, a growing number of companies recognize the business value of the resources and services that nature provides for free, and the business imperative for safeguarding them.

WWF and Coca-Cola are working together to advance holistic conservation planning and science to advocate for nature in public and private decision-making processes. We aim to fill scientific gaps and evaluate tradeoffs between conserving biodiversity, supplying ecosystem services and minimizing costs. Working with others, we will help to create the quantitative tools needed to enable the private sector to account for, and invest in, natural capital.

Our Progress

The partnership team began work on a collaborative research project to examine the potential environmental benefits from the global adoption of sustainable production standards, such as the Bonsucro Standard, which the partners helped finalize in 2010.

One of the most pressing conservation challenges facing our planet is how to meet the growing human demand for food, fuel and fiber while sustaining environmental services and biodiversity. Certification standards that promote more sustainable production of agricultural, forest and seafood commodities are one proposed solution to help meet this challenge.

Using empirical methods to inform benefit and cost models, the team will examine alternative scenarios to understand the impact of implementing sustainability standards at the global and regional scale. As Coca-Cola works towards its 2020 sustainable sourcing goals, this project will help inform how Coca-Cola and the public and private sectors set policies and make better sourcing decisions.

VALUING NATURE

OUR GOAL

Integrate the value of nature
into public and private
decision-making processes



BUILDING THE CASE TO VALUE NATURE: EVALUATING SUSTAINABLE PRODUCTION STANDARDS IN BRAZIL

Through our partnership, WWF and Coca-Cola are working to integrate the value of nature into corporate and public decision making. We seek to build the case for society to meet its future demand for food, fuel, water and energy, while also sustaining important environmental services.

To achieve this goal, one of our strategies is to evaluate the impact of implementing sustainability standards on ecosystem services, using our 11 partnership geographies as proof points.

Brazil is the perfect testing ground for this approach. It is here where our organizations, working with local academic partners, are analyzing the benefits of sustainable sugarcane certification on ecosystem services, such as water quality, carbon and biodiversity.

As the largest sugarcane producer in the world, Brazil exports approximately 28 million tons of sugar annually, with a planted area of 8.5 million hectares. Much of this production is concentrated in the southeast region of the country, in areas with extremely high biodiversity, such as the tropical canopies of the Atlantic Forests. After centuries of clearing for large-scale agriculture, this biome is facing severe soil degradation, nitrogen pollution and the destruction of riparian habitats. Although sugarcane is critical to Brazil's economic development, continued depletion of ecosystem services could ultimately threaten the industry's long-term viability.

As a major buyer of sugar from sugarcane, Coca-Cola's purchasing power can influence the entire industry. Recognizing this potential for large-scale impact, Coca-Cola and WWF are working together to better sustainably source key agricultural ingredients by 2020, including sugarcane.

In Brazil, the partnership is advancing this goal by aligning practices of local suppliers with the

Bonsucro® Standard for sustainable sugarcane. In 2011, a sugar mill in São Paulo became the first to achieve Bonsucro Certification, and Coca-Cola was the first buyer of the mill's certified sugar. Since then, 26 sugarcane mills in Brazil have been Bonsucro Certified. To mitigate the environmental impacts of conventional sugarcane production, the standard calls for specific indicators related to ecosystem services. These include reducing greenhouse gas emissions,

maintaining soil organic carbon, reducing fertilizer runoff, minimizing herbicide and pesticide application, reducing net water consumption, and promoting zero-loss of protected areas.

Increased adoption of Bonsucro certification is a positive step toward Coca-Cola's sustainable sourcing goal. However, we currently lack scientific evidence on how effective the standard has been in reducing the environmental impacts of sugarcane production on critical ecosystems, like the Atlantic Forests.

To fill this knowledge gap and build the case for scaling certification, WWF and Coca-Cola are leading the way in analyzing the bene-

fits and limitations of this standard. Working with Coca-Cola's local suppliers, the partnership team is evaluating the effectiveness of Bonsucro in protecting and restoring ecosystem services. We are also creating a framework to enable businesses to compare the environmental impacts of alternative scenarios for sugarcane expansion and forest conservation policy in Brazil.

By providing evidence-based tools, we hope to enable decision-makers in both corporations and government to balance the push for continued economic development with the need to sustain the critical ecosystem services supporting that development.



In 2011, a sugar mill in São Paulo became the first to achieve Bonsucro Certification, and Coca-Cola was the first buyer of the mill's certified sugar.

SHARING RISK IS SHARING RESPONSIBILITY

As a shared resource, water scarcity is a risk to all, and managing our water resources is a shared responsibility. Effective water management requires cooperation between multiple actors whether at the local or international scale. Water cuts across all social, environmental and economic activities, and touches multiple sectors. By taking collaborative action, we can help reduce water risks and create a more water-secure future.

WWF and Coca-Cola are working together to address some of the world's biggest and most pressing challenges, from global agricultural issues and natural resource scarcity to climate change and freshwater conservation. Because we know we can't solve these challenges alone, we are collaborating with partners from government, international financial institutions, academia, industry, civil society and the public.

Our Progress

In 2013, WWF and Coca-Cola began engaging organizations with shared goals to deepen, sustain and amplify our work. We started collaborating with key stakeholders in the Coca-Cola value chain, civil society organizations working on freshwater conservation, academic institutions performing research on natural capital, and multilateral initiatives that invest in projects to improve the global environment.

We also took steps to become active participants in the global water dialogue. At **World Water Week** in Stockholm, WWF and Coca-Cola convened an event of more than 50 influential stakeholders to learn about our partnership and explore opportunities for engagement toward common goals. This event seeded important conversations with potential partners, laying the groundwork for future collaborations. Looking ahead, we aim to deepen our involvement in the global water dialogue by representing the partnership at key events, such as the Singapore International Water Week in 2014 and the 7th World Water Forum in 2015. Involving additional partners, we hope to achieve greater scale and impact as we seek to catalyze action to value, conserve and protect the planet's natural resources like fresh water.

CONVENING PARTNERS

OUR GOAL

Convene influential partners to solve global environmental challenges



A LIVING DANUBE: CROSS-SECTOR PARTNERS HELP RESTORE HABITAT & INTEGRATE CONSERVATION EFFORTS

As our global partnership works to convene influential partners to solve global environmental challenges, inspiring our own networks to collaborate toward solutions is essential. To date, Coca-Cola and WWF offices in more than 50 countries are working together with their local business communities, governments and conservation organizations to address freshwater challenges. One of the places we have seen collaboration soar is the **Danube River basin**, where the partnership made an essential contribution to the restoration of wetlands and floodplains for the benefit of business, communities and nature in six countries.

The Danube flows through 10 countries and four European capitals, and its drainage basin includes parts of 19 countries. An estimated 83 million people live in the Danube River basin today and more than 20 million people depend directly on the Danube for their drinking water. The Danube basin is also home to a diverse system of natural habitats and rare birds like the White Pelican, White Tailed Eagle and Black Stork, and has more than 100 different species of fish – including five sturgeon species.

The construction of dikes and dams for traditional flood management, shipping routes, hydropower and agriculture have cut off more than 80 percent of former floodplains from the river. The loss of the Danube's floodplains and the presence of large dams have severely impacted the region's biodiversity.

Since 2007, Coca-Cola and WWF have partnered for a living Danube, working together to reconnect and restore former wetlands and floodplains, increase water storage capacity and flood defenses, and improve

critical wildlife habitat.

In the Gornje Podunavlje Special Nature Reserve in Serbia, for example, the team, together with the Public Enterprise for Forest Management, Vojvodinasume, coordinated the large-scale clearing of ponds from invasive vegetation to restore the water storage and recharge capacity. With nature park rangers, the team also monitored species such as the white-tailed eagle, the largest concentration in Serbia was found in Gornje Podunavlje, and the black stork and black kite.

Across the Danube in the Kopacki Rit Nature Park in Croatia, the team worked with park authorities to restore and reconnect former fishponds to the river, helping increase the area's flood resilience and allowing for conservation aquaculture and tourism. And, as part of a raising awareness effort, the partnership connected with communities across the region through the Coca-Cola and WWF 2011-2013 Water Tour. The educational and informative mobile exhibit included stops in Hungary, Bulgaria Romania, Ukraine and Slovenia.

Work on the Danube continues with a new seven year partnership program through 2020, supported by The Coca-Cola Foundation. Building

on \$4.4 million of initial funding and a target to leverage more local and European funds, the partners aim to replenish and/or restore 12 million m³ of water, which is equivalent to the volume of 4,800 Olympic-sized swimming pools or the monthly consumption of the city of Vienna. Partners plan to restore more than 53 km² of wetland and floodplain areas and to reach over 5 million people with a message on the importance of wetlands and good water stewardship.



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Global freshwater resources are threatened by rising demand. Growing populations increasingly need more water for drinking, hygiene, sanitation, food and energy production and industrial uses. Climate change, meanwhile, is already contributing to unpredictable, and increasingly severe, effects on water resources. This growing challenge demands that companies, governments, NGOs and society work together to maintain healthy freshwater ecosystems, and the services they provide.

WWF and The Coca-Cola Company remain committed to conserving the world's natural resources and to spreading the word about the power of collaboration to address global challenges, such as climate change and freshwater management.

We hope you will continue to follow our progress by visiting:

worldwildlife.org/water/cocacola
wwf.thecoca-colacompany.com

PHOTO ACKNOWLEDGMENTS

TITLE

Partnership field visit to the Rio Grande/Rio Bravo outside of Boquillas Canyon.

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Water along the shores of the Rio Grande/Rio Bravo during partnership field visit.

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The Yangtze River is home to some of China's most spectacular natural scenery and a series of canyons collectively known as the Sanxia, or Three Gorges.

© Dong Liu

PAGE 5 (LEFT)

Fields where the partnership is working with local farmers to plant crops that help reduce soil erosion in the Manchagua region of Honduras.

© Scott Dalton

PAGE 5 (INSET)

José Gómez, a local farmer, looks out on a field that has been planted with crops that help reduce soil erosion as part of a WWF and Coca-Cola partnership initiative in the Manchagua region of Honduras, just outside of San Pedro Sula.

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Tea plantations in the Yangtze River basin.

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Zambezi River

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PAGE 8 (LEFT)

The Rio Grande/Rio Bravo during a partnership field visit.

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PAGE 8 (INSET)

In addition to his responsibilities as a Park Ranger, Ryan has become a key part of the Partnership's work in the 200-mile stretch from Big Bend National Park to Amistad Reservoir.

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Sugarcane field in Brazil.

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PAGE 10 (LEFT TO RIGHT)

1. Zambezi River

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2. Sugarcane farmer

Creative Image / THINKSTOCK

3. Landscape in Honduras.

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4. Mekong River

Creative Image / THINKSTOCK

5. View from mountaintop over a river in the Amur-Heilong Ecoregion.

© Albertien Perdok

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1. Black Stork

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2. Sugarcane monoculture in Alagoas, Brazil.

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3. Sugarcane in Alagoas, Brazil.

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4. Coca-Cola and WWF tour a tea plantation in the Yangtze River basin.

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5. A tributary of the Chamelecón River, which is fed by the Manchagua watershed just outside of San Pedro Sula, Honduras.

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PAGE 12 (LEFT)

Corn in China

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PAGE 12 (INSET)

Wetlands along the Amur River.

© Hartmut Jungius / WWF-Canon

PAGE 13

Woman driving a boat in the Mekong.

Creative Image / THINKSTOCK

PAGE 14 (LEFT)

Waterfall in Atlantic forests near Ilheus, Brazil.

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PAGE 14 (INSET)

Sugarcane

Creative Image / THINKSTOCK

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Fisherman in the Mekong.

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Danube Delta, Romania

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